European University Institute
Department of History and Civilisation

STATE COLLAPSE

AND

SOCIAL RECONSTRUCTION IN THE PERIPHERY

The Political Economy of Ethnicity and Development

Yugoslavia, Serbia, Kosovo

By

Jens Stilhoff Sörensen

Thesis submitted for assessment with a view to obtaining the degree of
Doctor in History and Civilisation
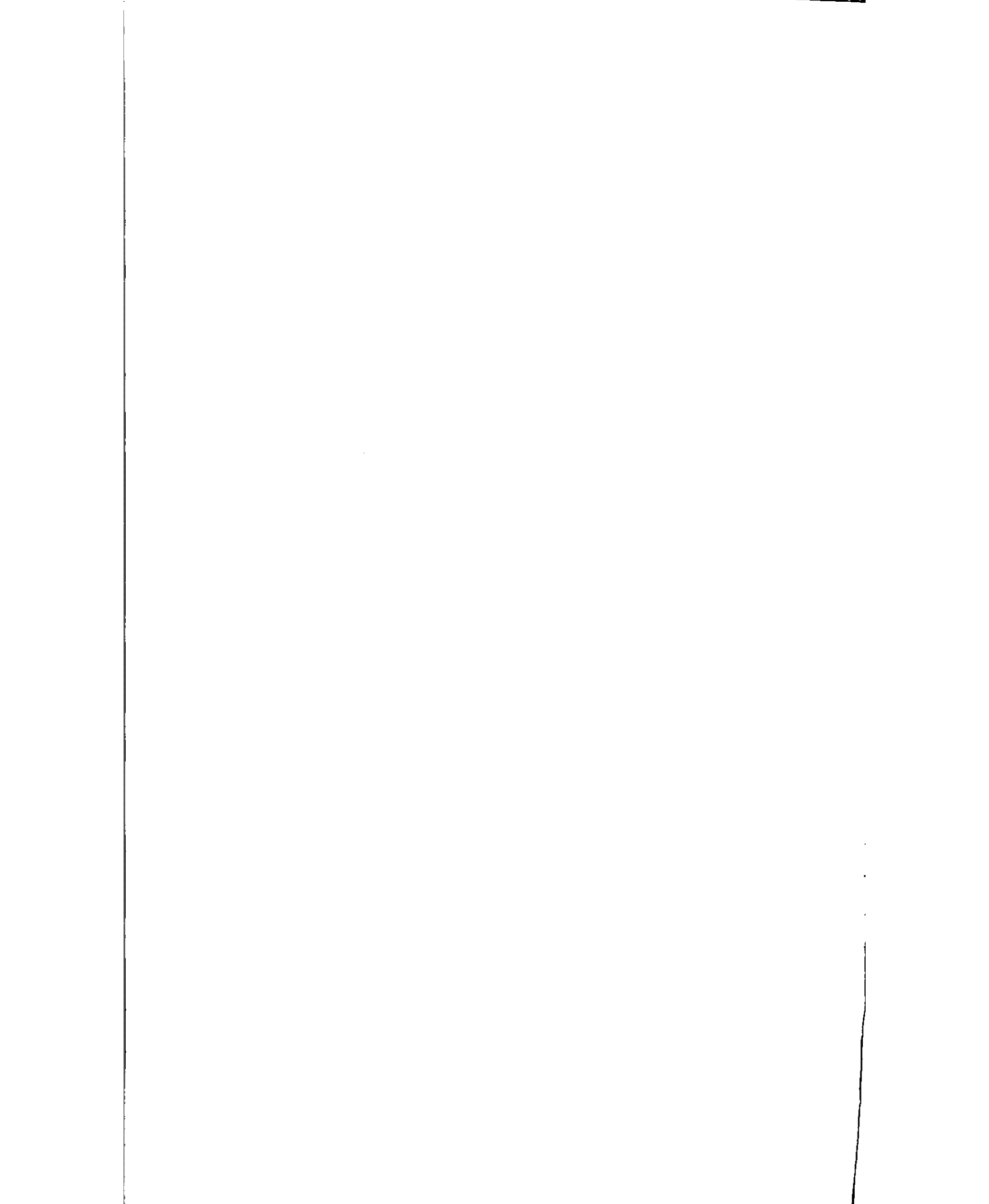from the European University Institute
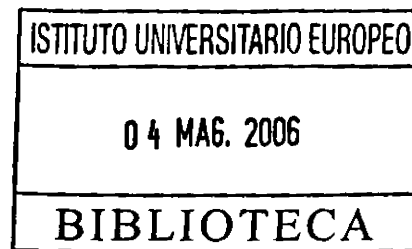
Florence, 31 May 2006

EUROPEAN UNIVERSITY INSTITUTE
Department of History and Civilisation

STATE COLLAPSE

AND

SOCIAL RECONSTRUCTION IN THE PERIPHERY -

The Political Economy of Ethnicity and Development
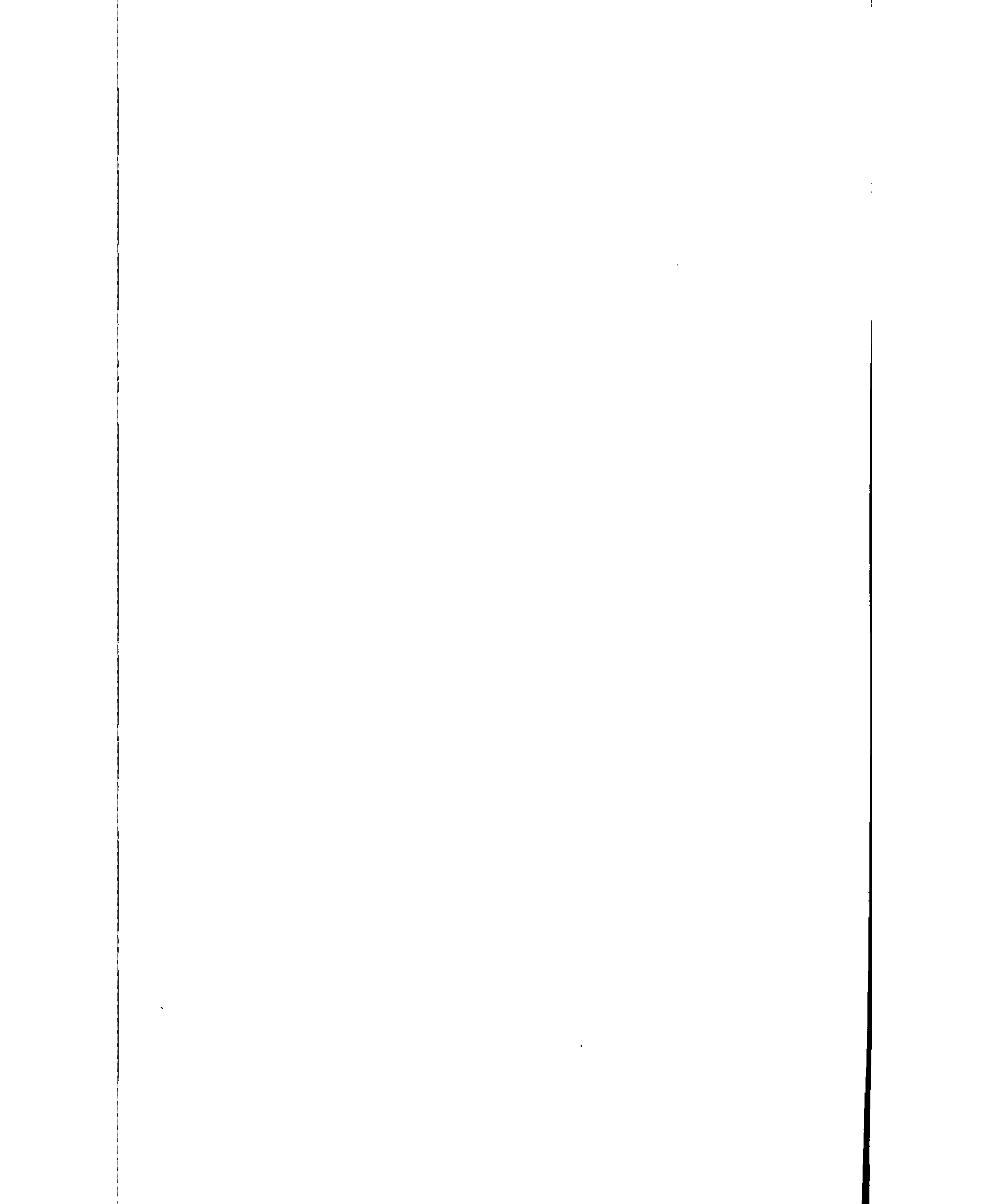
Yugoslavia, Serbia, Kosovo

Jens Stilhoff Sörensen

Thesis submitted for
assessment with a view to obtaining
the degree of Doctor of the European University Institute

Examining jury:

Professor Bo Stråth
Professor Peter Becker
Professor Carl-Ulrik Schierup
Professor Peter Gowan

CONTENTS

CHAPTER 1

INTRODUCTION: Aid Policy shift and State Transformation as expressions of Globalisation

Conjuncture, historical shifts: introducing the problem

The collapse of real-socialism in Eastern Europe both expressed and instituted considerable changes in international relations, state transformations, and aid and security policy.[1] With the end of what was called the 'second world' and the consequent reshaping of the global order, the whole socialist development model was dead. Furthermore, a whole new space was opening up for global capitalism as well as for the international aid regime. The very project of the socialist state, itself for many decades a model for many developing countries, now became an object of aid policy.

Initially there was great optimism for the post-Cold War order, and western neo-liberal prescriptions for how the former Eastern bloc should transform their systems were advocated with great confidence. At the same time, however, the whole project of 'development' was in question. The crisis in Eastern Europe was preceded by a marked crisis in much of the developing world. Through the 1970s and more notable in the 1980s, the development gap between the rich and the poor increased, as did the number of aggravated social and political conflicts, and there was a rise in civil wars.[2] The trend continued in the 1990s.

The shift in aid policy was reaffirmed, developed and consolidated in the post-bipolar world, but its contours had emerged earlier. The crisis of development already appeared in the 1980s,

---

[1] The term 'real-socialism' was introduced by Rudolf Bahro in the 1970s, initially with a negative connotation (implying that socialism was not implemented in practice), but the term was taken up by Soviet leaders (Breznjev and followers) who used it with a positive connotation. For the latter 'real-socialism' denoted that socialism had become realised in the Soviet Union and its satellite states. Real-socialism has since become a term referring to the actually existing socialism as opposed to the ideological or theoretical teachings or socialist political party programmes in the liberal democracies. I would like to thank Kristian Gerner for a clarifying discussion on this terminology.

[2] Although subject to definition the number of wars increased from the 1960s to the 1990s, with an accompanying trend towards internal (civil) wars. Compare: Gantzel, J. K (1994) "War in the Post World War II World: Empirical Trends, Theoretical Approaches and Problems on the Concept of Ethnic War" Paper presented at Symposium on Ethnicity and War, San Marino Centre for Inter-Disciplinary Research on Social Stress (1994).

especially in relation to Africa, when western aid policy departed from its traditional post-colonial concerns of uneven development within the international system and its earlier focus on state and nation building. In the 1990s a duality developed within both aid policy and the increasingly related field of refugee policy. Based on trends from the preceding decade there was an increased focus on the character of domestic relations, institutions and form of governing in unstable areas, effectively locating the problem of 'transition' as well as 'development' in the nature of domestic social and political relations of the concerned country.[3] Then, accompanying the erosion of asylum regimes in the West, came a number of measures to prepare refugees for reintegration into their home societies, which was coupled with initiatives for social reconstruction.

The features of the changing aid policy have become increasingly clear and general during the last decade, and have been analysed as a logical response to the emergence of a number of regions marked by protracted political crises and institutional collapse coupled with internal wars and complex humanitarian emergencies.[4]

One aspect of this change was the idea of linking relief to development combined with the reprioritization of aid budgets leaving larger budgets for humanitarian assistance, conflict management and social reconstruction at the expense of conventional development aid. In the post-bipolar world the problems of development and security became increasingly merged into a single problem complex.[5] Underdevelopment became defined as dangerous, while development projects and the idea of 'social reconstruction' have become prime instruments in the growing field of 'conflict management'. Underdevelopment has generally become interpreted as a risk factor for conflict and war and, consequently, social reconstruction and aid measures have become central to conflict management. If the concern in the 1980s (and early 1990s) primarily was that underdevelopment, and especially conflict and internal war, produced refugee-flows, there came in the second half of the 1990s an increased attention to

---

[3] DAC (1997) "DAC Guidelines on Conflict, Peace and Development Co-Operation", Paris: Development Assistance Committee, Organisation for Economic Cooperation and Development (OECD).
[4] Duffield, M (1997) "Evaluating Conflict Resolution: Context, Models and Methodology", Discussion Paper (Bergen, Christian Michelsen Institute)
[5] Duffield, M (2001) "Global Governance and the New Wars" Zed Books: Ch. 2

conflict and underdevelopment as harbouring international criminal networks.[6] As such they were a threat to global order.

A fundamental component to global orders in general is the relationship between state, nation, and political economy, as well as the delineations between them. The term globalisation aims at aspects of redefining those relationships, not least between the state and the political economy, and has widely been interpreted as a force behind the collapse of real-socialism.

In this context, development aid during the Cold War focused on nation and state building and on economic growth and material production within those states. In the bipolar order the state, its role in the development process and in governing the economy, had been central in both the socialist development model and in western liberal thinking. The state, and models of corporatism, had played the crucial role to the whole welfare state project in post-war Europe, and this was reflected in post-colonial aid policy. For the United States too, the most market liberal version of capitalism, the strengthening of nation states - after the colonies had been shaken loose - was essential as a form of organising political and geographical space for global economic liberalism.[7]

From the 1980s on the role of the *state* as an agent in development was de-emphasised. This marked the beginning of a trend which accelerated in the post bipolar world. Aid policy now aims at intervention in the society as such. Both aid and security now take *life* as their referent object, rather than states, and has in this sense become bio-political.[8] Indeed it is because security has *life* as a referent that 'development' becomes important. Central to this process has been the concept 'human security', which became widely used by the UN in the 1990s.[9]

---

[6] Thus for example drug cartels in Latin America has been a central concern for the U.S. Government in the 1990s; following the collapse of the Soviet Union a great concern has been Russian mafia and the possibility of 'nuclear drift'; and following 9/11 the problem of areas harbouring terrorist networks have become central.
[7] Cf. Smith, N (2003) "American Empire: Roosevelt's Geographer and the Prelude to Globalization" University of California Press: for example chapters: 6, 7, 12, 13 *in passim*.
[8] The concept will be discussed further below, cf. Foucault, M (1976/1978) "The History of Sexuality Vol 1: The Will to Knowledge" Penguin; Brigg, M (2002) "Post-development, Foucault and the colonisation metaphor" in "Third World Quarterly", Vol 23, No 3: 421-436; Duffield, M & N. Wadell (2004) "Human Security and Global Danger: Exploring a Governmental Assemblage" Department of Politics and International Relations, University of Lancaster; Dillon, M & J. Reid (2001)) "Global Liberal Governance: Biopolitics, Security and War" in "Millennium" Vol 30, No 1, 2001: 41-66; Hardt, M & A. Negri (2000) "Empire" Harvard University Press, Cambridge, Mass.
[9] I owe great thanks to Mark Duffield who has endured numerous discussions with me, as well as shared thoughts and drafts of his own work on aid policy and global governance. Cf. Duffield, M & N. Wadell (2004). For the concept of human security in post-conflict aid in the Balkans see: UNDP Human Security Report (2000) "Human Security in South-East Europe".

Donor governments – as well as international governmental organisations (UN) – have increasingly come to finance and subcontract NGOs and private partners to work directly in recipient societies. The foreseen role for the receiving state is now primarily to provide the security and legal framework for reforms and their implementation, rather than to be an actual agent in a development process. In the 1990s an organisational reshaping of the aid sector has included the growth of public-private networks, with donor agencies, international organisations, non-governmental organisations (NGOs), private agencies, and military units (such as peace-keeping troops or guarded aid transports) operating together in conflict management and post-conflict reconstruction.

In East European 'transition' states the networks do not include military units, but in areas like Kosovo or Bosnia, which are international protectorates, they are an essential component. These networks form the organisational structure for implementation as well as a space for policy articulation of an emerging system of global governance.

The process of 'outsourcing' and of operating through public-private networks marks a shift in the governing of public policy, which has parallels in all policy-areas, but the radical intervention into countries over which the donor governments have no legitimacy – in international law – and over populations to which they have no accountability, presents a particular phenomenon.

This is certainly the case where there is no UN mandate for intervention. For example, in much of Eastern Europe, since the 1990s, bilateral aid policy has largely been operating through NGOs. For the post-socialist states the term *transition* has been favoured, rather than the term development, which is generally preserved for the 'Third World' (primarily in Africa, Latin America and Asia). The concept of transition focused attention on regime-change along with a tradition within political science (and economics) that studied preconditions for, and processes of, transition from authoritarian rule (especially with experience from Latin America and Iberian Europe). Regime change and systems change here implied both the institutional arrangements for liberal democratic forms of government and for market liberalism, with political and economic liberalisation assumed to go hand in hand. Within this framework the concept of *civil society* was eventually revived to imply a kind of institutional and cultural infrastructure of associations operating independently from the state

6

and assumed to promote and safeguard democracy. Here, the state was rather seen as part of the problem since it was either too big and bureaucratic, too autocratic, or both.

The disintegrating Yugoslav state both fitted the transition problem, while also requiring a direct humanitarian and post-war reconstruction response. Initially interpreted along the Soviet model, as countries breaking loose from a central communist dictatorship, it soon proved more complex. As a conflict area it was in need of social reconstruction and reconciliation. Throughout the 1990s the Yugoslav crisis came to pose a fundamental challenge to central aspects of emerging policies in the EU, its separate member states, and to the United States. Security policy, including foreign, aid, and defence policy, were deeply affected through it.

A number of important historical problems are generated here. First, the change in discourse and structure of international aid as part of an emerging system of global governance expresses a radical change in the relationship between centre and periphery on a global scale. Second, the transformation of relatively developed areas – and even previous role models for *development* – in Eastern Europe, such as the former Yugoslavia, into aid receivers, expresses a problematic change in the centre-periphery relationship. Both processes are related to changing relationships between state, nation, and the governing of the political economy.

The changes in centre-periphery relationships in the 1990s with the incorporation of post-socialist states, and its consequences, are especially clear in the Balkans. In the process, both the receivers and donors of aid are continuously transformed. This involves the change of the entire security policy of Western states, including their military organisation, which is adapting to new tasks of peacekeeping or to fighting wars in the periphery. Moreover, the greatest effort, from a European point of view, in global governance and social reconstruction – both in terms of military resources and in aid – is currently in progress in Europe, in the Balkans, namely in the international protectorates of Kosovo and Bosnia-Hercegovina.

Framed within a macro-historical approach, this research has a dual purpose. First, it analyses social change in Yugoslavia by exploring the nexus between statehood, ethnicity, and political economy and its relation to the global political economy. It is the reworking of this nexus which constituted the Yugoslav crisis both in the 1990's *and* historically. Analysing the Yugoslav system in this manner takes into account economic and cultural factors as well as

7

political and economic processes on a global level, thus enhancing an understanding of its trajectory from a model of development into a symbol of state collapse and a region subjected to international aid and military intervention. Second, this research explores aid policy, how it has changed and how it addresses the abovementioned nexus with particular reference to Kosovo. In the process, the research presents a critique of aid policy in relation to the post-Yugoslav space, with a focus on Kosovo. The critique aims at how social change is conceptualised within aid policy as well as within the dominant theoretical perspectives on transition and social reconstruction on which it rests. Especially the 'domestication' of problems of social and political change, where aid-providing countries are viewed only as *external* to these problems, is criticised. In approaching the analysis in this manner I have been guided by the following research questions.

- How has the governing of the political economy and the national question been dealt with in the socialist federal Yugoslav state? What specific problems was it confronted with, and how did it become a prime recipient of international aid?
- What is the character of social change and power relations in the ethno-nationalist societies that emerged out of Yugoslavia, with particular emphasis on Serbia and Kosovo?
- What is the character of the political economy in the ethno-nationalist projects of Serbia and Kosovo?
- How have aid agencies interpreted them and how do they tackle these problems?
- How does the new aid policy, as represented by key donors and international oranisations, conceptualise central problems of social change in the post-Yugoslav context and in Kosovo? In particular, what is the view on:
a) post-conflict reconstruction
b) transition
c) inter-ethnic relations
d) civil society?

It is the contention here that both the changes within aid policy that have taken place throughout the 1990s, and the collapse of the Yugoslav self-management system as well as the dissolution of that state, are expressions of a change in the form of governing (or from government to governance) that take place during a new phase of global capitalism.

While the study of change in Yugoslavia, and change within international aid policy, both require the framework of a macro-structural perspective – that is, the changing dynamics of global capitalism – they are in themselves a locus where the changing dynamics of global capitalism can be studied. In other words, they provide a concrete environment and context where larger processes, and principal questions, can be understood. Namely, as such, macro-historical processes, however important, are limited when pursuing an understanding of social change in a particular field or society. They must be placed within a historical analysis of the specific region. Local social relations, institutional settings, and general heritage, with which global and external factors interact, make up the particular set of opportunities, limitations, and scope for agency, on which the direction of social change in the particular area is contingent. The conventional separations between 'national' and 'international', 'local' and 'global' are thus loosened up.

In order to frame my approach and develop the argument further, the remainder of this introduction will firstly provide a critical review of some prevalent approaches to the issue of transformation and international aid. It then proceeds to discuss how recent developments within critical political economy and macro-scope perspectives may contribute to more complex understandings. Finally, I will outline the dissertation's theoretical and conceptual approach and its overall structure.

The transitional view, Social Reconstruction and approaches to post-Conflict: trends and persistent perspectives

The recent deep change in political systems and societies in Eastern Europe, as well as elsewhere, have been approached from a variety of theoretical and analytical frameworks. The most dominant perspective has however been the classical neo-liberal (i.e. market liberal) view focusing on problems with a transition to liberal democracy and market economy. Interpreted in the framework of democratisation and liberalisation this perspective accommodates the (often explicit) assumption that the main *trend* is a struggle for transition to democracy and market economy, accompanied by various policy prescriptions for how this is best achieved. This discourse has been widely criticised for ignoring specific national and regional characteristics, idealising western institutions, and for presupposing a linear process of change. Indeed, as for example Björn Hettne has pointed out, the very term *transition*

implies either a completed process, or one whose general direction is known, and therefore he prefers the term *'transformation'*.[10]

The neo-liberal extreme of so- called 'shock therapy', involving structural adjustment and privatisation, which dominated transitional thinking in the early 1990s was soon criticised for having catastrophic consequences, and was eventually replaced with a more gradualist orientation, in which the importance of state institutions was often acknowledged.[11] In the least developed areas there was also an increased focus on poverty.

Although the transition approach itself has undergone changes and varying conceptions in the 1990s, such as for example the *shock-therapy* versus the *gradualist* approach, as well as variations in the importance acknowledged to institutions – which have become increasingly emphasised -, the fundamental principles have remained much the same. Despite critique of the approach's implicit evolutionism, it has remained the dominant way of conceptualising post-communist change.[12]

In cases where transition is perceived to be particularly problematic, and especially where violent conflict is in question, there has been a tendency to conceptualise society as suffering from social breakdown. Although the idea of 'social breakdown' is particularly typical for societies that have experienced violent conflict, it has also been applicable to post-socialism, where it is considered the political and economic systems as such which have destroyed the economic potentials and social relations of society. The concept of 'social breakdown' may certainly have an attractive appeal when confronted with a post-conflict society, but it tends to draw attention away from process and from the fact that some form of social transformation takes place through war itself. The concept invites to an understanding of *society* as something that can be 'rebuilt' or 'reconstructed' following the breakdown it is perceived to have experienced, without giving attention to the actual political and social transformation

---

[10] Hettne, B (1995) "Introduction: the international political economy of transformation" in Hettne, B (ed) (1995) "International Political Economy – Understanding Global Disorder" Zed Books, London.

[11] For a critique of shock-therapy with arguments for gradualism see: Amsden, A. H, Kochanowicz, J and L. Taylor (1994) "The Market Meets its Match – Restructuring the Economies of Eastern Europe", Harvard University Press, Cambridge, Mass. For a general critique see Andor, L & M. Summers (1998) "Market Failure" Pluto Press, London. Joseph Stiglitz (former chief Economist of the World Bank) has agreed in much of the critique against World Bank policies of the 1990s and was active in the policy-reorientation of the Bank under the presidency of James Wolfensohn.

[12] Compare: Craig-Nation, R, synopsis presented at the conference "Europe and the Balkans", Bologna, February 2000.

expressed through the breakdown itself. Here then appears the policy view of how the reconstruction is to come about, and since it is not real-socialism which is to be reconstructed, this brings the matter back to the same recipe as for transition.[13]

Social (post-war) reconstruction accommodates the same theoretical foundations and policy prescriptions as *transition*, such as market-liberalisation and promotion of market relations, reducing state involvement in enterprise, political liberalisation and democratisation. Political liberalisation and democratisation typically includes support to local NGO's, support to and training for 'independent media', various 'rights' projects (women rights, gender equality) and so forth, which is interpreted as constituting 'civil society'. In post-conflict situations these measures are seen as essential to overcome and prevent conflict, and are coupled with conventional relief and possibly development measures such as recovering infrastructure and fighting poverty.

Reliance on this general approach is evident in virtually all aid-policy and social reconstruction prescriptions by international agencies and donors in relation to the post-Yugoslav space.[14] In Kosovo, as well as Bosnia-Hercegovina, the effort is aimed at creating the legal conditions and social climate for a market economy, and the agents in this process are typically envisioned to be small and medium scale enterprise. In the Bosnian case this transition is written into the constitution by the Dayton Peace Accords. In Kosovo the situation is partly more complex. Bosnia-Hercegovina shows great complexity in inter-ethnic relations and lack of basis for consociationalism, but Kosovo has the additional problem of a highly contested and as yet unresolved political status. Cut off from Serbia in practice, and placed under international protectorate, Kosovo cannot (since it is not a state) enter into conventional relations with international financial institutions, obtain swift codes, or receive country loans from the World Bank. Being among the poorest regions in Europe, Kosovo displays elements of typical development aid and poverty reduction needs, but with its current status it cannot even obtain a poverty reduction strategy. In this manner Kosovo is a conspicuously strange universe within conventional development operations. Nevertheless,

---

[13] Obviously it is also possible to think in terms of 'social breakdown' from a communist or communitarian perspective, and propagate the 'building' or 'reconstruction' of socialist society. The metaphors of 'breakdown' and of 'building' society are very common, but within the neo-liberal framework 'reconstruction' and 'transition' are incorporated into the same model for change.

[14] Any of the World Bank, UNDP, EU, or Stability Pact documents referred to in this thesis will reveal this (the documents are so numerous that a detailed analysis of them separately would merely produce a trite analysis of details and might draw attention from the trend: a short characteristic overview is more fruitful here)

what exists of development thinking for Kosovo is enmeshed in the assumptions that privatisation and small and medium scale enterprise provides the driving force for economic and liberal development.

Kosovo constitutes specific problems for international aid policy. In addition to its unresolved status, it is at the same time a post-socialist society and a highly underdeveloped region in need of conventional development aid. Moreover having emerged out of conflict it is a classical post-conflict reconstruction case. The physical aspect of reconstruction is initially fairly straightforward in terms of rebuilding infrastructure, schools and houses. Moving towards classical developmental projects immediately poses a challenge where the status of the polity is unresolved or where partnership and ownership is disputed or ambiguous. Social reconstruction however is much more complex as it aims to regenerate stability within political and social relations and institutions. In the dominant perspective conflict is understood as a temporary breakdown from the norm of harmonious development. It is assumed that reconstruction of the societies through stable and effective institutions *cum* introduction of market economy through privatisation as well as the promotion of rule of law (including securing property rights as a cornerstone for a functioning market economy), will promote a stable social climate for future development. This is symptomatic for how development discourse has come to be reinvented through conflict in the post Cold War world and for the idea that it is conflict as such which has destroyed the socio-cultural environment and increased poverty. However, as conventional ideas of development (with the focus on state and nation building as a means of creating the polity for economic organisation and development) have fallen from fashion, the policy-prescriptions within transitional thinking have come to dominate also in post-conflict reconstruction.

While the emphasis on domestic relations has ensured that macro-structural processes are largely ignored for analysing social change, the transition perspective also fails to account for an actually existing transformation of the domestic (or local) societies themselves, as for example the social transformation that has taken place through war in the former Yugoslavia. More recently transitional thinking has come to emphasise the role of institutions, especially in relation to post-communist change. The focus on institutions came partly as a response to critique and partly to observations that the neglect of the state framework was highly problematic. The, certainly more viable, institutional approach gave new impetus to transition studies. Still, just as real-socialism had different forms (i.e. as central planning vs. self-

management) so also does post-communism. In Czechoslovakia or Hungary the process of redesigning institutions was partly through conventional instruments, such as multi-party elections, but in the Yugoslav case, the experience of post-communism was different, with war and ethnic cleansing constituting a complete restructuring of *society* and not just its institutions. Here, ethno-nationalism, and not political parties, was the most important force, and most effective in reshaping society. An emphasis on institutions, from a liberal perspective, translated into aid policy, encounters the problem of distinguishing between formal and informal institutions. Whereas the transitional approach envisions a copying of formal western institutions the informal institutions cannot be copied. Historical heritage and social relations are particular to a region and the idea of transforming informal institutions or of *creating* the informal institutions, which can support the change of the formal ones, constitutes a continuity with the radical interventionist ambitions in modernisation theory from the 1950s, where institutional change presupposed *cultural change*. Today, however, intervention has become more direct.

The new aid policy, whether in terms of 'development', 'transition', or 'social reconstruction' (and regardless of whether the recipient area is in Eastern Europe, Africa or elsewhere) here embodies the same theoretical heritage, and the same policy-prescriptions, of exporting a particular set of institutions, both formal and informal, in order to promote integration and harmony in a society. The emphasis on 'civil society' has become such an effort at promoting or creating informal institutions, or at least institutions *outside* the state.

The revival of the concept 'civil society' serves a number of functions. While it generally replaces the earlier focus on the state, it has within a branch of transitional studies, which focuses on 'consolidation of democracy' come to serve as a locus for aid, where the overall ambition is to develop a political culture promoting the functioning of democracy. Here, the problem of democratisation (and consolidation) is understood to not only involve a functioning institutional framework, but a political cultural climate, including attitudes and behaviour, where such institutions achieve meaning and can operate effectively. In post-conflict areas, as well as underdeveloped areas, 'civil society' is understood as the associations of the people, the 'grassroots' (as opposed to political institutions or elite networks), where the departure of social change can be promoted. Thus, projects of reconciliation, raising awareness of 'rights issues', as well as certain local welfare provision, can be launched in this 'local' setting. The term 'civil society' is as vague as the term

'democracy'. In practice, since (aid) donors need partners (other than a state institution) this has largely come to mean non-governmental organisations (NGOs), or 'independent media'. Within the new aid policy NGO's have thus become the principal tool for penetration into the societies of the aid-receiving state. As the problem of 'conflict', 'transition', or 'development' has become localised in the countries concerned, aid policy now has an extended ambition to promote *cultural* change and to target attitudes and behaviour (as reflected in aid projects of for example 'human rights training', 'gender awareness' and 'reconciliation').

Such a project to change social and mental processes in aid-receiving countries, through networks of non-governmental organisations, extends the biopolitical ambition of governance to a global scale.[15] Biopolitics concerns the life of populations, of developing knowledge of it in order to intervene and regulate it through techniques of surveillance and management of all aspects of social life, such as health, hygiene, sexuality, and wealth. The ambition to change attitudes and behaviour is about as radically interventionist biopolitics can get. As Vanessa Pupavac has suggested the character of aid has in fact become therapeutic.[16] In this manner the will to govern the peripheral lands is stronger than the promotion of cultural change as represented by aspects of modernisation theory in the 1950s, or than that of classical colonialism, which was mainly concerned with geopolitical control.[17]

Civil society has been conceptualised in a number of ways, which will be discussed further in chapter 9. However, we can already here point out that, as it is conceptualised within aid policy today, it is historically empty (that is, it is used in a different way than previously in history). In early modern times the term 'civil' meant to behave as a citizen and the concept of civil society could for example refer to society being governed by law (i.e. and therefore 'civil').

Various academic definitions are not really helping us here, as the primary interest here is in how the agents involved in the aid industry use them. With definitions being rare in policy

---

[15] The term bio-politics was used by Michel Foucault and implies a form of politics which entails the administration of whole processes of life of populations: Foucault, M (1976/1978) and Foucault, M (1997/2003) "Society Must Be Defended" Penguin. Mark Duffield has suggested the extension of the term to aid-policy and he has recently engaged in research on continuities and differences between colonialist and modern forms of intervention (personal communication).

[16] Pupavac, V (2001) "Therapeutic Governance: Psycho-social Intervention and Trauma Risk Management", Disasters, Vol 25 (4): 358-372; Pupavac, V (2003) "Gender, Human Rights and Therapeusing Development", School of Politics, University of Nottingham.

[17] For this 'will to govern' see Duffield (2001b) "Governing the Borderlands: Decoding the Power of Aid", Disasters, Vol 25 (4): 308-320

documents the conceptualisation of this important notion must be analysed from the context in which it is used in aid discourse. Here, for all practical purposes, 'civil society' is apparently understood as a 'thing' or an 'entity' rather than as processes or social relations. The idea of promoting, or even 'building' civil society then achieves meaning, as it is the (non-state) associations with which partnership can be formed, that are being singled out as agents for social change. In this manner NGOs become the representatives for 'civil society', and 'civil society' becomes the representative for 'culture', which is supposed to be transformed in one way or another. Civil society (as embodied by NGOs) has, within aid-policy, become the infrastructure through which cultural change can be promoted. This way of conceptualising civil society is highly problematic, as shall be discussed further in chapter 9, and it may even stand in contrast to some of the theoretical heritage to which transitional thinking owes.

The concept of a 'civil society' has a problematic relationship to 'ethnicity', since the former is generally associated with universal values and not to ethnic criteria, whereas the latter have been central in many conflict areas, not least in the Balkans. If 'civil society' is to promote or safeguard liberal traditions (i.e. democracy) it cannot be based on ethnic exclusivism and therefore the promotion of NGOs has had to take in consideration the orientation of the individual NGOs. In many respects this may imply a conflict between actually existing forms of local loyalty and association as well as highlighting the question of how representative an individual NGO is.

Ethnicity, Nationalism, clan-structure, conflict and the state

The very notion of 'ethnic conflict' also received new impetus in the 1990s. Following the internalisation of the aid problematique, parallel to the transition peak, and accompanying the mobilisation of conflict along ethnic lines in places like Yugoslavia a whole discourse on ethnic conflict has expanded. While often used (also here) simply in a descriptive manner, i.e. for conflicts where mobilisation essentially follows ethnic delineation and where identity politics and ethnic-national politics are a central component in the mobilisation of conflicts, the dominant perception has however been that conflicts resurge in regions where they have previously been contained, or held at bay, by repressive regimes. Here we encounter the metaphor of 'pandoras box' out of which numerous miseries escape once the lid has been lifted.

15

Albeit often criticised this so-called 'pressure-cooker' view appears in subordinate clauses oi implicitly even in some academic studies where the general approach and macro-perspective is dynamic and does not require any static conceptions of ethnicity.[18] The pressure-cooker thesis holds a caricatured picture of ethnic groups, of social relations and of the state. Namel) it largely neglects process, through which conflict mobilise and escalate, presupposes static relations between static group formations and assumes a purely repressive (and very effectively so) state apparatus isolated from the society *over* (not *in*) which it rules.

On the other hand some of the critique, notably from the radical left or from radical constructionist camps (for example within cultural, feminist, or ethnic studies), have tended tc bereft the concepts of culture or ethnicity of any meaning at all, wishing to render any reference to them as 'essentialist' or even racist, and suggesting that they are mere 'social constructions'.[19] Such 'cultural nihilistic' approaches to social relations (including ethnic relations) appear to be unnecessarily one-dimensional and naïve.[20] Culture, as well as traditional loyalties such as 'tribe', 'clan', 'kin', - their presence and character, or their

---

[18] For example Reifer, T & J. Sudler (1996: 34) "The Interstate System" in Hopkins, T & I. Wallerstein (1996) "The Age of Transition – Trajectory of the World System 1945-2025" Zed Books, London & New Jersey: 13-37 Here the authors pursue an excellent analysis of post- World War II changes in the inter-state system and may not even wish to propagate the pressure-cooker thesis, as they don't focus at all on internal conflict, but it is unfortunate that the power of this perspective is such that it may even appear unintentionally. My doubt of the actual intention follows from that their analytical framework is in fact important to the understanding of such conflicts, but that the focus on macro-scope processes often allows for a neglect of local process and for sweeping statements over the latter.

[19] Such extreme positions may be marginal, but has received some influence in Sweden and, although I do not think this is particular for Sweden, my experience mainly comes from here, where a number of politicians and academics have taken such a stance, which has been reflected in the debate over integration and in the debate over so called 'honour-related violence'. Here, there are two problems related to the discussion of culture. One concerns a position within multiculturalism, which sees 'cultures' as different but considers the consequent pluralism as mutually beneficial and therefore any critique of 'other cultures' would be narrow-minded or even racist, a problem discussed by Carlbom, A (2003) "The Imagined *versus* the Real Other", Lund Monographs in Social Anthropology 12, Lund: Ch. 3. The other problem is connected to what I have called 'cultural nihilism', in which culture is largely rendered taboo as a reference to social behaviour, and where some other favourite structure instead is brought forward as sole determinant factor, such as socio-economic structures (a vulgar misrepresentation of Marxism) or 'patriarchal structures' (radical feminism). There are thereby also two ontological-epistemological positions possible for the 'cultural nihilist', one being positivist (favouring some other structure as sole determinant for explaining some phenomenon) and the other extreme relativist. I presented some criticism of this in Sörensen, J. S (2002) "Balkanism and the New Radical Interventionism" in "International Peacekeeping" Vol 9, No 1, Spring 2002, Frank Cass, London: 1-22; and more in Sörensen, J. S (2006) "Kultur, institutioner och social tillit: en diskussion av Rothsteins ansats och historisk kontext" in "Statsvetenskaplig Tidskrift" 2006: 1, Lund (Swedish Political Science Review). An analysis of a part of the debate in Sweden, with reference to abovementioned positions, is Ekström, S (2005) "Vad mord vill säga", in Johansson, K (Ed) (2005) "Hedersmord: Tusen år av hederskulturer" Historiska Media, Lund: 15-46. See also footnote 31 below.

[20] As does the so-called 'contact hypothesis' where increased contact and relations between 'cultural' groups are assumed to (necessarily) result in increased understanding, a decrease of stereotypes and essentially *improved* relations (this is an empirical question and a matter of contingency, it obviously *can* be the case, but it does not have to be so).

absence – have a profound impact on socio-economic relations, just as the state has (its presence and character or absence). They also have, at least statistically, a meaning for social behaviour precisely because they are *social* dimensions. However, this certainly does *not* imply determinism. Although these are analytical concepts, they are necessary in order to understand society in Kosovo. A brief description of Albanian society may illustrate this.

Albanians are divided into two language or dialect groups, the Gheg and the Tosk, with the Tosk dominating in southern Albania and the Gheg in Northern Albania and the highlands (the division line is usually placed at the Shkumbini river). The Albanians in Kosovo, Macedonia and Serbia are Ghegs (with some exceptions for southern Macedonia)[21]. Traditional structures, tribal or clan-based, as well as village-community based forms of social organisation have remained important among the Albanian population in Kosovo throughout the Yugoslav period. Few studies are available on how these have been affected by modernisation, but as a loyalty structure they have remained dominant. Anthropology work and other studies from the early decades of the twentieth century can be compared with studies from the 1970s, and to this one may add observations on loyalty structure, and on customary law (including the practice of blood-feud) from present time.[22] The terms 'tribe' and 'clan' are both contested, but we may instead use the Albanian terms. The Albanian term 'fis' refers to a large group which claims descent from one common male ancestor. Each fis, unless being very small, is divided into sub-branches. According to lineage on the male side these are decisive for whom a person can marry. Marriage within the same fis (based on the male line) is considered incestuous even if the 'actual' relationship is, say, nine or ten

---

[21] In southern Macedonia (Ohrid, Bitola, and Resen) the Albanians are mainly Tosk.
[22] Durham, E. M (1928) "Some Tribal Origins, Laws and Customs of the Balkans" George Allen & Unwin Ltd. London; Backer, B (2003) "Behind Stone Walls" Dukagjini Publishing House, Peje. These are two important contributions. Berit Backers work was carried out in the 1970s, but only recently published by 'Dukagjini' in Kosovo. A study on the traditional form of extended family (the 'Zadruga') from 1976 showed that these still played an important role in Kosovo (they otherwise largely disappeared from the Yugoslav area in the 19th Century, or at least by the early 20th Century) see: St Erlich, V (1976) "The Last Big Zadrugas: Albanian Extended Families in the Kosovo Region" and compare Grossmith, C. J (1976) "The Cultural Ecology of Albanian Extended Family Households in Yugoslav Macedonia" both in Byrnes, R. T (1976) "Communal Families in the Balkans: The Zadruga" University of Notre Dame Press. Generally see also: Duijzings, G (2000) "Religion and the Politics of Identity in Kosovo" Hurst & Company, London; Malcolm, N (1998) "Kosovo – A Short History", Papermac, London: Ch. 1. Compare: Durham, E. M (1909) "High Albania" Beacon Press. The latter focuses on 'highland' Albania, where the tribal system was particularly untouched by foreign (Ottoman) penetration. It should be noted that Durham partly mixes the bajrak and the fis-system. Today, according to observations by international mission staff in Kosovo, it is particularly in the judicial sphere where traditional loyalties are noted and pose problems to the present international administration. They also have a reflection in the political party system.

generations back (which does not apply on the maternal side).[23] In Kosovo there are about fourteen fises. A smaller group which traditionally has existed within the fis is a brotherhood or 'vellazeri', which is similar to the Balkan form of extended family, the 'Zadruga', but differs from it for example in that there was not a common budget. A 'mehala' is another term for a subgroup consisting of a number of closely related houses. A house, or a 'shpi' could itself consist of an extended family – something still existing in Kosovo although they have declined considerably during the Yugoslav period. The term 'bajrak' was an Ottoman implant and denoted a territorial unit on which military recruitment was based. Depending on size a fis could be divided into several bajraks, or more than one fis could be incorporated into a single bajrak. In Kosovo the bajraks became incorporated into the fis-system, largely due to Serbian (as well as Turkish) penetration into the lands, which contributed to the territorial dispersion of the fises. Decisions of communal importance are taken in a council of elders (traditionally a 'kuvend'). Unlike the council of elders the 'bajraktor' (ruler of a 'bajrak') was a hereditary position. In the 1920s and 1930s the Yugoslav – or Serbian – authorities aimed at breaking up the feudal relations created though this system. Despite severe repression in this period, the village community remained important. It should be noted that within the same fis some members can be Muslim and others Catholic. Among the Albanians there are both Catholics, Muslims and Orthodox. The orthodox prevail in south Albania (among the Tosk), whereas Kosovo is predominantly Muslim.[24]

The Customary law applied among the Albanians has shown great capacity to survive in and adapt to modernisation attempts and new state structures. The most important code (the 'Kanun') is the 'Lek Dukagjini', which survived and developed in oral tradition over centuries and was written down by the Catholic monk Shtjefen Gjeqov in the early twentieth century.[25] In her study from the 1970s Berit Backer suggests that what has survived of old legal structures could be termed 'code of conduct', and that this represents in a basic sense the 'culture' of the Albanians.[26] According to Backer these customs have a tremendous capacity for survival and a fundamental characteristic here is the non-state character of the codes (i.e. it is both the right and responsibility of the family to settle a dispute without interference from

---

[23] As noted by Edith Durham, the Catholic Church prohibited marriage to the 6th degree, but on the maternal side much closer relatives might enter marriage. Cf. Durham (1909): 22. The practice of prohibiting marriage within the *fis* remains today.
[24] Among the Muslims there is also a considerable number of Shi'a dervish orders. On religion in Kosovo see Duijzings. G (2000) "Religion and the Politics of Identity in Kosovo" Hurst & Company, London.
[25] It was translated into English in 1989: "The Code of Leke Dukagjini" translated by Leonard Fox (1989), Gjonlekaj Publishing Company, New York.
[26] The following is from Becker, B (2003) "Behind Stone Walls" Dukagjini, Peje: 131-135

outside, be it the 'state' or some other party). She suggests that these customs and rules concern the identity of the people as an ethnic group and essentially state what is Albanian as opposed to Serb or Montenegrin. As such they have resisted various assimilation attempts by Serbia in the first Yugoslav state and survived within the Yugoslav state. However, according to Becker, the attitude changed with the reduced Slav dominance after 1968, and the possibility that 'Albanian-ness' could be re-codified and expressed in terms of participation in modern institutions was accepted as an alternative.[27] She argued that increased autonomy here appeared to have worked as a stimulus to integration in the state. At the same time the federal authorities in fact had little insight into society in Kosovo in the 1970s and 1980s, while Serbs living in Kosovo complained about discrimination and Albanian corruption (developed in chapter 5) and the eventual effect was in fact disintegrative. The fact that some 1000 blood feuds were reconciled in the campaign under Anton Qetta in 1990-1992 indicate the continuity of customary law in Kosovo, and this must have provided a basis for settlement of legal disputes in the parallel system, which the Albanians developed after 1990.[28]

The emphasis on cultural continuity here suggests that issues of culture, ethnicity and nation, must be seen in the *longue durée*. Anthony Smith has emphasised cultural continuity in the process of shaping modern nations, and claims that modern nations often were formed around 'ethnic cores', existing in the pre-modern period.[29] This appears a highly plausible thesis in many cases, not least in the Albanian. It should be noted that Smiths concept of 'ethnic cores' referred to cultural aspects and by no means implied any racial or biological lineage.[30] Nevertheless, for this Smith is sometimes, in my view incorrectly, categorised as a *primordialist*. Smith himself of course argued *against* a primordial view, and he particularly does not qualify as a primordialist if the term is understood to imply tribal or biological connection. A good deal of the 'left' has often had problems with such conceptions as 'nation' or 'culture'.[31] Most notably there has been an eagerness to emphasise fluidity and

[27] Becker, B (2003): 135-136
[28] For the campaign to settle blood feuds see for example Clark, H (2000) "Civil Resistance in Kosovo", Pluto Press: 60-64; Vickers, M (1998) "Between Serb and Albanian: A History of Kosovo", Hurst & Company, London: 248; Maliqi, S (1994) "Self-Understanding of the Albanians in Non-Violence" in Janjić, D & S. Maliqi (1994) "Conflict or Dialogue", Open University, Subotica: 237-247 (especially p. 242)
[29] Smith, A. D (1986) "The Ethnic Origins of Nations", Blackwell; Smith, A. D (1991) "National Identity" Penguin Books; Smith, A. D (1995) "Nations and Nationalism in a Global Era" Polity Press
[30] It is certainly the case that tribes from Albania and Montenegro, for example, inter-mingled, and that there has been a good deal of mixing in this part of Europe prior to and throughout the Ottoman period.
[31] This may be illustrated by a public debate that has, and still is (2002-2004), taking place in Sweden in relation to so called 'honour'-connected violence (cases where women in certain immigrant groups have been murdered by their relatives for not agreeing to a marriage arranged by the parents, or for behaving too much like 'Swedish'

discontinuity of ethnic identity, culture, and of nation. The modernist school of the 1980s, in which Eric Hobsbawm, Benedict Anderson, and Ernest Gellner are the best examples, emphasised the novelty of the nation and the discontinuity with the pre-modern period.[32] The emphasis on the state and rejection of continuity has sometimes been unfortunate. In political practice there are plenty of examples of brutal assimilation attempts flowing from the rejection of cultural or national dimensions of identification. The 'modernists' contributed considerably to the understanding of social and political processes behind European nation building and the homogenisation of culture through bureaucratic and administrative structures. One such example is Benedict Anderson's elaboration of the concept of 'parallel events in time', which followed the contraction of space-time after advances in technology and infrastructure, and the emergence of the idea of a 'public opinion'. Another example is the role of the printing press, and of literary production and circulation, emphasised by both Gellner and Anderson, as creating cultural homogenisation and a national identity. Benedict Anderson and Eric Hobsbawm restated the emphasis on language in the creation of a nation. While Anderson emphasised the nation as a 'creation', Hobsbawm probably went a step further by characterising the nation as an 'invention'. An 'invention' has the connotation of a falsification and could probably be claimed to have less 'thickness' than a 'creation' or 'construction'. Still, it does not necessarily need to be understood as 'invented' *ex nihilo*. Hobsbawm refers to ritual practices and repetition connected to schooling, the press, and public opinion. Although the modernist contribution to and understanding of how identity is

women etc.). The Swedish government has wished to protect vulnerable women in the concerned immigrant groups and a rather heated debate has appeared regarding whether the phenomenon is 'cultural' or not. Here a group of feminists and academics from 'ethnic studies' *cum* 'gender studies' together with politicians from the Left Party (and some from the ruling Social Democratic Party) have argued that the phenomenon is due to *patriarchal structures* and that it has nothing to do with *culture*. They see 'patriarchal structures' as the only determinant to the violence, but since they reject 'cultural factors' they make no distinction between for example Kurdistan, or tribal groups in Iraq on the one side, and Sweden or Britain on the other. Everywhere there are 'patriarchal structures'. A fallacy they make is not to distinguish between *necessary* and *sufficient* conditions. It may be that 'patriarchal structure' is a *necessary* condition, but it is hardly *sufficient* for an analysis of the problem. As an analytical instrument it is far too blunt, since they see the same phenomenon (patriarchal structure) everywhere, be it in Europe, Africa or the Middle East. In the end their position becomes absurd and in Sweden this standpoint has partly blocked both a proper analysis of the situation and a political programme for the protection of the women in need. If we compare this to the problem of 'blood feud' among the Albanians we can make the observation that it is mainly 'men' who are targeted. Clearly it is hardly *sufficient* to suggest that this is due to 'patriarchal structures' unless there is some other analytical tool to distinguish Albanian society from another society where there is no phenomenon of blood feud. The, in my opinion nonsensical, rejection of a 'cultural dimension' is probably due to another fallacy made by this 'leftist' group of feminists, namely that they confuse the positive statement of the existence of 'differences' with the normative statement of whether this type of 'difference' should be the basis for 'discrimination'.

[32] Hobsbawm, E & Ranger, T (Eds) (1983) "The Invention of Tradition" Cambridge University Press; Hobsbawm, E (1990) "Nations and Nationalism since 1780" Cambridge University Press; Anderson, B (1983) "Imagined Communities: Reflections on the Origins and Spread of Nationalism" Verso, London; Gellner, E (1983) "Nations and Nationalism" Blackwell, Oxford.

produced in the modern state has been considerable, there is good evidence for ethnic and national identification prior to the modern period and for Anthony Smiths arguments following his emphasis on the *longue durée*.[33] This does not imply a static form of continuity though; ethnic identity, as well as nationalism (which is related to the state), can be constructed around different criteria, have different meaning in different social contexts and to different people. As with all social categories they are historical products. An example of this is the emphasis on language by Croatian nationalists in the early twentieth century, and prior to the creation of the Yugoslav state, which defined Croats as different from Hungarians and Germans, and more similar to the Serbs, whereas by the end of that century Croatian nationalists instead emphasised (Catholic) religion which thereby defined them as different from the (Orthodox) Serbs.[34] Neither does an emphasis on the *longue durée* imply that the form of identity production is the same in the pre-modern and modern period, for clearly it is not.[35]

However, much of this debate, including the question of which elements should be emphasised for deciding on continuity or discontinuity between the pre-modern and modern periods, is of little concern to us here. It does not really matter how old or what the origins of these phenomena are. Moreover, rather than asking questions about *what* ethnicity or nation *is*, I am interested in *when* it is. Rogers Brubaker has emphasised the political institutionalisation of the 'nation' and while taking 'nation' largely as a given, he looks at how it is reframed over time in changing political and economic contexts.[36] For the concern of the present study is the understanding that ethnic identity, and nationalism, is dynamic and changes over time. It is given political meaning in relation to social and political structures such as the state and the political economy (as we shall se in chapter 4). The dynamics of ethnic identity and nationalism, that is how it is (re-) configured and constituted, are thus related to the polity and to the political economy. This does however not mean that problems related to it can be reduced to socio-economic or institutional matters, because it spans several social and cultural dimensions, and once mobilised in a certain way 'ethnic conflict' has a dynamic of its own.

---

[33] Not only in the Balkans, but also in relation to Scandinavia where expressions of national identity in Sweden and Denmark are documented in the 16th Century, as noted by for example Jojan Vadenbring (personal communication and forthcoming thesis in History at the EUI: "The Integration of Conquered Provinces in 17th Century Europe").

[34] See further chapter 3 and 4

[35] Delanty, G & P. O'Mahony (2002) "Nationalism and Social Theory", Sage Publications: 87

[36] Brubaker, R (1996) "Nationalism Reframed: Nationhood and the National Question in the New Europe" Cambridge University Press.

The role of external factors has generally received less attention than internal ones in the study of nation building, perhaps especially by the modernists. Anthony D Smith has acknowledged this dimension, particularly the role of external threats and war, and Charles Tilly has focused intently on war making in relation to state building.[37] Albanian nationalism was largely shaped by external factors. At the end of the nineteenth century, the Albanian tribes had little interest in creating a state of their own and even until the very establishment of Albania in 1913, they had favoured the preservation of the Ottoman Empire, but following the territorial distribution in the process of the Ottoman state breakdown, in which Albanian inhabited lands were annexed by Serbia, Montenegro, and so on, they were pressed to form a state of their own.[38] The role of external factors, and of war, is again evident in the post-Yugoslav processes of state and nation making.

Yael Tamir has suggested that cultural rather than political claim is at the heart of nationalism.[39] Nationalism, she states, should not be seen as a mere striving to control state power and institutions, because political power is the *means* while the *end* is cultural. Tamir makes an important point as to what constitutes 'freedom'. Freedom in her view is culturally embedded and it is within a cultural context that individuals are provided with meaningful ways of life across the full spectrum of human activity.[40] It is because liberty is dependent on cultural membership, that the latter becomes so essential and potentially politically explosive. It concerns individual autonomy, identification and choice. The idea of liberty as dependent on other social beings is an important acknowledgement.[41] Within liberalism freedom and autonomy have too often been associated with the lack of interference in a sense that would make Robinson Crusoe the ultimate free man. Yael Tamir thereby makes a strong connection between 'nation' and 'culture' (today actually a most common position among theorists of nationalism) and she suggests that by securing and stimulating cultural autonomy for minority groups these will be more willing to take share in – or integrate into – the state, rather than necessarily opting for secession or state takeover. She provides a convincing argument and a

---

[37] Smith, A. D (1986) "The Ethnic Origins of Nations" Blackwell, Oxford; Smith, A. D (1991) "National Identity" Penguin Books; Smith, A. D (1995) "Nations and Nationalism in a Global Era" Polity Press; Tilly, C (1990) "Coercion, Capital and European States" Blackwell.
[38] See further chapter 3
[39] Tamir, Y (1993) "Liberal Nationalism" Princeton University Press.
[40] A good discussion partly following Tamir is: Kymlicka, W (1999) "Misunderstanding Nationalism" in Beiner, R (Ed) (1999) "Theorizing Nationalism" State University of New York Press: 131-140.
[41] Jan Sokol (Charles University, Prague) made this point in an excellent intervention at the Conference "Varieties of World Making" on 14-16 October 2004, European University Institute, Florence.

fresh contribution to the force of nationalism, and what is at stake in it, but in relation to Kosovo cultural autonomy was not sufficient for the Albanians. They wanted a 'republic', first within Yugoslavia and then independent from it. Nationalism among other groups in Yugoslavia was sometimes culturally and sometimes economically motivated, as well as political. The process of how these claims developed will be studied in chapters 3-5, in which we shall also say more about how nation and nationalism was understood among the Yugoslav socialists.

Criminalising the periphery, Cosmopolitan theory, and the politisation of humanitarianism

In the transition perspective, the macro-structural context is either lacking or treated as largely unproblematic. One closely related approach, which has gained influence since the late 1990s, does acknowledge macro-scope processes as a departure to the analysis of conflict but then treats them as irrelevant to their solution. In this approach, which we may call the 'criminalisation of the periphery', the excluding and marginalizing effects of global capitalism on peripheral areas are often noted, and thus forms part of the analysis for explaining conflict, but it suddenly disappears when it comes to policy-prescriptions and instead mutates into a tool for moral condemnation.

Such a representation of underdeveloped or crisis areas in the periphery from the standpoint of criminality, justice and moral categories, not only misses a crucial point, but is also dangerous with regard to the policy effects and outcomes it comes to legitimise. An example is Mary Kaldor's analysis of the 'new wars' as being a symptom of social change and social breakdown, where the political economy of the new wars is transnational and where the distinction between war and crime is blurred.[42] She notes a cleavage between those who take part in global processes and those who are excluded and this enables a distinction and bipolar relationship between what she calls 'cosmopolitans' versus 'particularists' / 'nationalists' where the cosmopolitan view is modern, democratic, civic oriented, and with assets and resources available that the locals ('particularists') do not have. Empirical examples from Bosnia and Hercegovina (BiH) of 'abnormal' economic activity and criminal entrepreneurship are utilised in support of the interpretation. Its structural framework is partly derived from classical dependency theory and later forms of world-system analysis. The

---

[42] Kaldor, M (1999) "New & Old Wars", Polity Press, Cambridge. The criticism here refers to this work *en bloc*, and was formulated also in Sörensen, J. S (2002).

23

analysis itself describes a capitalist central core, which is developing and increasingly integrating into global processes with common features of market economy, liberal democracy, civil society, multiculturalism and safeguarded humanitarian values. The periphery, which is excluded from global processes, develops its economy partly on resources drawn from global diasporas, trans-national criminal networks and ethnic economies, but is incorporated into resource struggles and corruption at the local level.

The demise of the formal economy in the 'periphery' is directly linked to their exclusion from global processes and global capitalism and thereby connected (in the analysis) to changes in the macro-system. Following this structurally-orientated analysis one would anticipate the follow up of a connection between development and underdevelopment as in classical dependency theory. Instead, this framework is suddenly abandoned in favour of a focus on agency, where the ruling elites in the periphery can be singled out as criminals together with the entire political and economic systems, which they are assumed to propagate. Regardless the macro-structural conditions, which had earlier been so important, these 'local' economies are now measured and depicted as abnormal.[43] Curiously, the very processes which were found to make 'sense' of the local economies are suddenly irrelevant to the policy-prescriptions.

This mutation in perspective from a rather typical neo-Marxist macro-structural approach towards a focus on local actors makes it difficult in the end to know whether the problem of the political economy of the new wars is due to macro-systemic processes or to entrepreneurship among local agents.

The perspective comes in fact then to accommodate several elements from early modernization theory as it was interpreted in the 1950s. Within it we encounter the view that these societies are subject to 'unfinished' and 'failed' modernisation projects, which have fostered an 'unhealthy', or 'criminal' trajectory. They need accordingly to develop in a more liberal direction by imitating western patterns of social change. The key, again, is 'cultural change', as in modernization theory, and as exemplified by modern post-war social reconstruction. In the last resort it can be achieved by enforcement as in what Kaldor calls 'cosmopolitan police-keeping'. Again, cultural change is to be fostered by focusing on

---

[43] Compare Kaldor, M & V. Bojičić (1999) "The Abnormal Economy of Bosnia-Hercegovina" in Schierup, C-U (1999) "Scramble for the Balkans" MacMillan, Basingstoke: 92-117

educated, entrepreneurial, modern agents within the periphery: that is the cosmopolitan elements among the 'particularists'. The relationship between radical, social reconstruction policy, bio-political power, and Kaldor's 'police-keeping' is thus an intimate one.

This dichotomy between 'cosmopolitans' and 'nationalists' reinvents an old dichotomy in which space is bifurcated into a 'civilised', 'structured', 'rational' and 'progressive' block, within which democracy, civic values, individualism, and respect for human rights are reproduced progressively in parallel with economic development and integration into global processes. The reverse side of the coin displays the excluded, non-civic, particularistic, undemocratic and underdeveloped 'rest'. Kaldor's dichotomy not only borrows key elements from modernization theory, but also hosts a reproduction of colonial discourse according to the moral taxonomies of which human populations can be divided spatially and morally into superior and inferior segments. We here encounter the savages and the 'new barbarians' whom the civilised world has a moral responsibility to educate or eliminate.

While ruling elites, dictators and warlords, are undeniably engaged in human rights abuses, war crimes, and corrupt or criminal economic activities, these features are not in and by themselves the keys to understanding social processes in the periphery. It is not simply a case of poor leadership and awkward mentalities. These issues can only be tackled via their very embeddedness within crucial structural features of the political economy on which they are contingent in the first place. They have to be scrutinized in relation to the exclusion and inclusion of global processes, which, to a large extent, they act upon and react against.

Kaldor's empirical description may faithfully fit the terminology and logic of liberal representations of what is normal and civil. But it is simply not satisfactory to conclude that global exclusion creates criminals who must be removed. The simplistic logic seems to point at a crucial theoretical and analytical inconsistency in Kaldor's framework. Initially there is a structural argument, according to which the periphery was excluded from global processes. But, subsequently 'structure' vanishes from the canvas and suddenly the local elite appear as the root cause, the removal of which, under the auspices of human rights and impartial economic rationality, will cure the patient. Although it may well be that the elite must be removed, one must assume that the structural relationship remains. In Kaldor's analysis, cause and cure are mysteriously disconnected. When applying the terminology of 'criminality' as a response to globalisation (as Kaldor suggests) one can in fact question whether the

'exportation' of this to the periphery is sufficient. It is quite possible that there is an ongoing transformation of values more generally in the capitalist core itself, not least in light of recent scandals with the United States (and Britain) systematically utilising torture in prisons, abusing basic human rights and violating the Geneva conventions. [44]

Nevertheless this perspective has become highly influential. It is a version of cosmopolitan theory, other advocates of which include David Held, Richard Falk and John Keane. [45] Cosmopolitan theory emphasises the weakening of state power, the rise of 'civil society' networks, and favours alternative models for governing that go outside government and thereby complement it. [46] It embraces the idea of a 'global civil society' in which universal values and (civil) norms are cultivated. Further, many within this tradition favour military intervention as a means of promoting such values and safeguarding the moral good. A great number of human rights organisations, peace organisations, feminist organisations, and some humanitarian organisations have come to embrace it. Thereby many of them have come to advocate more military interventions in the periphery.

This perspective underpins and highlights several other major changes within aid and security thinking and practice in the post-bipolar world. First, humanitarian aid has increasingly become subjected to conditionality. Traditionally, since the founding of the international Red Cross movement and humanitarian law, this type of aid was considered a moral imperative. It should be provided to people regardless of race, gender, political affiliation and so forth. and

---

[44] But consider also the wide range of scandals in many western countries: in the United States for example the 'ENRON'-affair, or the links between the White House and 'big business' in the military industry, as well as with Saudi Arabia and the Bib Laden family; in Germany the 'Deutsche Telecom'-scandal; in Sweden the 'Skandia' affair, and a number of affairs with politicians and company directors; in Italy the investigations of Prime Minister Berlusconi on corruption; in the EU an entire Commission was brought down following corruption; in the UN-system there has been a series of scandals in the Congo and in Kosovo; not to mention the systematic violations of human rights and of Geneva Conventions by U.S and UK forces in Iraq (in November 2004 the UN expressed concerns over the 'conduct' of British troops, and the treatment of prisoners by US soldiers in Abu Ghraib in Iraq has become subject to investigations and trials); the indefinite detainment of prisoners without trial by both the US (for example 'Guantanamo Bay') and the UK raise concerns about the rule of law, and so on. Does this just indicate 'normal' corruption, rule of law, abuse of power, and human rights, concerns in the liberal world, or are we witnessing a gradual value transformation?

[45] For example Held, D (1995) "Democracy and the Global Order: From the Modern State to Cosmopolitan Governance" Polity Press, Cambridge; Falk, R (1995) "On Humane Governance: Towards a New Global Politics" Polity Press; Keane, J (2003) "Global Civil Society?" Cambridge University Press. Influential social science institutions such as the LSE (London School of Economics) have developed whole programmes advocating 'Cosmopolitan theory'.

[46] A brief but good overview of cosmopolitan theory is provided in: Pugh, M (2001) "The Challenge of Civil-military Relations in International Peace Operations", Disasters, 25 (4): 345-357

was to be neutral and without political calculation.[47] Following the debate on the political economy of war and the calculation of *risk* that aid may be utilised by conflicting parties and thereby fuel conflict, humanitarian aid has gradually become subjected to conditionality. Conditionality has thereby been expanded from development assistance to also cover humanitarian assistance and relief operations. Conditionality was generally introduced to development aid through the World Bank in the 1970s (under the US Carter-administration) and it was central to structural adjustment policies of the World Bank in the 1980s and 1990s. Gradually it has become a political tool throughout the aid-agenda to also cover the humanitarian aspects of aid, something which Joanna Macrae has called the 'death of humanitarianism'.[48] In this process human rights, gender, and humanitarian NGO's have played a considerable role. The moral imperative to assist, and the 'right' to life, has thereby been eroded in the 1990s, and aid has increasingly become provided not on the basis of need only but on the basis of *desert*.

A second major change is the ideological shift towards military intervention in conflicts and sovereign states in order to protect civilians. Justified as a humanitarian action this has been labelled 'humanitarian war' (an oxymoron some might have thought). The crisis in former Yugoslavia has played a crucial role in both the politicising of humanitarian aid (as in Bosnia) and in cementing the right to intervention (Kosovo).[49] Preparations for enabling more and faster military intervention are currently being undertaken in the West, with the EU having the ambition of a considerable intervention capacity of its own by 2008 and with expressions in UN reports of the need to make military action easier.

These reawakened and proliferating debates over 'just wars' are symptomatic of these policy changes and are capable of merging many traditional left-wing oriented organisations, social-conservatives and market-liberals. Here, certain 'rights'-advocates on the left and right, such as peace-organisations, women and human rights organisations, as well as church organisations, find a common cause with a strong emphasis on morality. Capable of allying various forces in this manner the project is hegemonic. Market liberals can in this agenda

---

[47] The journal 'Disasters' has had several special issues in relation to this. See 'Disasters' 1998. 22 (4) and 2001, 25 (4) especially the various articles by Joanna Macrae, Michael Pugh, Fiona Fox, and Mohammed Haneef Atmar. An excellent overview and analysis of humanitarian aid-policy change is provided in the 'Humanitarian Policy Group' Reports from the 'Overseas Development Institute', London: especially HPG Report 8, 10, 12, 14 and 18.

[48] Macrae, J (1998) "The Death of Humanitarianism?: An Anatomy of the Attack", Disasters. 22 (4): 309-317

[49] Pugh, M (1998) "Military Intervention and Humanitarian Action: Trends and Issues" in "Disasters" 1998. 22 (4): 339-351; Woodward, S (2001) "Humanitarian War: A New Consensus?, Disasters 2001, 25 (4): 331-344

further the moral good of privatisation and liberalisation (including democratisation), whereas feminists, human rights activists, ecumenical missions, and conservatives, can all have a stake in the new moral agenda.

Here there is a utilitarian calculation. The new military interventionism is capable of tolerating considerable collateral damage as it pursues its goals, and the provision of aid on the basis of *desert* accepts the selective principle that some humans deserve life and livelihood more than others. The utilitarian calculation includes the acceptance that some people need to be sacrificed and allowed to die for the furthering of the good cause.

The cause is to spread universal values and improve the world according to western liberal standards, but in order to legitimise this it is necessary to first bifurcate the world into a civilised cosmopolitan population and a 'particularistic' or savage population. Here, the criminalisation of the periphery serves a purpose for legitimising new power aspirations in the centre. There is an inherent logic between conditional humanitarian aid, bio-political intervention through aid, and direct military intervention. The latter comes in where the former fails. Transitional thinking, which internalises the problem to the country concerned is in this sense more logical than the version forwarded by Mary Kaldor in which the global order is actually producing criminals, but then irrelevant for preventing this reproduction. The trend is nevertheless the same in both versions, and as embodied in the new aid and security policy. The world can be improved not by material provision and development in the periphery, or by a more equal deal in the global political economy, but by education, moral training, therapy, and eventually war on the 'new barbarians'. The cause embedded in this new interventionist agenda has enormous implications. It has a mission to create 'modern man', to civilise (or eliminate) the 'new barbarians', and by extension it includes a normalisation of war and institutes a permanent state of exception for war on the third world.

Globalisation, New Peripheries and Adaptation - Critique of the orthodoxy

From critical political economy and macro-historical approaches we find a contrast to the dominant views within transition thinking and to the conception of 'social breakdown'. Mark Duffield has analysed conflict and the political economy of war, from a perspective of social transformation and has noted that the trend of redefining political authority within unstable areas should be seen as a political project itself in relation to the reconfiguration of

the global economy.[50] As the trend within the global political economy since the 1970s has been increasing integration within three economic blocks (North America, Western Europe, South East Asia), the areas outside have been excluded and increasingly marginalized.[51] In the process of marginalisation and peripheralisation, earlier achieved development gains were rolled back in many regions and new forms of political economy are fostered as forms of adaptation. Political separatism and regional fragmentation has accelerated in the new periphery in relation to processes of integration in the centre. While some states have been redefined as ethno-nationalist projects there has in other areas emerged war-lord structures, which have fashioned so called weak or failed states, where the resource base has been insufficient for a formal state monopoly.[52] Following Duffield, the contention is that rather than merely being excluded from global processes, we have seen the emergence of alternative ways of integration into the global economy after the loss of the patronage received in the Cold-War period.[53] While the formal economy has been marginalized or collapsed, the informal economy may be well integrated into the global economy, albeit in non-liberal or illiberal ways. Moreover, just as the form of governing of the nation-state has moved from the hierarchical form of government towards wider public-private networks, through contracts, partnerships, and outsourcing, as envisioned in the term 'governance', so has there been a similar trend in the periphery, but here the authority exercised through networks has expressed fragmentation.

In relation to this a whole new field of research into the political economy of the new wars has emerged, with empirical evidence mainly from Africa and previously classical development countries.[54] Here, for example, William Reno has studied war-lord politics in Africa and notes the rationality of war in relation to the intensification of trans-national

---

[50] For example Duffield, M (2001) *in passim.*

[51] Ikeda, S (1996) "World Production": 47, and Reifer, T & J. Sudler (1996): 32, both *in* Hopkins, T & I. Wallerstein (1996) "The Age of Transition – Trajectory of the World System 1945-2025", Zed Books, London & New Jersey; Hoogvelt, A (1997) "Globalisation and the Post-Colonial World" MacMillan, London: Ch. 4; Duffield, M (1997); Amin, S (1992) "Empire of Chaos", Monthly Review Press, New York. Compare similar arguments in Cox, R (1995) "Critical Political Economy" and Gill, S (1995) "Theorizing the Interregnum" both *in* Hettne, B (1995) "International Political Economy – Understanding Global Disorder" Zed Books, London.

[52] Duffield, M (1997); Reno, W (2000) "Shadow States and the Political Economy of Civil Wars" *in* Berdal, M & M. Malone (2000) "Greed and Grievance – Commercial Agendas in Civil Wars", Lynne Rienner, Boulder & London: 43-68

[53] The thesis compressed in this section is from Duffield, M, various works including (2001); On global criminal economy cf. Castells, M (1996) "The Rise of the Network Society" and (1998) "End of Millennium" Blackwell; cf: Cerny, P (1998) "Neomedievalism, Civil War and the New Security Dilemma: Globalisation as Durable Disorder", in "Civil Wars" 1998. Spring: 1(1): 36-64

[54] For example the articles in Berdal, M & M. Malone (2000) "Greed and Grievance: Economic Agendas in Civil Wars" Lynne Rienner, Boulder, London; Ballentine, K & J. Sherman (Eds) (2003) "Beyond Greed and Grievance" Lynne Rienner, Boulder, London.

commerce in recent decades in a particular category of states, which he calls 'shadow states', where political instability was manipulated to become a norm so that clientelist relationships could be reproduced.[55] Thus, in certain cases an alternative to controlling or building expensive state institutions would be to conserve resources and devote them to payouts to key strongmen in return for loyalty. In Bosnia, Hugh Griffiths observed that the ethno-nationalist elite not only exploited and robbed the local population in their own area of control, but in addition used displaced persons and refugees as an instrument for maintaining the instability necessary for preserving and recreating patron-client relationships.[56]

Whereas the economic dimension of conflict, such as for example access to resources, in many cases has helped sustain hostilities and conflict, it is in most cases not possible to reduce the 'causes' of conflict to purely economic factors.[57] In a number of case studies the assumption of the new wars as being motivated by individual greed, and essentially being 'resource wars', has been effectively challenged in favour of a more complex interpretation where political and economic factors, including insecurity bred by systematic exclusion of minority groups, combine in particular ways specific to each case and region.[58]

The important insight gained from this research, and the study of the political economy of conflict, is however not about the *causes* of war, but about the adaptability of the marginalized areas. Obviously, as is the first observation in reconstruction aid policy, the formal economy (and the parameters along which formal economy function) is damaged or destroyed through war. This is the very rationale for reconstruction as the term reveals. The insight from the abovementioned studies is however that the 'real-economy' has changed and is connected to new forms of authority and new lines of exclusion / inclusion. Conflict itself may be an integral part of this social transformation.

Such analysis generally opens up the question of the relationship between power (coercion), capital, and state building (or state *disintegration*).[59] Now, the state is typically the framework within which authority and governing of the political economy take place, and it is also the

---

[55] Reno. W (1998) "War-Lord Politics and African States", Lynner Rienner, Boulder Colorado; Reno. W (2001) "Shadow States and the Political Economy of Civil Wars", in Berdal, M & D. Malone (2001) "Greed and Grievance" Lynne Rienner, Boulder & London.
[56] Griffiths, H (1999) "A Political Economy of Ethnic Conflict, Ethno-nationalism and Organised Crime" in "Journal of Civil Wars" Vol 2, No 2 (Summer 1999), Frank Cass, London: 56-73
[57] Ballentine, K (2003) "Beyond Greed and Grievance"; Lynne Rienner. Boulder, London: Ch. 10
[58] Ballentine, K (2003): Ch. 10
[59] Compare Tilly, C (1990/1992) "Coercion, Capital and European States" Blackwell Publishers

framework in which ethnic nationalism and nationhood are being defined. In this way the question of legitimacy of the state and governing structures, the governing of the political economy, and the articulation of nationhood are intimately linked. They form a matrix in which social change can be studied: that is the configuration and reconfiguration of the borders and relationships between the categories. We can also define four dimensions - capital, power, state, nation. – of which the two former (capital, power) have to be considered in a global, as well as local, context, for how they interact with the latter (state and nation). The '*state*' is essentially a question of *organisation*, and of creating a framework for the political economy, and '*nation*' is essentially a question of *mobilisation* of people in the pursuit of organising the state.

Framing the analysis of the Yugoslav state and society in relation to these dimensions in a historical context (that is a dynamic perspective where the relationships are reworked over time) enables us to better address the question of both why and how the Socialist Federal Republic of Yugoslavia was successful as a state and political economy at one period in history, while unsuccessful to the extent of breaking up at another, as well as the question of the relationship between ethnic identity, nationalism and the state. In this framework we can follow the trajectory over which the Yugoslav state was transformed from a development model into a fragmented group of aid-receiving polities. This framework also provides the wider context of the whole project of development, following the Truman doctrine, the growing field of studies and various theories concerned with development, as well as with the practice of aid-policy. These are all particular to their historical period and contingent on, as well as part of, wider processes of change.

Once identified in relation to these wider dimensions, the analysis of the processes must be pursued in the local / national context. The changes of macro-structures, which originate from more powerful centres than Yugoslavia, have to be addressed in relation to the specific opportunities and limitations they produce in the local context, how they have been interpreted and addressed by local actors, and how they interact with local institutions, cultural characteristics, and power-relations.

History as Social Science: historical sociology and macro-historical structures

The kind of methodological and analytical approach drawn upon here has a long tradition within both history and social science, although it has never dominated any of those fields. Critical analysis of capitalism as a world system, is generally associated with the Marxist tradition and one of the problems it has encountered, and for which it has received its fair (and unfair) criticism, is the tendency to economic reductionism or to macro-determinism. Later developments within this tradition, such as for example world-system analysis as developed by Immanuel Wallerstein, has been criticised for collapsing the various levels of analysis into one, where social change is determined by the macro-system, whereas critique of this sometimes has tended to reduce the national and global level to being determined by class-relations.[60] While the analysis has to have some level of focus and some starting point, there is a risk with the multi-level analysis of allowing one level to determine over the other. Indeed if multiple levels are incorporated into the analysis it is hard to avoid more weight being given to a particular level where the research questions may have their focus. The idea of a 'total history' is partly elusive. Nevertheless a central contention as regards the approach applied here is that the analysis of a particular society has to take place within the broadest possible context, which is the capitalist world economy. This was the position held by Karl Polanyi, for whom a central concern was the relationship between the changes in the global order of the capitalist world economy and the pursuit of governing the political economy within a particular state.[61] Karl Polanyi's work has played a central role in the development of historical sociology, and more recently it has seen a revival within the study of international political economy.[62]

---

[60] World-system analysis as developed by Immanuel Wallerstein (1974) "The Modern World System: Capitalist Agriculture and the Origins of the European World-Economy in the Sixteenth Century, Academic Press. New York; and the focus on class-relations in Robert Brenner (1977) "Origins of Capitalist Development: A Critique of Neo-Smithian Marxism". New Left Review 104, July-August 1977: 25-93. Wallerstein was further criticised by Theda Skocpol (1977) "Wallerstein's World-System" in American Journal of Sociology 82, March 1977. For an excellent discussion of these approaches and the Polanyian framework drawn upon here see: Block. F & M. Somers (1984) "Beyond the Economistic Fallacy: The Holistic Social Science of Karl Polanyi" in Skocpol, T (Ed) (1984) "Vision and Method in Historical Sociology" Cambridge University Press: 47-84. Note that Wallerstein continuously has refined his analysis in more recent studies and that it may be considered an ongoing work-in-progress.

[61] Polanyis most famous work, and to which I will return further here, is "The Great Transformation" (1944/1957) Beacon Press. Compare Fred Block and Margaret Somers (1984) have outlined and analysed the central points and methodology of Karl Polanyi.

[62] For the historical sociology tradition see the various works of Barrington Moore, Theda Skocpol and Charles Tilly, especially: Moore, B (1966); Skocpol, T (1979), (1984), (1985); Tilly, C (1990/1992). For Critical Political Economy and International Political Economy see especially: Cox, R (1995), (2002); Gill, S (1995); Hettne, B (1995).

Although these traditions have been dominant within *neither* history *nor* social science, they have nevertheless represented an important and highly fruitful attempt to bridge the separation between history and social science, or indeed to introduce history to social science or to utilise history *as* social science. A central theme in historical sociology for example is the study of the nature and effects of large-scale structures, as well as on how they change.[63] However, the former is given meaning when analysed in the context of the interactions with a particular locality.

It should be noted here that the term 'political economy' implies the rejection that the economy is a sphere that can be isolated from the social and political. It rejects 'pure economic' factors, and instead suggests that the study of change on the local level cannot be isolated to 'economic' effects or factors. To many people this may seem obvious, but it is of course exactly this 'non-political' and 'non-normative' conceptualisation of the economy which was brought about by neo-classical economics. The term political economy stems from the seventeenth century and was then intended to denote the management of the state economy in contrast to that of the family household, but in the coming centuries the use of the term changed and in neo-classical economics the social and political dimensions were eliminated.[64] Here I use the term to emphasise that economic relations and institutions are shaped within, and are an integral part of, a political, social and cultural context. The economy is here understood as a 'polity' and the other way around. In a similar manner Karl Polanyi used the term 'embeddedness' to emphasise that the economy was embedded in institutional frameworks.[65]

The Polanyian concept of *opportunity structure* provides us with an analytical tool for moving between different levels while avoiding the determinacy of one level.[66] Changes in the global order and in global capitalism do not *determine* social change in a given society, but they

---

[63] For example Skocpol, T (1984) and (1985).

[64] Horvat, B (1982) "Politička Ekonomija Socijalizam" Globus, Zagreb: 10; English edition (1982) "The Political Economy of Socialism" M.E Sharpe, Inc: xiv. The term was coined by the French writer Montchretian de Watterville in 1615. Cf: Hoogvelt, A (1997): 3 (also referring to Horvat).

[65] This does *not* imply a position that the political system or the state has full potential to govern or control the modern economy, but merely that the economy can not be analytically separated from the cultural, social and political context. This was also the premises in a inter-departmental seminar outline by Christian Joerges, Bo Strath and Peter Wagner on "Economy and Politics in Europe after the erosion of the Nation-state" 2002-2003, European University Institute.

[66] As interpreted by: Block, F & M. Somers (1985): 73

provide for a change in the opportunity structure for local agents within that society. Similarly, changes in the political economy within a given state do not determine the agency of individuals or sub-units (a company for example) within that society, but they change the opportunity structure. The adaptability of marginalized areas discussed in the section above is in this way analysed as historically contingent on local settings and the changes in opportunity structure provided by the global order for these local settings. They can with another Polanyan term be understood as 'counter-movements' to the effects of a global political economy from which their formal economies (and social networks) are excluded. The new 'biopolitical' aid policy may be problematic in that it merely extends this counter-movement. On the one hand aid now wishes to intervene therapeutically because of the 'criminalised' essentially 'uncivil' or 'non-modern' tendencies it finds problematic in the periphery. On the other hand, because aid no longer aims at supporting state structures in developing the capacity for providing material wealth, or facilitates integration within the global capitalist economy on a more equal basis, but rather acts on people directly, the counter-movement or adaptability to alternative structures of provision and protection (which may be traditional or neo-traditional) may react violently against interventions which aim at destroying (changing and governing) them.

In adapting and extending Polanyi's approach, which will be further discussed in chapter 2, I argue that social change in Yugoslavia (and successor states) or the change in aid policy are articulations within a new phase of global capitalism and within a changing global formation. But this does not mean that local changes are *determined* by global developments, or that we are studying the effects *caused* by the latter, but rather that we are considering the context and changing opportunity structure of the former provided by the latter. Within this opportunity structure there are a number of possible choices that can take place as well as social alliances that can be formed, and thus a number of different possible directions of social and political change. Rather than being determined by 'structure' we should look for contingency and conjuncture within these 'limits of the possible'.[67] Moreover the global context given does *not* mean that change in global capitalism or global order is conceived as an automatic or evolutionary process. However, the policy changes and the discursive, institutional and technological changes within global capitalism primarily originate from more powerful centres and agents than those within the former Yugoslav space, or even by those within the institutional establishment of aid-organisations, which is the concern here. Powerful

---

[67] A term from: Braudel, F (1982) "Vardagslivets strukturer – Det möjligas gränser: Civilisationer och kapitalism 1400-1800" Gidlunds.

institutions regulating the international economy, such as the IMF and World Bank, are more affected by the changing policies from Washington (and to some extent London, Paris, Bonn/Berlin), than they are by Belgrade, Zagreb or Prishtina.

Structure and Organisation of chapters

Above, I have introduced the purpose of this research and its main guiding questions. I have then critically discussed the changes in aid policy and the incorporation of new regions, such as the Yugoslav, into it, followed by a discussion of the dominant approach within aid policy and in conceptualising change in post-socialist states. I have suggested a framework – drawing on Karl Polanyi, historical sociology and critical international political economy – in which the analysis of both aid policy and the question of creating a stable polity and of governing of the political economy in the Yugoslav space, must take place. I have delineated some core concepts, in this introduction, which I will develop further in subsequent chapters, as well as introducing additional ones.

In order to pursue the study along these lines the book is organised into ten chapters, as follows. The next chapter (2) starts by discussing the general policy of reconstruction by the international community (embodied by the main actors: the World Bank, the UN, the EU) in the former Yugoslav region. Then since the Marshall Plan has often been used as an analogy for reconstruction in the Balkans the chapter contrasts current aid policy with that of the Marshall Plan, and contrasts the social configuration of post-Yugoslav 1990s / 2000 as a peripheral region, with that of Western Europe in 1945, which was the context of the Marshall Plan. The reference to the Marshall Plan is embraced here not so much for its parallels as for the important contrasts it give. Marshall aid is widely considered the most successful post-war reconstruction effort in history, and as such it provides us with a good starting point. In doing so it highlights the importance of outlining the macro-historical changes which form the context of our problem. The chapter goes on to discuss the change in global capitalism, and in global orders, during the twentieth century.

After an outline of these global changes we have the context in which to place the creation and destruction of the Yugoslav state and the trajectory of Serbia and Kosovo. The global framework is also the necessary context in which we can discuss the whole project of international development aid, the theories and debates within development studies and aid

35

policy. The changes in these are briefly outlined, bringing the study to the character and logic of the current shift in aid policy.

Chapters 3-7, are devoted to analysing the trajectory of Yugoslav society, with special emphasis on Serbia and Kosovo, and on the problem of political economy and the national question. In particular the preserved, and expanding, role of informal economy and social networks, in the process of modernisation and then re-peripheralisation, is considered. The level of detail increases in the latter chapters in order to provide a more dense context for the immediate prelude to the conflicts and social transformations in the 1990s and the consequent international protectorate in Kosovo.

Chapter 3 provides an overview of the heritage of imperial rule and the first Yugoslav state until the Second World War and the partisan revolution. Chapters 4 and 5 are devoted to the second Yugoslav state, that is, the Socialist Federal Republic of Yugoslavia, which was created after the Second World War. Chapter 4 chronologically covers the period until the early 1970s and chapter 5 from the new Yugoslav federal constitution of 1974 until the breakdown of the state. It should be noted that this division partly is practical and partly due to changes both in the global economy and in the Yugoslav state at this period, but that it should *not* be interpreted as a historical break or periodisation. Rather, the two chapters are addressing a single period of continuity and change. These chapters are more detailed than the preceding chapter 3, and they focus in particular on political economy, national and political conflicts over the state and economy, and the consequent reorganisations of the state and economy. These are placed within a broader context of the international political economy and bi-polar system. As such, these chapters identify a number of structural, regional, national, and political tension points as preconditions for aggravated social conflicts, which increasingly were articulated in ethnic nationalist terms. However, in rejecting direct material (political economic) causal links to political or national conflicts, we need to move to the level of political and discursive strategies in order to interpret the severe ethnic mobilisation of the late 1980s and the 1990s.[68] This is addressed in the first half of Chapter 6, which is concerned with Serbia under the rule of Slobodan Milošević. Chapter 6 then discusses the political project and the political economy under this regime, with an emphasis on the

---

[68] Compare also the theoretical and methodological position outlined by Stråth, B (1990) "Introduction: Production of Meaning, Construction of Class Identities, and Social Change", in Stråth, B (Ed) (1990)"Language and the Construction of Class Identities" Report from the DISCO II Conference on Continuity and Discontinuity in the Democratisation Process, Göteborg University: 1-23 .

adaptation of the economy to international marginalisation and isolation, essentially producing an alternative form of 'illiberal' economy. The profound social transformation and re-stratification under this project is analysed.

Chapter 7 moves on to analyse opposition and resistance in Kosovo during this period. Whereas opposition and resistance to the Milošević regime essentially was characterised by political fragmentation and social atomisation in Serbia, the development in Kosovo was towards a complete separate ethnic opposition in the form of self-organisation of parallel structures vis-à-vis the state. The character of the parallel society of the Albanians is discussed and the adaptive economy, responding to a double marginalisation in the global economy as well as within Serbia, is analysed. Here also, a large part of the economy moved towards illiberal forms, and the grey and black sectors. Drawing on pre-existing social structures and opportunities, and utilising diaspora networks, the adaptive form of economy constitutes an alternative integration into the international economy, albeit in illiberal ways and essentially articulating a global shadow economy. This is analysed in connection with the growing radicalisation in Albanian society, which followed after the Dayton Agreement for Bosnia (in 1995), in which Kosovo was ignored, and the increasing political challenges coming from the networks behind the Kosovo Liberation Army. The chapter closes with an overview of the process leading up to the Rambouillet ultimatum and the consequent NATO attack on Yugoslavia (Serbia and Montenegro). Chapter 8 moves on to discuss Kosovo under the international administration, which followed upon the NATO war and the establishment of a protectorate. International governance *cum* aid-policy and the problems with which it is confronted in this environment are analysed. The chapter critically scrutinises international governance and aid from the first year (1999-2000) until the end of 2004 and the first months of 2005.

Chapter 9 discusses the problem with 'civil society' building and the model of working on populations by attempting to change attitudes and behaviour. It opens with a conceptual historical outline of the concept 'civil society' and then scrutinizes how the concept is used among international aid agencies in the context of providing financial support to non-governmental organisations. The switching focus of aid towards non-governmental organisations, and private agents, is criticised from the context of changes in the international political economy. Chapter 10 is a conclusion, drawing together the main arguments of the study.

37

CHAPTER 2

THE POLITICAL ECONOMY OF AID POLICY AND STATE TRANSFORMATION IN THE AGE OF GLOBALISATION: From Government to Governance and from Marshall Plan to Stability Pact

---

Social Reconstruction in Kosovo

The premises of social reconstruction and the institutional form of governance outlined in the introduction are central in the former Yugoslav space. In Kosovo and Bosnia-Hercegovina radical intervention is more possible than elsewhere, since they are administered directly by the UN. Post-Dayton reconstruction thinking for Bosnia-Hercegovina has in many respects served as a model for Kosovo following the Stability Pact for South-Eastern Europe.[69]

The Stability Pact for South Eastern Europe was initiated by the EU following the war on Kosovo. It can be seen both as an expression of the EU countries' efforts to achieve a common stance in foreign and security policy issues and as an attempt to avoid an ad hoc aid policy in the Balkans and replace this with an integrated post-war reconstruction approach. The Stability Pact was signed on 10 June 1999 in Sarajevo by all major donor governments, major international organisations, and most of the Balkan countries (Serbia and Montenegro was eventually included). It outlines a series of objectives for regional cooperation, reconciliation, refugee-return and prevention of forced displacement, various reforms towards democratisation and liberalisation, efforts at so called 'good governance' including accountable and transparent institutions and to fight crime and corruption. The objectives explicitly include to 'create vibrant market economies', 'markets open to greatly expanded foreign trade', and 'privatisation', which are stated to result in a 'widening circle of prosperity' for all citizens.[70] Further, as a component of democratisation, the Stability Pact states that the countries should deepen and strengthen civil society (my italics).

---

[69] For Bosnia see Chandler, D (1999) "Bosnia – Faking Democracy After Dayton" Pluto Press.
[70] Stability Pact for South-Eastern Europe, June 1999, Cologne: 3

The Stability Pact did not evolve into a donor coordinator itself, but affirmed the mandate of donor coordination and priority assessments of international financial institutions, such as the World Bank, and the European Commission.

The parallel has often been made between post-war reconstruction efforts in the Balkans and the Marshall Plan and post-World War II reconstruction of Europe. This parallell was initially made for post-Dayton Bosnia, but was more enthusiastically emphasised following the Stability Pact for South Eastern Europe. The British Prime Minister Tony Blair, Former U.S President Bill Clinton and his Secretary of State Madeleine Albright, the Council of Europe, as well as numerous politicians, state officials, and eventually journalists have all wished to evoke this parallel and it is also elaborated on the website of the Stability Pact.[71]

The Marshall Plan is widely considered the most successful post-war reconstruction effort in contemporary history, and as such it has a powerful seductive potential for aid policy rhetoric.[72] We shall scrutinize this parallel below, but first we shall look more closely at the actual policy initiatives for reconstruction in Kosovo.

The first outline for reconstruction in Kosovo following the war and the establishment of a UN administration in Kosovo (as envisioned in UNSC resolution 1244), was - in line with the Stability Pact mandate - a joint World Bank / EU Commission (supported also by the United Nations Mission in Kosovo) programme, called 'Towards Stability and Prosperity: A Program for Reconstruction and Recovery in Kosovo'.[73] In the following assessment this is referred to as the 'Program' (with the American spelling). This 'Program' outlines a kind of 'damage and

---

[71] For example Tony Blair at a speech in the Economic Club in Chicago in 1999 (BBC News 23 April 1999); Madeline Albright used the parallel already in June 1997 at a Commencement address at Harvard University; See also p 10 at information website of the Stability Pact (www.stabilitypact.org). The Council of Europe extensively draws on the parallel with the Marshall Plan in the economic committee recommendations for reconstruction in Kosovo (Council of Europe Parliamentary Assembly, 7 September 1999, Doc 8503: 9-10). A test on the Google web search using the keywords "Marshall Plan" and "Balkans" gave 9.380 results (entered 24 September 2004).

[72] It should be noted that Alan Milward, an authority on the history of the reconstruction of Western Europe, has criticised the importance generally accorded to the Marshall Plan in Western European reconstruction as well as rejected the conventional view of Bretton-Woods. This will be discussed further below. See Milward, A (1984) "The Reconstruction of Western Europe 1945-1951" Methuen & Co. Ltd

[73] Joint programme prepared by the EU Commission and the World Bank, with support by the UNMIK (United Nations Mission in Kosovo) "Towards Stability and Prosperity: A Program for Reconstruction in Kosovo", World Bank, November 1999.

deficiency' assessment (my term) of Kosovo, and suggests concrete measures for rebuilding institutions, infrastructure, and 'revitalizing' the local economy.

The document classifies Kosovo as being both war-damaged and confronted with a transition problem.[74] This is also explicitly stated in the European Commission / World Bank information document called 'Regional Reconstruction and Development Programme'.[75]

A fundamental understanding is that the societies and states in question have suffered a structural and institutional breakdown inducing, as well as being increased by, violent conflict. This is interpreted as an abnormal situation in contrast to a more harmonious development, which is the norm. It is also understood that reconstruction of the societies through effective and accountable institutions *cum* introduction of a market economy through privatisation as well as promoting the rule of law, securing property rights, and so on, as a corner stone for a functioning market economy, will promote a more stable environment and consequently development. This is indicative for how development discourse has reinvented itself through conflict, and the ideas that it is conflict as such which has destroyed the socio-cultural environment and increased poverty.

In these early documents following the establishment of a UN administration in Kosovo little was said in concrete terms about political problems, and the 'Program' indicated no political problem at all. In this document all the issues are technical(ized). First, the problem of Kosovo is firmly located in the concept of 'post-war trauma' and of 'transition'.[76] Then, while it is stated that the future of Kosovo lies in a 'full reintegration within the region',[77] the priorities for support are a strengthening and reforming of existing institutions,[78] rebuilding infrastructure, small scale agriculture, small enterprise, and supporting transition to a market economy.[79]

In the same manner the documents recommendation for encouraging a private sector is located within a 'transitional' conceptual framework. Although the 'Program' acknowledges

---

[74] "Towards Stability and Prosperity" for example p. i and p. 2
[75] Available from the World Bank, see reference list.
[76] 'Towards Stability and Prosperity' for example p.i and p.2
[77] Ibid p. 2
[78] Ibid p. 3
[79] Ibid *in passim*

that there are 'worrying reports about the development of organized illegal groups, possibly linked to criminal networks in neighbouring countries or in the diaspora'[80] and although there are no functioning institutions and no existing *state*, the 'Program' indicates that the social agent for development is that of private enterprises and entrepreneurs relying on a free market. While the 'Program' notes that 'markets have been lost',[81] the mere task seems to be the creation of a judicial climate and legal framework so that a market can be reconstructed, as well as to provide incentives so that the 'grey' economy can join the 'formal' sector.[82]

In effect the programme sketches out a reconstruction, or rather construction, of an economy and political management that has never existed in the area before, and which is based on a theoretical model derived from a market-liberal perspective. In the reconstruction plan the social agent for development is neither the state, nor any corporatist model, but the rules of the free market, where the institutional-political framework, and the state, merely are to guarantee certain institutions and regimes, such as property rights, contracts etc.

In documents of this kind there is no room for analysis of structural or systemic conditions for development, and *agency* in the development process is assumed to be operating on a free market (and the role of the state is to provide the institutional setting for the free market). Indeed, an analysis of agency in the development process has had to give way to a technicalized inventory list which functions like a manual for reconstruction and transition, much in the same way as manuals exist for technical devices. This might have been produced for any other developing, or 'post-conflict' country on the globe, with some of the details amended.

Strong objections can be made to this manner of depoliticising and technicalising reconstruction. For example the strengthening of existing institutions is not treated as a political problem with regard to inter-ethnic relations but appears as merely technical. However, the institutional dimension is *central to the problem of inter-ethnic relations* and consequently also to future security and stability of the region as well as to any future 'reintegration' or 'regional co-operation', and would therefore necessitate a detailed analysis. Moreover, as Susan Woodward has objected, the political formula and status for Kosovo will

---

[80] Ibid, p. 17
[81] Ibid, p. 12
[82] Ibid, p. 11

have implications on people's loyalties and influence both institutional aspects and political behaviour.[83]

In the same manner the whole question of 'privatisation' is portrayed in the 'Program' as a *means* of quickly restarting various enterprises and thereby economic growth.[84] The issue of privatisation is however *fundamentally political* and an issue which in democratic contexts is typically subject to ideological and political party choice. Not only is this a matter of ideological-political orientation, but in the context of an ethnically divided society it becomes an even more politically sensitive issue. Kosovo is clearly ethnically divided, but in addition it is divided between different networks of loyalty (for example in terms of clan), and the issue of privatisation must be considered highly political.

Since the establishment of the international protectorate in Kosovo the ideas outlined in this programme have essentially been followed and refined. The European Union has developed its regional approach in the so-called 'Stabilisation and Association Process' (SAP), which was initiated in June 2000.[85] The SAP is intended to encourage regional cooperation and normalisation of inter-state relationships and to promote a number of liberal democratic standards as well as market economy. Greater economic stability as well as respect for human rights, the rule of law, minority protection, compliance with the Dayton Accords and the International Criminal Tribunal for Yugoslavia (ICTY) are central elements for which relations with the EU are conditional. For the purpose of ensuring that reforms in various areas undertaken in Kosovo are in accordance with European Standards, and for the purpose of developing technical assistance from the EU, a joint technical working group between the UN (UNMIK) the local provisional government (PISG) and the EU Commission, has been set up. This is called the 'Tracking Mechanism' (STM), and is essentially a tool to further the conditions set up by the international community and to evaluate progress along these conditions. In utilising such mechanisms, the EU support channelled through the so called CARDS programmes follow the logic of assisting the reconstruction of a liberal market

---

[83] Woodward, S (1999) "Kosovo and the Region: Consequences of the Waiting Game", Centre for Defence Studies, Kings College, London.

[84] 'Towards Stability and Prosperity', p. 7

[85] See various programmes, such as the European Commission (External Relations DG) 'CARDS Assistance Programme to the Western Balkans - Regional Strategy Paper 2002-2006' and other aid-related documents available on EU homepages:
http://europa.eu.int/comm/europeaid/projects/cards/publications_eu.htm (consulted 29 April 2004) and
http://europa.eu.int/comm/external_relations/see/news/ip03_920.htm (consulted 2 May 2004).

economy and the institutional and social setting required for a stable polity, where small and medium scale enterprise eventually will be the engine for economic growth.[86]

Responding to the Kosovo crisis the EU has created a new agency, the 'European Agency for Reconstruction' (EAR), which operates in Kosovo, Serbia-Montenegro, and Macedonia. Operating in Kosovo since 2000, the agency had by 2004 managed a portfolio of more than 900 million Euro, in a variety of projects.[87] After an initial phase of physical reconstruction and emergency activities, the agency came to work on institution building and so called 'good-governance', economic reconstruction *cum* reform, and civil society development. The overall focus for the 'EAR' in these areas (that is, institution-building, promoting 'good-governance' and so forth.) is to prepare Kosovo for *transition* to a market economy.[88]

Various organisations and forums work here on multiple levels. Investment in infrastructure in the region as a whole is mainly to be financed by credit and loans which the countries have to pay back, but in the process the international organisations decide on the priorities with only a very limited influence from the locals. Kosovo differs from this pattern. Its contested and unresolved status means that there is no partner for international credit and loans, and furthermore by 2004 the World Bank had not resolved the debt issue with Serbia-Montenegro. For this reason the World Bank has not provided loans for Kosovo, but instead managed a grant programme of some 15 million US dollars per year.

Technical support for strengthening institutions follows a similar line, which in Kosovo involves the wholesale creation of a capacity for self-government. This field has been envisioned to involve the training of officials, as well as providing basic equipment.

The World Bank and the EAR both sponsor NGO projects, as well as infrastructure and institution building programmes. By means of coordinating various activities the 'Stability Pact' operates with three working tables divided to cover issues like democratisation and human rights (table 1), economic reconstruction and development (table 2), and security (table 3). Within these divisions various sub-groups and task forces are set up, often incorporating NGOs as well as governmental organisations, such as for example the 'gender

---

[86] CARDS =Community Assistance for Reconstruction, Development and Stabilisation.
[87] European Agency for Reconstruction at: www.ear.eu.int/kosovo/main/main.htm (consulted 2 October 2004).
[88] See EAR Kosovo Annual Programme 2004 (p. 1) at: www.ear.eu.int/kosovo/main/kosovo-a1c2f3.htm (consulted 2 October 2004).

task force'. They help identify problems that need to be addressed as well as the mode of intervention, such as for example for how to help people and society become more 'gender-aware'.

International assistance to Kosovo is thus aimed at a variety of spheres to create 'societal' reconstruction, which apart from physical recovery include institution-building and civil society creation along liberal standards. The underlying rationale is market-liberalisation, and an ambition to change not just institutions, but indeed attitudes among the population through training, conditionality and campaigns. Further, it involves conditionality of assistance and relations with the west based upon check-listing the performance of this attitude change.

The international administration of Kosovo will be analysed further in chapter 8. The premises on which its policy for social reconstruction and transition rest are however not particular to Kosovo. They are present in Bosnia, the whole post-Yugoslav space, as well as elsewhere, as the *typical state-of the art* in aid policy and in conceptualising post-communist change and post-conflict reconstruction. As such this policy must be placed within its historical borders and understood in terms of the conceptual changes taking place within the policy establishment and the theoretical trends in the donor countries themselves.

In this way, as discussed in the introduction, development has been re-elaborated in relation to post-conflict reconstruction. Heavily shaped by the transition approach, it involves – along with developments in transition thinking – institutions and 'informal institutions' (or culture), which need to be reshaped in order to facilitate the transitional steps towards the common goal. Apart from an evolutionary heritage we may also highlight here the implicit organic view of society, where institutions and spheres of society are essentially supposed to work in harmony. Intervention on various institutional levels, including that of 'civil society' (that is, 'NGO's and the media) is understood as promoting various aspects of a new equilibrium of harmony along liberal and essentially *market*-liberal parameters. Social reconstruction expresses an ambitious will to reshape and govern society (as in Kosovo) through social engineering on a grand scale utilising different means of penetration at different levels. Thus civil society is the location to change culture, people's attitudes and mental states (for example by making them 'gender-aware', or aware of 'corruption'), whereas the state institutions are to be reshaped so they can promote and safeguard the free market, in which enterprise can flourish and create 'economic development'. The *transition* thus involves a

45

profound 'transformation' and remoulding of society, but with the assumed and desired end-state clearly along the model of western societies. In this manner there are profound elements of continuity with modernisation theory of the cold-war period, although other 'development approaches' such as participatory development seem to have been incorporated through the NGO's and the rhetoric of 'grass-root' levels projects.

It is worth noting that considerable critique has been launched from within the Balkan region against the reconstruction policies of the international community. Thus, for example a number of NGOs from several Balkan countries have joined together in a 'Stability Pact Watch' and criticised reconstruction and aid policy for mostly benefiting foreign (that is, western) consultants and construction companies and that the money essentially flows from the EU to private corporations, while the bill in the end goes to tax-payers in the Balkan countries, since most of the 'reconstruction aid' come in the form of loans and credit which have to be repaid.[89] The large loans given for infrastructure will, they argue, worsen the debts of the Balkan countries, while bringing little return in the form of economic development. They are also critical that the Balkan countries themselves are not involved in making priorities and decisions for their own economies and that their governments have little influence on the strategies for development. Contrary to the rhetoric of 'civil society' participation and grass-root support, as articulated by the donors and the western NGOs, the development priorities and strategies are essentially forced upon the people and countries in the region.

A Marshall Plan for the Balkans?

The broad concern expressed about the Stability Pact includes the necessity for regional cooperation and integration among the Balkan states, their integration within European structures, and a considerable and long-term commitment to social reconstruction. The political ambition has been underlined by the metaphor of a Marshall Plan. But how suitable an analogy is the Marshall Plan and the post World War II reconstruction of Western Europe and Japan, to current aid policy and post-war reconstruction in the Balkans and in Kosovo?

---

[89] Stability Pact Watch consists of NGO's from Bulgaria, Macedonia, Bosnia-Hercegovina, Serbia-Montenegro. See the critique on: www.stabilitypactwatch.info (subheading 'the problem') (entered 26 September 2004).

The reference to the Marshall Plan probably has a strong rhetorical and psychological power when it comes to expressing 'joint effort' required by separate states, such as the member states of the European Union, and the gravity of the problem one is confronted with in the Balkans following the Yugoslav wars. No doubt the metaphor also serves as an encouragement for the aid mobilisation necessary in the post-war reconstruction measures. As an historical analogy, however, it is weak. If anything, the Marshall Plan - or the 'European Recovery Program' (ERP) - and post-World War II reconstruction of Western Europe stand out by its uniqueness and its dissimilarities with current post-war reconstruction, rather than any parallels.

The Marshall Plan was launched in the wake of a complete restructuring of the global economy and international system. The gold standard had finally collapsed in the period before World War II, and new institutions were constructed for regulating trade and the international economy. The Marshall Plan was implemented largely in industrial societies that had cooperative governments or, as in the case of Germany, were occupied after an unconditional surrender. Unlike the present Balkans, the reconstruction of Western Europe following the Second World War was essential to the global economy and thus the United States. Karen von Hippel has criticised any parallels between current foreign aid and the Marshall Plan since the latter involved a significant transfer of resources. In the first year the United States transferred 13 per cent of its total budget to just sixteen European states (more if Japan is included), while in 1997 it transferred just 0.5 per cent in aid to the underdeveloped world generally.[90] The actual quantity of foreign aid has often been criticised as insufficient, even dismal, in relation to the needs of the developing countries in general. This has especially been connected to the colossal disasters in Africa, where in many places poverty and extreme poverty as well as health conditions are considerably worse than in Kosovo. Thus for example, the ratio of official development assistance (ODA) in relation to gross domestic production (GDP) is below 0.3 per cent within the OECD-DAC donor countries taken in total.[91] According to OECD figures for 2001-2002 the EU countries level of ODA in relation to gross domestic income (GDI) was in most cases below 0.5 %, while the countries making the proportionally highest contribution, such as in Scandinavia and the Netherlands, rarely

---

[90] Von Hippel, K (2000) "Democracy by Force – U.S Military Intervention in the Post-Cold War World" Cambridge University Press: 187
[91] Figures from OECD / DAC. The level of ODA/GDP rose from 0.22 % in 2001 to 0.23 % in 2002. However few countries reach the UN goal of 0.7 %.

reach 1 %.[92] The goal that was set by the EU member states at the Barcelona summit in 2002 was for a contribution of at least 0.39 % of ODA/GDP on each state's part by 2006.

These illustrations are not intended as a figure exercise to criticise the level of foreign aid, for although the resources are important it is not necessarily the quantity of aid which is the most essential. If one leaves aside the issue of quantity, there is in fact some disagreement over the actual role of aid-flow from the US for post-war western European reconstruction. Thus for example Alan Milward has claimed that it was limited and argued instead that it was the development of a mechanism for intra-European trade in the form of the European Payment Union, which played a crucial role (we shall have reason to return to this argument below).[93] In fact the Marshall Plan was launched at a time when most of the European economies had already reached their pre-war industrial production levels (which none of the post-Yugoslav states, except Slovenia, had in 2004). Exactly how to explain the great post-war economic boom is still a matter of debate, where usual suspects have been the role of government productive expenditure and public investment, the large transfer of people from the agricultural sector to industry, as well as international trade, but where other factors have recently been forwarded.[94] In any case, regardless of the role of aid-flow, a central feature of the Marshall Plan is that it was launched against the background of a Keynesian approach to economic development involving the state as an agent in this process.

By contrast, current aid and reconstruction programmes in the Balkans rest upon a neo-liberal framework emphasizing quite different agents in the process of economic recovery. Falling short in comparison with Marshall aid, current social reconstruction theory and practice seem to be confronted with constant failures as for example the result after several years of involvement in Bosnia or Kosovo would suggest.[95]

Not only was the Marshall Plan the expression of a completely different view on post-war reconstruction and on aid policy, but the social configuration of the post-Yugoslav space in the 1990s and early 2000, as a peripheral region within a neo-liberal global economic context

---

[92] Only Denmark reached 1 % (2001). Figures are from OECD / DAC available at: www.oecd.org/dataoecd (entered 4 October 2004).

[93] Milward, A (1984)

[94] Alvarez-Cuadrado, F (2004) "Growth Outside the Stable Path: Lessons from the European Reconstruction" Department of Economics, University of Washington.

[95] For Bosnia see Chandler, D (1999). The escalations of violence in Kosovo in March 2004 indicated that several years of international administration in Kosovo had resulted in little progress: compare UNDP "Early Warning Report # 6 - Kosovo" 2004 (and "Early Warning Report # 5 - Kosovo" 2003) UNDP.

is considerably different from that of Western Europe or Japan in the post-1945 period, which was the context of the Marshall Plan (1948-51). Not only is it essential that the European states were highly developed before the war and played a fundamental role in the whole global order, but they constituted a series of defined nation-states which were not contested (except in the issue of the partition of Germany) and which moved towards integration whereas the post-Yugoslav space is in a peripheral position and has contested states and disintegrating tendencies.[96]

In being so different, the historical analogy that has been made with the Marshall Plan actually helps us highlight the problem with current aid policy, rather than its merits. It draws our attention to history. The different contexts can therefore be further emphasised through a macro-historical outline, within which we can also locate the whole project of development aid and the debates and trends within it.

Global orders and global capitalism through the twentieth century

The Yugoslav states, in three versions, were created and destroyed in the twentieth century. In this period, three different phases of global capitalism and four different global formations can be identified:

1. From the 1880s – World War I
2. The interwar period between World War I – World War II
3. World War II – until ca 1967/73
4. 1970s – followed by 1989/91 - onwards

Briefly summarised the first period is characterised by a balance of power system between the major European powers, a new colonialism, a British-led capitalism and the use of the international Gold Standard under British hegemony. The polarisation of the European powers into two hostile blocks and the breakdown of the global economy led to the First World War. The second phase is characterised by the rise of the United States as a leading power and the shift from British-based to US-based capitalism. The great Empires in Europe

---

[96] This includes how to define Kosovo, Bosnia-Hercegovina (with persistent ethnic division) and even Serbia-Montenegro (Sandzak, Vojvodina). Macedonia is a separate problem, both in terms of ethnic relations and external relations (and highly dependent on developments in relation to Kosovo)

were crushed and with the backing of US interests a number of nation-states were carved out in Europe from the previous Empires (the first Yugoslavia being one of them). Three competing ideologies (fascism, liberalism, socialism) consolidated in Europe, and a number of attempts to return to the gold standard failed. Colonialism was a central feature through both these periods, up until about 1950, but the decline of British hegemony, the rise of the U.S. and the constellation of three competing political projects (that is, the rise of fascism and communism) justifies that we single out the inter-war period as a separate global order. The third phase marks US hegemony in the liberal world and US attempts to open up the world for a US led global capitalism, one step being the shaking lose of the colonies and the creation of (post-colonial) nation-states, but with the global order becoming locked into a bi-polar relationship between the US and the Soviet Union. The international economy was operating largely with the US dollar as replacement for the gold standard, but with the dollar linked to gold in a fixed price. The fourth phase, following the Vietnam War, marks a shift in the international monetary system, a move towards a complete dollar standard regime, and a reaffirmation of US dominance. Although there is a relative decline in US domination in production capitalism, this is replaced by a reaffirmation and consolidation of US domination in finance capitalism, which now became more relevant as regulated exchange rates were rapidly replaced by a floating exchange rate system and as private finance was allowed to move to the centre of the international monetary system. With the break-up of the Soviet Union and the fall of bi-polarism, new space was opened up for an unleashed market liberal (neo-liberal) form of capitalist penetration and subjugation.

Karl Polanyi has provided a most powerful analysis of the dynamics within capitalist world orders and the transition between them.[97] In the following periodisation we largely follow, in compressed form, my interpretation of his 'great transformation', which analyses the breakdown of the old order and the strictures leading to the two world wars.

Writing in the midst of the Second World War Polanyi was concerned with the collapse of civilisation and the rise of nazism and fascism. Polanyi traced this collapse to the nineteenth century and especially to the ravaging effects of a free market which as he saw it, destroyed the very fabric of society.

---

[97] Polanyi, K (1944/1957) "The Great Transformation" Beacon Press, Boston. It is not possible to give a fair account of Polanyi's rich analysis here, but it is not required as we can sketch out the discussion along some of the central points he has provided.

Polanyi argued that nineteenth century civilization rested upon four institutional pillars: the balance of power system, the international gold standard, the self-regulating market, and the liberal state. These four institutions formed the pillars of the global order and the long peace between 1815-1914 (disturbed only by shorter or marginal wars), and it was the mutual economic interest in the *laissez-faire* trade, which maintained that peace. But in Polanyis' analysis the self-regulating 'free' market was utopian. In contrast to the conventional view, he claimed that the self-regulating market was not the result of an evolutionary process, where it grew out of the expansion of (especially long-distance) trade and market activity. It was *not* a natural extension of mercantilism. It was *created* through deliberate mercantilist state policies and emerged as a unique new invention in the nineteenth century, but at the cost of deeply disturbing effects in society. The forces set in motion by the market and by the commodification of land and labour produced paramount social dislocation as it uprooted and alienated the countryside population and created a labour force with dismal living conditions and no safety net.[98] In the wake of the pauperisation and alienation that spread in the nineteenth century as a consequence of the forces set in motion by the market, counter-movements arose in order to protect the fabric of society. Thus, two movements; the first being the creation of the self-regulating market and the social consequences of it, and the second (counter-movement) being the protectionist measures against it, forms the core of nineteenth century social history. Polanyi goes as far as to state that human society would have faced annihilation, had it not been for counter-moves to blunt the action of the destructive mechanisms of the market.[99]

The protectionist measures eventually taken by the nation-states had consequences for the international economic order and institutional arrangements. The actual use of the gold standard, first applied by Germany, led to protectionism and another consequence was the new era of colonial expansion, which was the expression of economic competition between the states when the gold standard was actually applied.[100] Peace in the international order

---

[98] These were the processes to which Karl Marx was a contemporary observer, and the concerns of which he wrote.

[99] Polanyi, K (1944/1957): 76

[100] The Gold Standard was a British invention to regulate international trade, according to which a National Bank bought or sold gold at a fixed price. The Gold Standard was controlled by the Bank of England since the UK was the leading economic power. As a measure to ensure equilibrium in international transactions, the very measures to uphold the Gold Standard (and equilibrium) became protectionist and counter-productive to the international free-trade ideal. The argument made by Polanyi was that protectionism and colonial exploitation were direct consequences of the actual application of the gold standard, that is, the actual application of free trade. In

could linger on as long as the balance of power system functioned, which was especially in Germany's interest as a war would be a revenge on that newly created state, but by the 1890s - following the collapse of free trade - Germany forged an alliance with Austria-Hungary and Italy. For a period Britain took over as leader of the peace interest but in the first decade of the twentieth century peace was made first with France, then with Russia and the 'Concert of Europe' now ceased to function and was replaced by two hostile blocks. As the symptoms of the collapsing world economy became clearer, including colonial rivalry and competition, the two blocks were destined for war.

The old order broke down in the First World War, but after the war came a series of attempts to restore the order and the gold standard (which was a cause for protectionism as soon as it was applied in practice). The gold standard had, however, rested on British hegemony, which no longer existed. The United States had taken over as the leading capitalist power and moreover, the attempt to eliminate the defeated states from the system made it impossible to restore, since this introduced an imbalance into the system. In this way, the League of Nations was doomed to failure from the start and especially so since the United States was not a member.[101]

Since there was no solution to the problem with the international economy, the crisis moved on and accelerated, which marks the beginning of the second phase in the above periodisation. This led to a series of monetary crises within various states through the 1920s. The gold standard finally broke down due to accumulated imbalances in the forced stabilisation of currencies towards the standard. A partial recovery was possible only after the final abolishment of the gold standard along with the institutions of the old order. By the 1930s three different types of protectionist measures against the market took shape. These are

Germany, the economic structure was divided by the agrarian east, dominated by large land-holdings in Eastern Prussia, and an increasingly industrialising west. The eastern land-holders had favoured free trade for their exports, but when the prices on agricultural products fell after competition from the new areas opening up in America and Russia, these Prussian land-holders opted for protectionism. Since the emerging industry in western Germany also opted for protection, Bismarck embarked on the new strategy. Hence, Germany needed protection as soon as it adopted the Gold Standard necessary for free trade.

[101] Although Woodrow Wilson had been elected on a 'no-war' ticket in 1916, the U.S. entered the war the following year and Wilson's more global vision was clearly expressed in the Paris Peace Conference. He himself favoured the League of Nations, but there was strong political opposition in the US coming from fear that the US would need to maintain standing troops on European soil. The conservative republicans rejected U.S. intervention in Europe (and especially feared potential European involvement in the Americas). The Versailles Treaty (and the League of Nations) was defeated in the Senate in 1920, and instead the Monroe doctrine from 1823, according to which the US alone exercised influence over the Americas, while it would keep out of Europe ('isolationism'), continued in effect for the next two decades.

various expressions of the necessary *counter-movement* to the forces of the free market (or the second phase in a double-movement, where the creation of the free market and its effects constitute the first phase). Those three versions were:

- the 'New Deal' in the United States, and the various poverty reduction measures in the liberal states, which signalled the development of the welfare state project in the European west;
- the socialist / communist state with developed central planning and rejection of the market principles altogether.
- The fascist and national-socialist (Nazi) projects in Germany, Italy, Spain.

With the development of these three competing forms, the international order had changed shape considerably. Moreover, the final destruction of empires in Europe, and the principle of creating nation-states in their place completely reshaped the political and economic geography of Europe. The three ideologies, and political projects (fascism, communism, liberalism), were quite mutually exclusive and in global competition with each other. As such they were destined for collision and it took the alliance of two of them (communism and liberalism) to defeat the third (fascism).

Polanyi foresaw the welfare state as a necessary development in order to come to terms with the problems created by the self-regulating market, and although he was right in relation to the western European trend his hopes for the United States proved wrong. For Polanyi the New Deal comprised the essence of a 'social democratic'-style welfare protection project in a revolutionary age, where the fear of union power and communist revolution spurred measures against the effects of the free market. To Polanyi's great disappointment the U.S. did not continue much further in the direction of social welfare provision. After the Second World War, the position of the United States was so strong that it could become hegemonic, and pursue a policy of opening the globe for an American capitalist expansion and economic *lebensraum.*[102]

Neil Smith has suggested that the most important change following the Great War of 1914-1918 was not the shift from a European to a U.S.-based capitalism, but a shift to a different

---

[102] Compare Smith, N (2003) "American Empire" *in passim*.

connection between economics and geography.[103] Following his thesis the change was *from* a system where capital accumulation and economic relations included geographical expansion *to* an integrated world system where there was no longer a completely territorial solution to the economy. In other words the strategy was to move from the geopolitics of territorial power and control to a geo-economics of control through markets and politics, or from geopolitical to geo-economic imperialism.[104] In Smith's argument this is the rise of globalism, in which geography was rendered elastic in the process of capitalist expansion, and underdevelopment became an integrated part of that of development. The liberal idealism in US foreign policy should, according to Smith, be seen in this context, as it becomes a tool for economic expansion. Although the American vision was that of a global economic space in which to expand freely, the borders had to be placed somewhere and the ideal of national self-determination in the place of former empires provided the political-geographic matrix for a global economic space. Namely, in order for the U.S. global economic power to work, there had to be territorial stability and a fixing of new states, and by breaking up the old European political geography into nation-states, economic expansion was possible. National self-determination and the creation of new nation states was the formula of the time to break down 'old-style' European colonial-based capitalism, and from quite different standpoints than those of Woodrow Wilson, the ideal of national self-determination was shared by Vladimir Lenin and the communists.

However, this 'fixing of space for capitalism' covering the European continent was stunted by the Russian Revolution, and by Nazism and fascism in several states. It was also defeated at home in the United States as the Versailles Treaty was voted down in the Senate, and Wilson's liberal internationalism had to give way to the Monroe doctrine.

The political 'isolationism' inherited from the Monroe doctrine persisted in the inter-war years while at the same time the dominance of the United States in the global economy was consolidated. The U.S. upheld a trade surplus with Europe, which was brought to balance by a triangular trading system. In this system the U.S. purchased primary goods in European colonies and paid with dollars, which European countries then acquired by trading

---

[103] Smith, N (2003) Neil Smith outlined the main points in his arguments on U.S. policy following the two World Wars in two seminars at the Institute for Cultural and Economic Geography, University of Lund, on 28 and 30 April 2000.
[104] Smith, N (2003); Smith, N (2005) "The Endgame of Globalization" Routledge, New York: *most explicitly on pp. 70-71*

manufactured goods in exchange for raw materials and foodstuffs and through repatriation of profits from colonial investments.[105]

But as we have seen the temporary revival of the economies and the welfare arrangements in the victorious countries could not be sustained in the fragile international order / disorder following the First World War and it may be said that a meltdown of the global economy and political order was built into the post-war arrangements. With the failure to come to a settlement with the political economy of the defeated states, as well as the international economic system, the European powers entered another great war of mutual destruction. Indeed the two world wars may be described as one single global crisis, with a pause, in the struggle for succession to British hegemony.[106]

The American vision of a global economic space was made possible only after the Second World War (which constitutes our third phase) although in practice it was restricted to half of the globe given the binary geopolitics of the Cold War.[107] The Marshall Plan was a necessary step in this strategy, since the restoration of the major European economies was vital for a US led international capitalism, both in order to constitute markets for US goods and to avoid that these European states falling to socialist revolution. The reconstruction of industrial production capacity in Europe (centred on Germany) and in Japan was essential in order to overcome the lack of dollars for buying American products. If industrial capacity could be restored in Europe and Japan, the pre-war triangular trading pattern would provide for the dollar-gap to be filled and create the markets for U.S. companies. In order for the European states to find markets for their products there had to be a certain level of development in the former colonies, or Third World, and so the Marshall Plan and the so-called point four programme of Development Aid (to underdeveloped countries) announced by Harry S. Truman in 1949 were integral components in the strategy for the new U.S.-led global economy.[108] The 'freeing' of the colonies and the state- and nation building in colonial areas was essential to the new American order, and it was framed in the same ideological language as that of Woodrow Wilson at the Paris Peace Conference some decades earlier. The 'rights'

---

[105] Reifer, T & J. Sudler (1998): 15

[106] Derlugian, G. M (1998) in Hopkins, T & I. Wallerstein (1998) "The Age of Transition – Trajectory of the World System 1945-2025" Zed Books, London & New Jersey : 153

[107] Smith, N (2003): 455-456. In other words a geo-economic strategy within the 'free world' coupled with a geopolitical struggle vis-à-vis the Soviet Union and the communist bloc.

[108] Reifer, T & J. Sudler (1998): 16

weapon (the right to national self-determination, and so on.) was a powerful tool in this realist geopolitical / geo-economic consideration.[109]

The whole institutional framework, which was to uphold the New International Order, including the Bretton Woods institutions, and the United Nations, was designed under American leadership.[110] Some institutions, such as the financial ones of the IMF and the World Bank, were to be dominated by the U.S. and its closest allies, while the U.N. was designed according to the idea of one-nation / one-vote in the Assembly, but with the Security Council composed of a smaller circle of veto-right states. The IMF and the World Bank were to operate as a kind of currency police (IMF) and development credit institution (WB) to facilitate the governing and promotion of the global economy. The US dollar was to serve as the new standard (connected with a fixed price to gold) while the economic order ultimately was secured by the military power (and nuclear arsenal) of the U.S.

Much of the literature in political economy and economic history emphasises the U.S. basis and the dollar basis of the post-war international institutional order in which the 'golden age' of capitalism and unprecedented economic growth took place. It also emphasises the role of the Marshall Plan, or the European Recovery Programme, for the post-war reconstruction of Western Europe. By contrast, Alan Milward has argued that initial U.S. ambitions for the post-war order were actually halted and had to give way considerably to European initiatives.[111] Milward also claims that the Marshall Plan or European Recovery Program was less significant than is usually suggested. The U.S. ambition was to break-up the nation states and create a united Europe and to move quickly towards equilibrium in international trade and finance. The Europeans were very much against this, especially the concept of a 'united Europe', and their main overall priority was not just reconstruction, but considerable development of the national economies and their potentials. The U.S. then shifted towards the softer goal of trade liberalisation within the western European space. This was only possible in a gradual manner. The European states pursued the goal of reconstructing their national economies, rather than seeking to recreate international equilibrium in trade and payments. The European Recovery Programme helped them do this, and especially the imports from the

---

[109] Cf: Smith, N (2003), *especially chapter 13*

[110] The UN Charter, for example, was drafted in the U.S. State Department partly by copying elements from the U.S. Constitution. For the discussions and negotiations in relation to the new international institutional famework see Neil Smith (2003)

[111] Milward, A (1984)

U.S. enabled a high level of capital accumulation. This destroyed the ideas of Bretton-Woods in its birth, but for the U.S. it was politically essential to keep Europe within its interest sphere and the concessions would be worth the price. For the Europeans the Marshall aid was not sufficiently important to allow the U.S. to pursue its initial goals. Instead, Milward argues, it was the European Payments Union that provided the institutional framework for European recovery and interdependence. The European Payments Union was a multilateral instrument through which a particular country could clear a trade deficit against another country with any other country in the union. Eventually the foundations were laid for further economic cooperation, which not only secured the peace but also provided for a European integration of a soft form (as opposed to the initial U.S. ambition). Thus, while the Bretton-Woods was rejected, the Europeans laid the foundations of a framework for interdependence which the Americans had to accept. In Milwards analysis the foundation for international trade was not only the U.S. dollar but the *coexistence* of a sterling area, that of Western Europe and the dollar trading zone. Within this framework trade liberalisation was gradually possible, but its basis was a European integration project and the regulated market where nation-states pursued Keynesian economic policies and protectionism of many sectors, while allowing the liberalisation of, or common economic policies in, a few sectors.[112]

In minimising the role of aid flow Milwards analysis does not improve the case for a parallel between Marshall aid and current aid policy in the Balkans. In fact if we follow Milward, as I would suggest, the contrast between the reconstruction of Western Europe and current aid policy is equally strong if not amplified, because in Milward's analysis it was Keynesian policies and strongly regulated economies which provided for reconstruction and economic development. The economic integration was gradual and negotiated by sector. This is essentially different from the trade and market liberalisation allied to privatisation pursued in current post-war reconstruction and transition policies towards the Balkans. Moreover, the European states were not only essential to the global economy, but they were industrialised and developed economies. Hence, aid was to a large extent a matter of the rich helping the rich.

The post-war trend in the international political economy was one of continuous liberalisation under the auspices of an institutional framework, which was safeguarded by the United States.

---

[112] Milward, A (1984): especially Ch.1 and 'Conclusions'.

The successive liberalisation and the 'rules of the game' were designed to favour U.S. enterprise and economic expansion, but they had to be acceptable to other states in the core zone.[113] In the shaping of this order governmental interventions and agreements between the major states in the core have played the lead role. In Europe and in Japan enterprise and industry were based on strong state support and the protectionist elements in many sectors played an important role in rebuilding domestic economic and industrial capacity for global competition.

The creation of an American global economic space was however considerably impeded by the Cold War. The configuration of a bipolar structure of a 'free world' under US hegemony, and an anti-capitalist development alternative locked the political space into spheres of influence and created opportunities for a mid-way balance of non-aligned countries like Yugoslavia. Further, it created negotiation leverage for trade unions and social democrats in the west.

Thus, the shaping of international economic liberalism was matched by (and *preconditioned* by) protective *national* economic development projects throughout Europe. The state encapsulated, and organised, the governing of the political economy within a mobilised nation. State, nation, and capital converged, but within a global capitalist (liberal) framework regulated by a new set of institutions ultimately safeguarded by the (hegemonic) United States. 'Free' trade was strongly negotiated and regulated both in terms of products and in terms of partners for the trade. If this seems paradoxical, they were in fact mutually conditioned: the Keynesian welfare state project was the foundation for the legitimacy of the international liberal order.

Even if the post-war European liberal (welfare) state was shaped in the inter-war period (especially the 1930s), through measures against poverty and measures of inclusion and broad political participation (universal suffrage, working-class incorporation), it was in the post-war period that the role of the state was expanded to unprecedented levels. Social engineering, interventionism in social life, and political steering in the polity constituted the matrix in

---

[113] Ikeda, S (1998): 64

which the global economic expansion operated. The welfare state project in the centre states was paralleled with the statist development model in the periphery, or third world.[114]

State bureaucracies and hierarchical forms of government were exported, either from the west or from its communist competitors, to the 'third world countries' consisting of former colonies and newly created states. In many such states, of course, this implied the creation of more effective means of repression.[115]

Under this new order the first decades of the post-war period saw a golden age. Georgi Derlugian has discussed how American labour relations became the pattern in Europe and Japan and how the project of global economic expansion was based on the recreation of markets and growing productivity and required the institution of increased wages, social security benefits, expanded leasure time, and so forth.[116] This secured relative class peace within states and legitimacy for the whole order.

As outlined by Satoshi Ikeda, global economic integration was led by trade in the 1950s, by foreign direct investment in the 1960s – along with continuing trade -, by bank lending in the 1970s, and by international security flows in the 1980s.[117] In the same manner liberalisation moved on gradually, with merchandise trade in the 1950s and 1960s, foreign direct investment in the 1960s, international financial activities in the 1970s and 1980s, and then continuously negotiated liberalisation of trade in services, information, and agriculture in the 1980s and 1990s.[118]

The domination of the United States within production capitalism decreased in the late 1960s and early 1970s. Japan and Germany (and Europe in general) gained ground and the very foundations for the legitimacy of U.S. hegemony (which was the condition under which the other states could advance their economies) eventually seemed to undermine that hegemony. Here the Vietnam War played a crucial role. The war's expenses seriously reversed the US balance of payments and when more dollars were printed to cover the costs, its value deflated,

---

[114] The term 'the Third World' was first used in 1949 by the French demographer Alfred Sourver, who intended it in a political sense for countries outside the Washington-Moscow axis, and only later it became the main term for all underdeveloped countries.
[115] Derlugian, G (1998): 150
[116] Derlugian, G (1998): 153
[117] Ikeda, S (1998): 43
[118] Ikeda, S (1998): 64

in turn eroding other states' acceptance of it as a cornerstone for international trade, and they switched their preference to gold holdings.[119] Thus, by the 1970s U.S. hegemony showed a tendency to decline, but it came in fact to be reaffirmed and consolidated through a strategy of changing the rules of the international monetary system. Within international relations (and international economics) the 1970s has often been construed as a decline in US hegemony, and an increased regionalism where Germany and Japan rose as economic powers, due to their increased shares in the finance and control of production. In contrast to this, Peter Gowan has analysed the shift as a US strategy to restore domination by first abandoning the US dollar's link to gold (in 1971), then abandoning the Keynesian system (in international finance), which regulated private financial operators from moving freely around the world, and opening up for a free capital market and free movement of capital globally.[120] The other capitalist states (in Western Europe, Japan) were of course reluctant to accept a pure dollar standard, since it would give too much power to the United States and a step in the US strategy was to promote an oil crisis in 1973, by which oil prices quadrupled, and which was mainly directed against the potential competitors of Western Europe and Japan.[121] Although the oil crisis has conventionally been seen as a Saudi-Arabian response in reaction to the Yom Kippur war, and the US support for it, Gowan has shown that it was promoted by the United States administration, which realised that the sudden inflow of petrodollars to the oil-rich Arab states could not be absorbed through reinvestment domestically in these countries and would therefore have to be placed primarily in the largest and most secure financial system, namely the American financial system (American banks and Wall Street), thus providing a considerable boost to the latter.[122] In 1974 a strategy followed to release capital control and to allow private banks to move to the centre of international finance. This shift would eventually have great consequences for a number of third world countries and newly industrialising countries, including Yugoslavia, through the building up of the international debt trap, to which we shall return in Chapter 5. The shift forced an eventual replacement everywhere of regulated exchange rates towards a floating exchange rate system, and it constituted a core pillar behind the move towards neo-liberalism by the late 1970s and the 1980s. Since the price in oil, and many other goods that are traded internationally, is set in dollars, and the US freely can move the exchange price of dollars against other currencies without suffering the

---

[119] Reifer, T & J. Sudler (1998): 26; Gilpin, R (1987) "The Political Economy of International Relations" Princeton University Press: 135

[120] Gowan, P (1999) "The Global Gamble: Washington's Faustian Bid for World Dominance" Verso, London: *en bloc, but especially* Ch. 3-4

[121] Gowan, P (1999): 21

[122] Gowan, P (1999): 21-24 and Chapter 3 *en bloc*

60

economic consequences that other states would do if they attempted the same, the dollar has a considerable advantage or *seigniorage* in the international monetary system.[123]

There was, of course, resistance in many countries to the abandoning of the exchange rate system, but while national banks guaranteed the value of national currencies, heavy speculation against many of them finally forced the free floating of currencies, a process largely completed by the end of the 1980s. The switch from fixed to floating exchange rate systems left the price of money itself to be set on the self-regulating market and signalled an increase in the financial strength of capitalist enterprise, and in particular finance capital, *vis-à-vis* states and after this no single state could pursue macro-economic policies without taking into consideration the standing in the international economy; debt accumulation had direct consequences for the attraction and strength of the national currency.[124] No other country but the United States would be able to run such a sizeable budget deficit, as it currently does, without risking interference from the International Monetary Fund and considerable financial punishment.

The post-war golden years of global economic expansion and increased welfare lasted up until the 1970s, and they rested on industrial mass production and the accompanying organisational and institutional arrangements known as Fordism. The Fordist production (sometimes Fordist-Taylorist) is successful because it achieves economies of scale (the product becomes cheaper in proportion to the quantity produced), but this requires mass consumption and the continuous expansion of markets. In this manner the elements of success for Fordism also represents its limits. Like capitalism itself, it has to expand, and the social institutions accompanying it – the Keynesian welfare state – required continuous growth and increase in welfare provisions and salaries for the workers.[125] By the 1970s limits were reached through the saturation of markets and through over-crowding and increased competition within enterprise itself. As the system lacked flexibility to adapt to these circumstances a period of contraction and stagflation (stagnation accompanied by inflation) followed. Initially the response was to export manufacturing to countries where the production costs were cheaper, thus providing an industrial impetus to the so-called Newly Industrialising Countries (NICs) -

---

[123] Gowan, P (1999): 20, and for the significance of dollar seigniorage see pp. 25-26.
[124] Ikeda, S (1998): 64-65
[125] The necessity to expand is of course central to capitalism itself, but Fordism / Taylorism speeded up the process considerably. On the internal logic of capitalism, and its expansionist logic – geographically or by sector – Karl Marx analysis has been interpreted and extended in a most groundbreaking work by David Harvey (1982/1999) "Limits to Capital", Verso, London & New York.

a sphere within which Yugoslavia was competing through license-production and so forth. -, but by the 1970s the downturn in the global economy was exacerbated by the oil-crisis following the shock increase in the price of raw oil induced by OPEC countries.

In a number of underdeveloped countries the development project as such showed marginal results only and the uneven development within the global economy was increasingly politically challenged. Now figuring as a united group the Third World countries raised demands for more equal terms, culminating in the demand in the UN for a New International Economic Order (NIEO) in 1974-75.

By the 1970s new flexible forms of production, fuelled by micro-electronics, and the revolutionary impact of information technology, paved the way for a new economy.[126] The tertiary sector (service) gained ground at the expense of the primary (agriculture) and secondary (industry) in the core countries. Flexibility now became the prevalent catch-word to cope with a post-Fordist era, not only in production, but in management and organisation as well as government.[127]

As we have seen above, the challenges to the Keynesian welfare-state model were not merely structurally-economically determined but part of a political strategy and indeed a new conceptualisation of government. Arienne Heritier has located the evolution of the concept of 'governance' on the one hand in relation to the planning failures observed in implementation studies following the grand ambitions of the Kennedy administrations war on poverty in the 1960s, and on the other hand in relation to systems theory research claiming that society is so functionally differentiated and complex that the political system cannot fully control other 'spheres' in society ('economic', 'culture', for example.).[128] In reassessing the market mechanism, as another form of (self-) governing, the ideas that political steering needed to rely partly on private actors for policy success were then developed, with deregulation as a logical consequence.

---

[126] For example Castells, M (1996) "The Rise of the Network Society", Vol 1 of "The Information Age: Economy, Society and Culture", Blackwell, Oxford

[127] For a study of the changes in language and conception see Stråth, Bo (2003) "The State and its critics: is there a post-modern challenge?" in Skinner, Q & B. Stråth (Eds) (2003) "States and Citizens: History, Theory, Prospects", Cambridge University Press: 167-190

[128] Heritier, A (Research seminar presentation at the European University Institute, 3 March 2003).

Propelled by Chicago-style economic thinking, in which the self-regulating market was idealised, and by the ultra market-liberal oriented governments that came in power in the U.S (Reagan) and the U.K (Thatcher), by the 1980s a new revolution in the governing of the political economy paved the way for new policies in the international financial institutions (the World Bank and IMF). The pillars upon which the global economic order rested moved in a neo-liberal direction.

The relationship between centre and periphery now changed. The IMF and World Bank pursued neo-liberal policies and strict demands in relation to credits and loans to Third World countries as well as some socialist states. By the 1980s accumulated debts from loans obtained in the 1970s (and earlier) fuelled a crisis, since many of the products produced by these countries lost value relative to products they imported from the core states, including components needed to maintain their export capacity as such. The debt crisis of the 1980s which hit many developing countries rebounded on international banks in the west as some large countries announced their inability to repay their debts.

A most important change in the relationship between the rich countries and Third World countries following the restructuring of global capitalism is the bifurcation of the world system. From the 1970s onwards the expansion of global capitalism was replaced by a contraction spatially and, as already mentioned above, the dynamic aspects of the global economy now increasingly takes place *within* and *between* three emerging blocks, while the periphery has become less relevant to the global economy.[129] Ankie Hoogvelt prefers to reserve the term 'globalisation' for this deepening – but *no longer widening* – of global capitalism.[130] She also notes that the periphery is no longer needed for the capitalist system and that developmentalism has given way to exclusion and containment.[131] This process has moved on gradually, starting in the 1970s and articulated in the 1990s.

While the restructuring of capitalism since the 1970s has brought strictures to the political economy of all states, it has constituted a particular problem for socialist states and to the Third World. Generally, it has brought about the death of development as a political project in

---

[129] Due to the logic of capitalism, its expansion and deepening moves in cycles. Most recently a new expansion opportunity has opened up in China. For the logic of capitalism, aside from Karl Marx's classical accounts, see Harvey, D (1982/1999) "Limits to Capital", Verso, London & New York.

[130] Hoogvelt, A (1997): 115-116

[131] Hoogvelt, A (1997): part 2

many Third World countries, and it has typically been identified as the macro-process with which the rigidity of central planning, and other real-socialist, systems could not cope. The collapse of the Soviet Union and the entire communist bloc in Eastern Europe marks a grand shift in the global order because of the end of bi-polarism and the end of the anti-capitalist development model. However, the order must be distinguished from global capitalism, since the latter has merely reaffirmed itself in the presence of a new political space into which expansion is relevant. Many of the countries in the European East had a relatively high level of development, especially when compared to conventional Third World countries, and several of the East European states have now become integrated into the European Union, while other states are candidates for further EU-enlargement. Although states with a certain level of development are relevant for incorporation, global capitalism in the age of globalisation is largely exclusive.

Robert Cox has noted that 'neoliberalism is transforming states from being buffers between external economic forces and the domestic economy into agencies for adapting domestic economies to the exigencies of the global economy'.[132] Karl Polanyi's methodological dictum requires us on the one hand to look for counter-movements to the market forces, and on the other hand to pursue an analysis of a society in the wider context of the global economic and political order. Following Polanyi, Robert Cox is expecting some counter-movement to the new liberal order, and authors like Björn Hettne and Stephen Gill follow a similar line.[133] In the global periphery such counter-movement may be identified in the parallel economies clustered around clientelist structures, or in war-lord politics as studied for example by Mark Duffield or William Reno.[134] Although connected to formal economic decline and social exclusion these represent new forms of political projects, with new forms of legitimacy, rather than mere social breakdown. Supported by empirical evidence this perspective is in stark contrast to transitional logic for Eastern Europe or the neo-liberal development conceptualisation for Africa.

The character of political economy and the efforts to create a stable polity, or indeed the creation and destruction of the Yugoslav states, must be placed within this global context. Carved out of two former empires in Europe, the multi-national Yugoslavia experienced two

---

[132] Cox, R (1995): p. 39
[133] See the articles by those authors in Hettne, B (Ed) (1995) "International Political Economy – Understanding Global Disorder" Zed Books, London & New Jersey.
[134] See above: Duffield, M (1997) (1999) (2001); Reno, W (1998)

internal wars with ethnic delineation, but it also produced the most successful real-socialist economy in Europe (or in the world), a high level of legitimacy for the multi-national socialist state, and achieved a high degree of global economic integration before moving to a new peripheral (global) position towards and after the end of the Cold War order.

Yugoslavia from periphery I to periphery II

The first Yugoslavia was created according to Woodrow Wilson's vision of national self-determination following World War I. It was carved out of the defeated Ottoman and Habsburg Empires in the reshaping of the European space, and found its internal legitimacy in the 'Yugoslav' and 'Illyrian' movement that advocated all south Slavic peoples in one state (developed in chapter 3). It did however also come to incorporate non-Slavic people, including a considerable Albanian population, which found itself outside the Albanian state in-the-making. Within Europe only France supported the newly created Yugoslav state and from the beginning it was surrounded by states with claims upon its borders (Italy, Austria, Bulgaria, Albania, Hungary). Politically its external relations therefore focused upon securing support for the state borders, especially within the League of Nations. Yugoslavia's diplomatic relations were however out of tune with the strong economic dependence it had first on Italy and then (in the 1930s) increasingly on Germany. Yugoslavia was a small peripheral country dominated by agriculture. The agricultural sector had been exposed to capitalist principles only in the nineteenth century, and then primarily in the northwest and along the railroads and rivers, whereas much of the hinterland still remained pastoral. Land reforms undertaken in the inter-war period had mixed results. In some areas it resulted in more effective agriculture, in others it had the opposite effect, and in some areas – such as Kosovo and Bosnia – it provoked ethnic tension. Industry and mining had primarily been developed by foreign companies and Yugoslavia was highly dependent on foreign capital and on economic centres in the west. Industrialisation was limited, but growing, primarily with light manufacturing in Slovenia and Croatia and in mining and metallurgy in Bosnia, Kosovo, and Macedonia. This was stimulated by foreign (first French and British, then increasingly German) capital. The depression hit Yugoslavia hard as grain markets and agricultural prices fell. Struggling with external and internal problems Yugoslavia remained a weak peripheral state with a foreign policy hopelessly incompatible with its economic dependence, as it was invaded by Germany in 1941.

Yugoslavia suffered heavily from the Second World War and most of the casualties were due to internal conflicts. Only the socialist ideology could provide the necessary elements to unify the Yugoslav peoples following the bloody Second World War. The initial steps to rebuild the economy were disastrous. The first successful attempts at modernisation came only in the 1950s. It had required the break with Stalin in 1948 and a peace made between peasants and the communist party. With the initial isolation in the communist camp Yugoslavia became oriented to western capital and markets in its development strategy. In the 1950s state-led development of heavy industry and infrastructure provided considerable economic growth, but this was still not translated into increased living standards, and the 1960s saw an increased focus on consumer goods. In order to secure its trade and its credibility in the West, Yugoslavia had to pursue a policy of external (import-export) stabilisation, which made domestic policy highly sensitive to international conditions. From the 1960s onwards Yugoslavia moved to increasing liberalisation in political and economic terms.

Although Yugoslavia achieved impressive economic growth, modernisation, and increased living standards, this was highly dependent on the position it had in the bi-polar order and on the expansionist western economies, of which licence-production and technological components from the west coupled with labour exportation played a crucial role. Political and economic decentralisation in the 1960s and 1970s was initially successful, and necessary to manage internal regional and national divisions as well as being an integral part in self-management, but it also came to provide traditional forms of loyalty with a new institutional framework. The economy relied heavily on traditional and informal ties and eventually these provided for blockages and strictures within the economy firstly and then the polity. Decentralisation eventually made the macro-economic policies – which were so necessary for external stabilisation – impossible, and at the same time decentralisation was necessary for internal political legitimacy. Yugoslavia was heavily hit by the debt crisis in the 1980s and the new policies pursued by the IMF and World Bank – based on export-led development - were highly inappropriate for Yugoslav conditions. At the same time – when decentralisation had reached a peak and when the global as well as national economic crisis started to become felt socially – Yugoslavia's most important political leaders died (Josip Broz Tito, Vladimir Bakarić and Edvard Kardelj all died within the span of a few years). The new political leadership in the 1980s was weak, while regional and local power was affirmed. As the whole socialist bloc in Eastern Europe crumbled, real-socialism itself lost its legitimacy, and the

geopolitical rationale for Yugoslavia was crushed. In this manner, several of the foundation blocks for the Yugoslav idea of the state ceased to exist. Yugoslavia's short, but successful, integration into the global political economy and international division of labour was replaced by increasing global peripheralisation, economic and social crisis, followed by political crisis, and finally state-disintegration and civil war (all discussed in chapters 4-5).

The new political projects in the Yugoslav space were articulated in strong ethnic exclusivist terms, and shaped along the clientelist and traditionalist ties that took shape at local and regional levels. Through violent conflict, such networks were reaffirmed and came to replace any other institutional or political arrangements for social security. As the formal economy declined and was marginalized, the informal economy expanded along the traditional networks, and showed a capacity for alternative forms of integration into the global economy (studied in chapter 6 and 7). Following the war and state-breakdown in the 1990s, the Yugoslav space became incorporated into western aid policies of democratisation, social reconstruction, as well as direct humanitarian assistance and physical reconstruction. By then, however, western aid policy itself had become heavily permeated by neo-liberal theory in which market forces, private agents, and subcontracting, were dominant features. Indeed the changes in international political economy governed both logics.

Development debates, trends and theories

As is evident from the sketch of the changes in the global order and political economy outlined above, the logic of development and development aid was firmly embedded in the logic of bi-polarism. The commitment to development was a post-World War II occurrence, and connected to the whole restructuring of the global economy and the new world order. In this way it constitutes a departure from colonial civilising missions, in which the periphery essentially played the role of exploitation area for the colonial empires. Although economic development theories in relation to Latin America, which was already free, were formulated prior to the Second World War (notably in the 1930s), we can conveniently place the birth of development in the 1940s. It can be seen, first, in the Marshall Plan in relation to the reconstruction of Western Europe, then in Harry S Truman's 1949 speech where a development commitment was made to the former colonies. The production of theories and concepts, which were formulated in relation to the underdeveloped countries, must be placed within this historical context and particular global order, to be approached meaningfully. This

theoretical area is very wide and here we must sacrifice its complexity for the sake of a brief sketch providing an overview of the trends.

The economic theories of development, which were formulated in the late 1940s and in the 1950s focused on internal conditions in the countries concerned and were oriented towards an expansion of the national economy. Few external factors were relevant, except of course capital investment, aid flow and technological transfers. True to the Keynesian climate the state (and government) was given an important role as *agent* in the development process, which included state / government interventionism, investment and planning, fiscal policies, and so on. in order to achieve economic growth. A particular focus of interest was GNP per capita. Arthur Lewis and W.W Rostow were important theorists for this tradition, and these economic growth theories laid the foundations for modernisation theory as it became formulated from the 1950s onwards.

In the late 1940s the critique towards economic growth theory came from the early structuralists and was formulated by authors like Raul Prebisch (in Latin America) and Hans Singer (in Europe). In the 1950s Raul Prebisch came to lead the United Nations Economic Commission for Latin America (ECLA), which largely adopted the structuralist programme. A key feature of early structuralist theory was an external orientation and a critique of classical trade theory. The so called Prebisch-Singer thesis advocated a long-term decline in trade between primary goods and manufactured goods due to advances of technology. Trade between developed and underdeveloped countries was therefore on unequal terms and essentially unfavourable to the underdeveloped country. This challenged conventional trade theory, which claimed the mutual benefits of trade. The structuralists introduced the terms centre and periphery, where the centre countries were rich and benefited from trade, whereas peripheral (poor) countries in Africa, Asia and Latin America did not. The policy prescription of early structuralism was protectionist, and to replace imports with local goods, formulated in the so called Import Substitution Industrialisation strategy (ISI). The ISI strategy was applied in a number of countries in East Asia (quite successfully), Latin America, and India.

In the 1950s and 1960s the main debate in development studies was between modernisation theories and dependency theory. Modernisation theory was widely encouraged by the US government, which sponsored research within a number of disciplines. Within modernisation theory, Western European countries, and their successful path to industrialisation and

modernisation, were seen as models which could be imitated. Whereas growth theory had been preoccupied with economics, there now emerged a concern about the entire social and cultural climate in which development efforts were to take place. Traditional institutions and values were seen as an obstacle to the absorption of technological transfers or elements from the western model and, in order to achieve development, social and cultural change was required. Modernisation theory thus differed from the economic development theories in that it did not consider development as restricted to economics and growth, but considered 'development' as a process through which entire societies were *transformed*. The mode through which social / cultural change was to be achieved was through focusing on entrepreneurial agents (for example certain groups of educated individuals) in the developing countries. In this manner, modernisation theory was elite-oriented, where some layers within the population was seen as modern. There was however no class-analysis, and consequently no conflict between different wealth-groups in society, but rather an assumption of mutuality between different groups. The relationship with the rich western countries was seen as beneficial (as opposed to in early structuralism) and in fact necessary through the technological transfers and know-how it brought, and in the same way the urban areas within the concerned country were seen as beneficial to the rural areas.

Dependency theory rose in Latin America as a critique of Modernisation theory. Although structuralism was a starting point – especially the focus on external relations -, dependency theory was also critical of the ISI. Dependency theory was much more radical than early structuralism in its attack on the global economy. Whereas structuralism was reformist in the sense that it wished to introduce reforms due to the obstacles with the external factors, it was not anti-capitalist as such. Even Vladimir Lenin and imperialist theory, which was critical of capitalism, had essentially considered colonialism as progressive. Dependency theory, by contrast, did not see any progressive line for the underdeveloped countries in relation to the west. In the classical understanding, as formulated by Dos Santos, the economy in the dependent country was conditioned by the development and expansion of another country, to which it was subjected. For Dos Santos development was however still possible, although it was externally dependent. Andre Gunder Frank provided a much more radical critique. He introduced the terms 'metropolis' and 'satellite' (both in a global sense and within states). Between the 'metropolis' and 'satellite' there is an exploitative relationship, first on the local scale, then on the regional, and finally on the global. In the early 1970s peace researcher Johan Galtung forwarded similar propositions.

Where modernisation theories discussed the 'developmental state', Frank – and other dependency theorists - discussed the '*underdeveloped*' state. In dependency theory 'underdevelopment' was a process going on for centuries due to exploitation from the colonial powers. Development was therefore impossible as long as the exploitative relationship was maintained and the policy prescription following from Frank, and others, was a complete break with the west and de-linking from global capitalism. This of course did not mean that trade was excluded, but it was to be undertaken on a regional basis between countries with similar levels of development and with similar conditions in the global economy. Frank's focus was mainly on trade and foreign exchange. In the 1970s Samir Amin applied the centre-periphery model in the study of production. Samir Amin became the first influential economist from a Third World country to contribute to the development debate. The thesis of asymmetric trade (which had been presented by Prebisch and Singer) was further elaborated in the late 1960s by Arghiri Emmanuel. Geoffrey Kay worked on similar lines, but placed an emphasis on the market position. Theories of unequal exchange, some of them severely criticised, had an important role in elevating dependency theory among the countries in the Third World. Whereas modernisation theory was promoted by the aid agencies of the west, dependency theory had great influence in Third World countries, which presented a united front in the demands in the United Nations for a New International Economic Order (NIEO) in 1974-75.

By the 1970s it became increasingly emphasised that the 'Third World' was so heterogeneous that the theoretical frameworks developed so far, by the different opposing stands, were insufficient to capture the complexity and differentiation between various states and regions. Especially it was evident that development was possible in some places, such as the NICs. The traditional international division of labour, in which the underdeveloped countries were mere producers of raw material for the industries in the West, had been a relationship upon which dependency theory and critique of the capitalist exploitation was founded. When, in the 1960s, large companies in the west started to allocate some of their production to peripheral countries to cut its production costs, a more heterodox interpretation was needed. The changes which became apparent in the 1970s gave impetus to a flourishing theoretical development. The relocation of production and the increasingly complex relationship between states was addressed in studies of the *New International Division of Labour*. The fierce polarisation between modernisation theorists and dependency theorists also loosened up.

A number of authors, such as Fernando Cardoso, accepted the premises of dependency, but claimed that development still was *possible*. The so called 'dependent development' they introduced was less radical than dependency theory in that they suggested that there was room for manoeuvre and negotiation with the multi-national corporations and with financial capital in the core countries.

The nature and character of capitalism was heavily debated among Marxist historians and social scientists. The issue was central both in studies of western European history, especially the transition from feudalism to capitalism, as well as within development studies. The cross-fertilization of social theory applied within different areas has always been considerable, but it is perhaps especially visible within development studies, as it is such an inter-disciplinary field.

In the 1970s Immanuel Wallerstein started to develop his world-system analysis which claimed that the whole globe had already become incorporated into a single capitalist system around the sixteenth century. One of the sources of inspiration was Fernand Braudel and the Annales school which had emphasised the 'long-term', 'deep' structures in history aiming at writing a 'total history' instead of focusing on events. Thus, world-system analysis aims at studying long- term structures and it also rejects the separation of social life into 'economics', 'politics', and other spheres, and the artificial disciplinary borders created within academia. An important contribution of world-system analysis was that it incorporated politics and economics into a single framework and studied global power relations as an integral part of the capitalist economy. In addition world-system analysis partly drew on the dependency school and incorporated many dependency concepts, such as 'core' and 'periphery' into the analysis, but it found the binary relationship insufficient and instead operated with a tri-modal model of 'centre', 'periphery', and 'semi-periphery'. World-system analysis is dynamic and there are possibilities for countries to move away from or towards the core (or semi-periphery) under certain conditions, thus making development possible.

Although world-system analysis has been criticised for its focus on macro features – it takes the whole world as the unit of analysis – and for tendencies to macro-determinism, there is, as discussed in the introduction, no reason why it should not be possible to use the approach as a point of departure and then pursue the analysis in a specific country or region. In fact world-

71

system analysis lies close to both historical sociology and critical international political economy, and to the approach applied in this thesis. A difference is that world-system analysis really only typically operate with macro-'systems' and with their change or continuity over long periods and tends to have limited methodological or theoretical value for analysing what is going on within states and the changing social relations *within* communities. Although it is a useful framework it therefore needs to be complemented with analytical tools and concepts from other traditions.

By the 1980s the neo-liberal trend took over (from modernisation) in all policy areas including aid policy. Neo-liberalism has been described as the counter-revolution in development economics. Since Keynesianism declined in the late 1970s and early 1980s, neo-liberalism has remained dominant in economic theory and in development thinking. The key feature is that primacy is given to the market forces because markets are believed to provide for better allocation of resources than the state. Trade is seen as mutually benefiting and must be free. Although the neo-liberal version at the turn of the millennium is less extreme than it was a decade ago, its premises permeate all policy thinking within aid policy, whether for Eastern Europe or elsewhere, as discussed in the introduction and earlier in this chapter. The policy prescriptions are liberalisation, privatisation and structural adjustment.

In these divergent perspectives we can identify continuity between, on the one hand economic growth theory, modernisation theory, and neo-liberalism, and on the other hand between early structuralism, dependency, dependent development, and eventually world-system analysis. Although considerable refinements are visible, the former group all internalise the problems to the country concerned and share the neglect of a global capitalist structure. Further, they are based on abstract models derived from western experience and they are all policy-oriented in their perspective. In this way, this entire body of knowledge expresses a will to govern the periphery and have clear prescriptions for how the societies are best transformed. In the latter group critical perspectives on capitalism are collected. They have generally had less influence over policy among western donors, given their critical stance on macro-scope issues, but have had, on the other hand, a greater reception within the aid-receiving countries.

In the aid policy debate other critical perspectives have been forwarded. Thus for example advocates of 'participatory development' have argued that the macro-economic focus has neglected local capacities, and that local population and communities must be involved in the

aid process. This has been a view particularly popular among NGOs. Again critique of 'participatory development' has included that local communities cannot affect large-scale structures and they have little power to criticise external aid programmes, and so 'participation' just becomes an instrument for external agencies to implement their programmes. Further, critiques have been raised that local communities are not homogeneous and that internal power relations among the local community must be acknowledged before empowering them. The latter has been a particularly popular critique among feminists. Eventually ideas of participatory development have become effectively incorporated into the neo-liberal paradigm, since it enables a focus on local 'private' agents in the aid process, rather than on the state. A biopolitical ambition inherent in liberalism has, in this way, achieved support from both advocates of market-liberal privatisation and from the radical left including feminist organisations. They all share a concern to work on local 'civil society' whereas the role of the state in the receiving country has generally become reduced to that of regulating and creating laws and law enforcement for the 'civil' and 'liberal' remoulding of society. This merge is symptomatic of transition thinking and social reconstruction as discussed in the introduction.

The overall thrust of rolling back the state and unleashing market forces had disastrous social consequences, which were criticised by the United Nations and eventually recognised by the World Bank itself in the second half of the 1990s.[135] The fact that the state indeed had a role to play in the development process was gradually accepted, but it was to be highly instrumental for the market, in terms of providing the necessities for the market to operate smoothly, and in mitigating the social consequences for the most vulnerable part of the population. Therefore the World Bank, during the late 1990s, moved from its strict focus on conditionality and coercive structural adjustment programmes towards a focus on reducing poverty, which was formulated in the so-called 'comprehensive development framework' (CDF).[136] The framework opens up to extensive regulatory interventions across many sectors

---

[135] Joseph Stiglitz, the Chief Economist of the World Bank from 1997-2000, and former Chairman in the Clinton-administrations 'Council of Economic Advisors' (1993-1997) has himself criticised the policy in articles and books, for example Stiglitz, J (2002) "Globalization and its Discontents", W. W. Norton & Company, New York & London; Stiglitz, J (2003) "The Roaring Nineties: Why we're paying the price for the greediest decade in history", Penguin Books, London.

[136] Pender, J (2002) "Empowering the Poorest? The World Bank and the Voices of the Poor" in Chandler, D (Ed) (2002) "Rethinking Human Rights: Critical Approaches to International Relations", Palgrave Macmillan, New York: 97-114; But see also: Kanbur, R & L. Squire (2001) "The Evolution of Thinking about Poverty: Exploring the Interactions" in Meier, G. M & J. E. Stiglitz (Eds) (2001) "Frontiers of Development Economics" World Bank & Oxford University Press, Washington & New York; and various articles in Gilbert, C. L & D. Vines (Eds) (2000) "The World Bank: Structure and Policies" Cambridge University Press: *especially Chapter 3 by*

in society, which were previously ignored by structural adjustment.[137] A theme within the new approach is that governments in aid-receiving countries shall formulate a 'poverty reduction strategy' (PRSP), which shall provide a basis for loans. The new language emphasised 'country ownership' and 'partnership' rather than conditionality. Coupled with the new strategy the World Bank launched a project entitled 'the voices of the poor'. The whole approach has been extensively criticised for reformulating the concept of poverty, for deemphasising the material aspects of underdevelopment and poverty by shifting focus to poor peoples' need for social and psychological support, and for its extensive interventionist ambitions at the level of the household (especially in the name of 'gender relations').[138] Poverty is increasingly seen as a psychological and existential experience and not as a structural disadvantaged material position. A crucial trend through the 1990s, regardless of whether the applicable term is 'transition', 'development', or 'post-war reconstruction' has been an increased focus on human beings rather than on material growth, and an increased ambition to intervene directly on the level of populations and transform societies as well as peoples attitudes: that is bio-politics.

That the problem of security and war became incorporated into aid discourse in the 1990s has already been discussed in the introduction.[139] Prior to the 1990s issues of security were typically located in the Cold War logic of inter-state conflict, but following the withdrawal of bi-polar patronage links and the what we may call 'completion' of the reconfiguration of the relationship between centre and periphery, the problem of internal conflict was given increased attention. As Mark Duffield has analysed, conflict now essentially became interpreted as stemming from internal development causes and this underpinned the radicalisation of aid policy which now became committed to transforming societies as a whole, including the attitudes and beliefs of its members.[140] This (global) bio-political ambition gave an extended role to NGOs, which have become the tools through which to penetrate into the aid-receiving societies. Projects to educate individuals in the aid receiving society and to change their attitudes on various issues reflect this ambition. This is evident in for example, 'reconciliation projects', where conflict is treated as a mental problem and a question of attitude; 'gender awareness training', various 'rights awareness' programmes and

Ravi Kanbur and David Vines, chapter 6 by Francisco H. G. Ferreira and Louise C. Keely, and chapter 11 by Raul Hopkins et al.
[137] Cf. Pender. J (2002)
[138] Pender. J (2002): 103
[139] Cf. Duffield. M (2001) *en block.*
[140] Duffield. M (2001): 17 and Ch. 2

so on, where individuals are treated as in need of liberal education in order to become more prone to liberal values and less to 'particularistic' values among other areas of interest.

The organisational and institutional structure of aid has thereby changed considerably. While the expansion of development NGOs, for example, has been gradual starting from the 1960s in donor countries and a little later in most aid receiving countries, there has been a considerable proliferation and consolidation of their role in the aid process in the 1990s. Terje Tvedt has analysed the expansion of the NGO sector in a number of countries and argued that this was a result of deliberate state policies from the donors.[141] They now form an integrated part of what Duffield calls 'strategic complexes' of global governance.[142] Such 'strategic complexes' involve donor governments, international organisations, military and security units, private agencies and NGOs.

These networks of authority and governance, as opposed to hierarchical structures of government, allow for considerable flexibility in the aid process. On the one hand the sub-contracting and privatisation of aid implementation, which it reflects, allows for short-term engagement and for cutting the link with an undesired implementing agency (something which is not allowed within a hierarchical bureaucracy), and at the same time it allows for penetration into areas of society without directly involving the governmental body. While it raises fundamental problems for (democratic) representation and accountability, it is typically cheaper than any long-term engagement of investing in building state institutions. In this way aid policy has come to rely more on public-private networks, become more privatised and less accountable, and more radical and bio-political.

The underlying rationale of biopolitics is that all states, or societies, move towards a common goal of market liberalism and allow for global market liberalism to operate or at the very least that no obstacles exist for this global vision (exclusion of people is not a problem as long as they do not present themselves in the form of refugees, crime networks, terrorists). As such

---

[141] Tvedt, T (1998) "Angels of Mercy or Development Diplomats? – NGOs and Foreign Aid": especially ch. 2. NGOs certainly existed prior to the 1960s, such as for example missionary and ecumenical organisations, but expanded in the period 1963-1993 through deliberate state policies. Initially many development NGOs functioned as service providers as a complement to the state. Following the neoliberal trend in the 1980's they were promoted internationally by the 'right' as part of the new political agenda, but were also supported by the populist left (p. 4 and chapter 2).
[142] Duffield, M (2001)

75

biopolitics is embedded in the wider logic of geoeconomics.[143] The opportunity for a truly global ambition - geoeconomic and biopolitical - has opened up only after the fall of the Soviet Union, real-socialism and bi-polarism. Consequently, the term 'globalisation' has often been criticised for obscuring the political agency driving it, and for obscuring the power relations within it, and many authors have preferred the terms 'imperialism' or 'Empire' as more accurate analytical and descriptive concepts.[144]

Concluding remarks

Social reconstruction in Kosovo constitutes a major European, and international, aid and security project and has also been taken as a point of departure for constructing a more joint and pro-active European policy than the previous decade of Balkan crisis had allowed. As such the aim of regional integration and co-operation allied to reconstruction, as envisioned in the 'Stability Pact', has often been emphasised as a kind of Marshall Plan for the Balkans. The analogy calls to mind a metaphor evoking a grand effort, demanding long-term involvement, regional co-operation and considerable investment. In this way the analogy is a call for mobilisation. However, it can also help us to highlight the crucial differences, and essentially emphasise the problem of current social reconstruction precisely because it has so little in common with the Marshall Plan. Not only are the ideas that inform current social reconstruction radically different from the Keynesian premises of reconstruction in Western Europe, but also the post-Yugoslav social configuration at the turn of this century is in considerable contrast to that of Western Europe following the Second World War; the whole macro-system has changed. Historical parallels do not come without reservations because never in history are two configurations the same and analogies can therefore always be criticised. Nevertheless it is from history that we must learn. By way of analogies it would therefore be more relevant to draw upon the social and political effects arising from previous historical experiences of creating a free market. The parallel with the protectionist counter-movements of the 1930s is a good case in point, since the forms of redefining community,

---

[143] As opposed to geopolitics, in the sense it was formulated by Neil Smith, discussed above, and Smith, N (2003) and (2005). Obviously, there was a mission to civilise 'savages' also in the highly geopolitical colonial projects of the nineteenth century, but it was largely a Christian-based moral imperative and never for the direct concern of the empire's economy and political power, which at any rate was controlled territorially.
[144] For example: Hardt, M & A. Negri (2000); Petras, J & H. Veltmeyer (2001) "Globalization Unmasked: Imperialism in the 21st Century" Fernwood Publishing, Zed Books, New York; Smith, N (2003); and especially after the US invasion of Iraq, which has been analysed as a resort to geopolitics and classic colonialism: Harvey, D (2003) "The New Imperialism", Oxford University Press, Oxford; Smith, N (2005); Gregory, D (2004) "The Colonial Present", Blackwell Publishing.

identity, authority and legitimacy, in the Balkans during and after the break-up of Yugoslavia may be seen as a response to similar social and economic crisis conditions. A framework of macro-global trends helps us identify the context of which Yugoslav and post-Yugoslav societies are a part, in which certain opportunities and limitations are given, and within which it has to create and negotiate policy choices as well as define itself.

The global framework including the changes which have occurred in it does not inform us, however, about *how* local society has changed or about its *character*. It merely provides a framework in which we can interpret the direction of change, and it provides the wider *context* in which it takes place. We need to know how Yugoslavia moved towards modernisation, which concrete problems it was confronted with and how they were negotiated, which policy choices it took, how the governing of the political economy was framed and how it was legitimised, how the national question was managed and articulated, how social relations changed, and how it came to be an aid-receiver in the first place. This is necessary in order to understand current social configurations and the character of the society and economy, in which social reconstruction operates. We also need now to know how this type of aid policy is operating in a concrete context like Kosovo and which problems it is confronted with in that particular society. That will be the issue discussed in chapters 8 and 9. But before that we must look at the particular trajectory of Kosovo, and Serbia and Yugoslavia of which it has been a part, in order to understand what kind of institutions and political economy it has developed, how the character of social relations have changed, and essentially what kind of society it is. The following five chapters aim to do this.

CHAPTER 3

SMALL NATIONS IN ONE STATE? - The Legacy of the First Yugoslavia and the Partisan Revolution

---

The first Yugoslav state, created after the First World War, was a multiethnic state with great regional economic and cultural differences, carved out of the disintegrating Habsburg and Ottoman Empires, under the auspices of the Versailles Treaty and its conception of national self-determination. Although ethno-plural in composition, the state was to a large extent an attempt to incorporate the Southern Slavs (with the exception of the Bulgarians) in one independent nation-state. However, it also came to incorporate large non-Slavic minorities, such as Albanians, which were particularly concentrated in the province of Kosovo (as well as in parts of Macedonia, Montenegro and Southern Serbia), which was also populated by a Serbian minority, contained a rich heritage of medieval orthodox monasteries and Churches, and was considered by the Serbs as the medieval cradle of their nation. The First Yugoslavia was in a vulnerable international position throughout the inter-war years, both diplomatically and economically, and the state was subjected to domestic as well as international challenges. This chapter outlines in broad strokes the history of the first Yugoslav state, sketches the political and economic tension points, and then moves on to briefly discuss the conception of the national question, especially as it was perceived among the communists, within the partisan movement and the Yugoslav communist party, which eventually came to power after the Second World War.

Experiences with Imperial Rule, and the National Question before and in the First Yugoslav state

Until the First World War the Yugoslav region and most of the Balkan Peninsula, was divided between the Ottoman and Habsburg Empires. What today is Croatia, Slovenia, and Vojvodina (northern Serbia), was part of the Habsburg Empire, while Macedonia and Kosovo were part of the Ottoman Empire. Bosnia-Hercegovina was part of the Ottoman Empire until 1878 and then annexed by Habsburg Austria (and formally incorporated in 1908), while Serbia proper (core Serbia) was part of the Ottoman state until 1878, but had achieved some autonomy in the nineteenth century. Montenegro was under the Ottomans *before* 1799. Over long periods,

until the Napoleonic wars, much of the Croatian coast, such as Istria, the islands, and towns like Zadar, Split, and Dubrovnik were under Venetian domination.[145] Moreover, the Habsburg part was, from the second half of the nineteenth century, divided into different regions, with Austrian influence in Slovenia and parts of Croatia (Istria and Dalmatia), and the rest of Croatia under Hungarian influence. The Croatian coast was crucial for the Habsburgs in providing access to the Mediterranean Sea and its trade routes. The Habsburg military border-region (Krajina) stretching around Bosnia in a boomerang-shape and into northern Serbia was a region with separate treatment. Between 1809 and 1813 the whole coast and large sections of the hinterland up to the Dinaric mountains, as well as Slovenia, were incorporated into Napoleon's French Empire as an Illyrian province (the name taken from the ancient Roman province 'Illyria'). All in all this provides for a highly complex geographical pattern of heritage from imperial rule in the Yugoslav region.

The areas under Habsburg control were generally subjected to capitalist economic relations to a much higher degree than the areas under Ottoman rule. For this reason there was a higher development of infrastructure and communications (roads, rail-roads, transports on rivers) in the northern areas and along certain pockets with natural resources. The development of infrastructure and communications paved the way for a higher level of capitalist penetration during the second half of the nineteenth century, whereas in other less accessible areas, the market and money economy remained of minor importance. In the northern and north-western areas, under Habsburg control, and the areas along the communication routes, for example along the Rivers Sava and Danube towards Belgrade in Serbia, agriculture underwent a profound transformation through the exposure to capitalism and market principles, as well as to a money-based economy and moved from a pastoral live-stock base to crop cultivation, while other areas, especially in the south, east, and in the mountain areas, remained under subsistence farming.[146] Generally, all the areas still under Ottoman domination were left underdeveloped and with subsistence farming, while in the Habsburg areas only *some* accessible regions had market-exposed farming. The Habsburg area was further governed by different principles in the Military March (*Vojna Krajina*), the border region towards the Ottoman state, allowing the peasants to cultivate land more freely in exchange for providing

---

[145] Dubrovnik was an independent city-republic but under Venetian domination, whereas much of the coast was directly under Venetian rule.

[146] For a classical and in many respects still unchallenged account of the economic history of nineteenth and early twentieth century Yugoslavia see: Tomasevich. J (1955) "Peasants, Politics and Economic Change in Yugoslavia" Stanford University Press. On the specific issue here, see pp. 160-202.

soldiers to the Empire.[147] This area was under direct military administration from Vienna. Generally, there were different types of feudalism in the Habsburg area, with a rough division between the three areas of 'civil Croatia', 'civil Slavonia', and the Military March.[148] In the latter, there were no serfs, but almost all of the male population were drafted as soldiers, and here the preservation of the extended families, *the Zadruga* (with several nucleus families sharing the same budget and usually the same house), which was promoted in order to more easily support the loss or temporary absence of male family members persisted longer when other areas of Croatia were subjected to capitalist principles.[149]

In the non-Ottoman areas, foreign capital and economic exploitation was dominant in infrastructure, mining, as well as industrial development and from the 1850s onwards there was a break away from feudalism in much of the region and thereby a change in social structure. The institution of the *Zadruga*, which was a dominant feature throughout the region, Ottoman as well as Habsburg, started to disappear gradually, although it continued to exist along with feudal-like relations in some backward areas well into the twentieth century. Private ownership of land now became dominant, and was regulated through the introduction of new laws, and agriculture became increasingly vulnerable to market relations and foreign competition.[150] The gradual exposure to the market, the introduction of a money-economy, and the adjustment to cultivating one or two crops to be sold on the market as a supplement to subsistence-farming, increased the need for peasants to obtain credits in order to buy tools, to survive between harvests, or to make some form of investment in the farm.[151] The depression in agriculture from 1873 to 1890/95 had a heavy impact on the Yugoslav lands and in many

---

[147] In the Krajina, there was no landed aristocracy and the peasants were left to cultivate their land plots in exchange for providing one soldier from a family with three male children, two soldiers if the family had five children, and so on. The family then provided for the soldier, who served actively for three years and then became part of the reserve.

[148] Tomasevich, J (1955): Ch. 3

[149] The history here is complex. Even 'civil Croatia' had different characteristics of feudalism, and all areas did not have serfs. There was a division between 'urbarial land', which had serfs, and 'alod land', which was not settled with serfs. Slavonia in turn, had a completely separate land-tenure system and was ruled directly by Hungary, before 1745 by a dual military-civilian administration and with the land distribution after 1745 the medieval system of latifundia was re-established. Serfdom in Croatia was generally abolished in 1785, and there was a gradual weakening of the feudal system, but the serfs did not come to own any land. With the introduction of capitalist principles, trade, and money-economy, the *Zadruga* was generally weakened in most areas, but there were also laws regulating its abolishment, in 1889 and 1902, and in some areas it persisted much longer. The Military March lost most of its rationale in the 1870s, especially after the Berlin Congress, when the Ottoman state lost territory in the Balkans. There are several theories for the gradual dissolution of the *Zadruga*, even different definitions. See further Tomasevich, J (1955): Ch. 3 and 9; Cf. Byrnes, R. F (Ed) (1976) "Communal Families in the Balkans: The Zadruga, *essays by Philip E. Mosely and Essays in His Honor*", University of Notre Dame Press, Notre Dame-London: various chapters.

[150] Tomasevich, J (1955): Part 1, *in passim*

[151] Tomaevich, J (1955): Ch. 27 *en bloc*

areas poverty was severe. The wider background to the agrarian crisis was colonisation of new areas in America and Russia, which created greater competition for cash-crops in the Balkans, and in Europe in general, through the export of cheap grain (barley). Generally, the nature of imperial rule in the Habsburg Empire was more economically exploitative in the capitalist sense, opening up new areas for mining and industrial production and thereby bringing infrastructure, while the Ottoman state retained a more feudal character in its exploitation and exercised tax collection but brought little industrial or infrastructural development. The whole region was economically backward however, dominated by agriculture with very weak industrial development and a low level of urbanisation.

The Ottoman state allowed for a fairly tolerant position towards religious pluralism and was, since mediaeval times, organised along the millet-system, where groups, divided on the basis of religion, were allowed a certain level of autonomy. The level of toleration diminished considerably after the *Tanzimat* reforms from 1839 onwards though, when greater pressure as well as taxation was levied upon the Christian millets.[152] Such increases in taxation were, apart from the taxation of merchant traders, the only avenue for the feudal-style, non-capitalist, Ottoman state to collect revenues for the military in a century of growing nationalist ideas, but in effect it just increased resistance to the state in a vicious circle, especially in Christian millets. The Albanian clans, or tribes, were divided between different millets. The Ottoman state never had much penetration into the Albanian lands, especially not in the highlands, and the particular indigenous life-style and customs were preserved. The Ottoman system of governing demanded a levy of taxes and that the local population provided soldiers, but otherwise interfered little in local affairs. Muslims had privileges and many Albanian clans converted on occasions, sometimes switching back and forth between Christianity and Islam. The Porte utilised local clan leaders, and elders, as mediators between the Porte and the clans (a person elected by the clan for this purpose was a *boulim-bashi*).[153]

---

[152] The reform period starting in 1839 and continuing until 1880 is often jointly labelled the 'Tanzimat'; for a classical account see Stavrianos. L. S (1958) "The Balkans since 1453", Hurst & Company, London: especially pp. 315-316 and generally chapter 16 and 18. The background to the reforms was complex, but includes competition from new producers of cotton and increasing pressure on the Ottoman Empire from western powers, both economically and politically.

[153] Compare Vickers. M (1995) "The Albanians: A Modern History", I.B Tauris, London & New York: Ch. 1; and generally on Ottoman rule and national movements: Karpat, K (1973) "An Inquiry Into the Social Foundations of Nationalism in the Ottoman State: From Social Estates to Classes, From Millets to Nations", Research Monograph No. 39, Center of International Studies, Woodrow Wilson School of Public and International Affairs, Princeton University.

Some specific characteristics of Albanian society have already been described in the introduction. The traditional Albanian village consisted of the, often fortified, houses (*kullë*) of the extended families, but had no public spaces. There were no cafés or inns, or public buildings of any kind.[154] All matters relating to society, or social life, were discussed inside the family houses, and the house was thereby of particular importance in Albanian cultural life.[155] Although there were towns and an urban population, Albanian society was overwhelmingly rural, with the traditional structure and customs permeating all social life. In contrast to the pattern in north-western Europe for example, there were no intermediary associations or public spheres between the individual, or family, and the state, and hence nothing resembling what has been called 'civil society' in the usage of eighteenth or nineteenth century thinkers.[156] Indeed there was neither the social structure nor social infrastructure or type of economy for such an analytical term as 'civil society' to be applied; social life was shaped by the extended family (with its house), the clan and the village, and there was no social organisation beyond the extended family apart from the clan. All legal matters were strictly regulated in customary law (the *Lëk*) and applied by the clans, or mediated in meetings by the elders (*kuvend*).

The development of the national question and the struggle for statehood among the South Slav peoples (as well as the Albanians) were formed from the different experiences within the two empires. The struggles for independence and autonomy, within the Habsburg Empire or from the Porte (Ottoman State), had lead in the nineteenth century to various unifying ideas of statehood. Such ideas had largely been fostered among certain literate and educated elite groups within the new urban centres of Belgrade, Zagreb and Sarajevo, as these towns gradually grew more 'modern' against the context of a fragmented and rural hinterland of isolated and illiterate peasants. The very idea of creating a state among these nations had received an impetus from abroad. During the French Napoleonic thrust into Venice and the Habsburg Empire, the coastal regions of Dalmatia and Istria, as well as a Croatian and Slovenian hinterland had come under French rule for a few years between 1806 and 1813.

---

[154] Andersen. A (2002) "Transforming Ethnic Nationalism: the politics of ethno-nationalistic sentiments among the elite in Kosovo", thesis for the Cand. Polit. Degree in Social Anthropology, University of Oslo. Available at: www.aasmundandersen.net (entered 2 March 2005): 60

[155] Ibid

[156] As the term was used by for example Hegel, F (1991) "Elements of the Philosophy of Right" (Edited by Allen W. Wood). Cambridge Texts in the History of Political Thought, Cambridge University Press; Ferguson, J (1995) "An Essay on the History of Civil Society" (Edited by Fania Oz-Salzberger), Cambridge Texts in the History of Political Thought, Cambridge University Press. See further the discussion in chapter 9.

The French brought with them an idea of creating an Illyrian administrative region.[157] The idea was eventually revived in the 1830s and 1840s among Croatian intellectuals. One of them was the Serbo-Croatian / Croato-Serbian language reformer Ljudevit Gaj, who made attempts to test the idea on the disposed Serbian king Miloš Obrenović after the repression of a Hungarian revolt in the Habsburg Monarchy in 1848, which had resulted in equal repression of both Hungarians and Croats.[158] Thus, the Illyrian idea was the first idea of unifying Southern Slavs (possibly including Bulgarians), who were perceived to share linguistic and ethnic characteristics, into one state and thereby achieve independence from the great Empires.[159] There were however also other ideas of more narrow state building among the Croats and the Serbs. The Serbs had been more successful, first achieving autonomy within the Ottoman state in 1838 and then independence for a Kingdom of their own in 1878.

In Serbia the linguistic reformer Vuk Karadžić (Gaj's Serbian counterpart), who reformed the štokavian language based upon Hercegovina-Serbian dialects, suggested that all štokavian-speakers were really Serbs, regardless their religion. With the Serbs largely content with building a Serbian state, and attempting to include other Serb-inhabited territories into it, the Illyrian or Yugoslav ideas were mainly fostered in Croatia. In the 1860s and 1870s it had been taken up by the Catholic Bishop Josef Strossmayer who was a cofounder of the Academy of Sciences and Arts in Zagreb and who sought to bring Serbs and Slovenes together with Croats through linguistic unification and who aspired to a federal state creation similar to that of the Habsburg Double Monarchy. Those ideas competed with more narrow nationalist ideas in Croatia.

In the Austro-Hungarian Empire attempts were made to come to terms with the arising nationalism after the introduction of the Double Monarchy. In 1868 some first steps were taken for national rights for the peoples of Croatia, but it was the socialists or Austro-Marxists, such as Otto Bauer, who first tried to develop a framework to deal with the issue. Various programmes during the last fifty years of the Double Monarchy, such as the idea of creating a federal state on Swiss principles along the Danube including 'Illyria' (South Slavia) or to overcome national aspirations through social reforms, all failed. In the industrialisation process Austria eventually became defined in 'Austro-German' terms and in Hungary a

---

[157] Cf: Lampe, John (1996) "Yugoslavia as History" Cambridge University Press
[158] Lampe, J (1996): 46
[159] See also Rusinow, D (2003) "The Yugoslav Idea before Yugoslavia", in Djokić, D (Ed) (2003) "Yugoslavism: Histories of a Failed Idea, 1918-1992" Hurst & Company, London: 11-26.

similar national trend prevailed. As outlined in the Introduction, the Croat and Slovene 'markers' for national identity within the Austro-Hungarian Empire were based on language. The Illyrian idea had been fairly abstract at first, but won supporters among the Serbs in Croatia during the second half of the nineteenth century and eventually also among Croats. In Serbia itself the enthusiasm was overshadowed by dreams of annexing parts of Bosnia-Hercegovina into the creation of a Greater Serbia.

The Albanians, on the other hand, had no aspirations to an Albanian state before the twentieth century, but were quite content with remaining inside the Ottoman state.[160] Although there may have been a growing Albanian identity, beyond the *fis*, especially in the nineteenth century, there was not really any expression of Albanian nationalism. Several factors made expressions of nationhood unlikely. There were disputes between clans, and the Albanians did not share a single religion, but were divided between Islam, Orthodox Christianity and Catholicism. The life-style between, for example, the *Tosk* in the south or in the coastal trading ports, and the *Gheg* of the highlands was quite different. The focus here is on the *Gheg* and the *Ghegarian* lands, since the vast majority of Albanians who eventually became part of Yugoslavia were *Ghegs*. The Albanians did however demand autonomy within the Ottoman state and wished to be unified in a single *Vilayet*, and on several occasions they revolted against the Porte. Most of these revolts were fairly unorganised, but by the 1870s there came increased demands for gathering all the Albanian lands into a single *Vilayet* and millet. The Porte had in fact utilised the divisions, and the millet system, according to the principle 'divide and rule'.

Great Power rivalry contributed to Albanian-Serbian tensions in the region during the second half of the nineteenth century. Austria was fiercely opposed to the creation of a Serbian state, and to any Russian influence in the region, and it considered the promotion of an Albanian national consciousness to be an important counter-weight to Slavic nationalism.[161] A series of clashes between the Porte and rebelling Christian millets in the mid 1870s, including the Serbian-Montenegrin rebellion in 1976, provided the pretext for Russia to declare war on the Porte in 1877. Serbia and Montenegro soon joined in and Serbia managed to expand southwards and drive Albanians deep into Kosovo, which aggravated relations between Serbs

---

[160] For the Albanian aspirations and state creation see further: Jelavich, C and B (1977/1993) "The Establishment of the Balkan National States, 1804-1920" University of Washington Press, Seattle and London: Chapter 14; Vickers, M (1995); Stavrianos, L. S (1958/2000): Ch. 27
[161] Vickers, M (1995): 28

and Albanians.[162] Russia defeated the Porte and forced an agreement that would grant Serbia, Montenegro and Romania independence, while creating a large Bulgarian puppet state. Some Romanian provinces were annexed directly by Russia, but Montenegro was allowed to extend its territories. However, this entire reshaping of the Balkan Peninsula concerned all the major powers in Europe leading to the convention of the Berlin Conference of June-July 1878 in order to modify the treaty and lay the foundations for the new map of Europe. Here, the independence of Serbia was confirmed (as well that of Romania and Montenegro), but Austria was permitted to occupy Bosnia-Hercegovina in order to block any aspirations for a greater Serbian state.[163] Ethnically mixed territories with large Albanian populations, some predominantly Albanian, were now incorporated into the Montenegrin and Serbian states.[164]

In response to these changes a series of protests arose among the Albanians, who objected to Slavic annexation of Albanian-inhabited lands. In Kosovo, which remained under Ottoman rule, several hundred Albanian clan leaders (including some from present-day Macedonia and South Serbia) gathered in Prizren on 10 June 1878 to form the *Prizren League*. The League organised an opposition movement to the Slavic territorial annexations and demanded that the Albanian lands be united into a single administrative unit within the Ottoman state. The Prizren League was not an all-Albanian nor even an all-Gheg movement though, since it did not receive more than marginal support from central Albania. However, a form of national movement had nevertheless started and regional branches of the League were formed in various areas. The Porte rejected the demands for a single administrative unit and the League was effectively defeated, but its ideological heritage survived among intellectuals.

By the early twentieth century the Yugoslav idea was most widespread among the Habsburgian South Slavs and small parties increasingly challenged the existing political-territorial borders. Hereby the tension between Serbia and Austria grew. With Austria's occupation of Bosnia in 1878 and especially after the formal annexation in 1908, Serbian resistance grew in Bosnia along with ambitions to join the Serbian Kingdom. The Serbian-Austrian conflict, which included a tariff conflict between 1906 and 1911, should of course be considered in the wider context of great power rivalry in Europe at the time, especially the Austro-Russian rivalry.

---

[162] Vickers, M (1995): 29
[163] Serbia and Montenegro were geographically separated by a slice of Ottoman land, the Kosovo Vilayet, which covered much of present-day Macedonia, Kosovo, and Sandžak up to Bosnia.
[164] Montenegro, for example, received the town of Peć / Peja as well as northern Albanian territories.

Meanwhile Italy had its own claims upon Ottoman territory, such as present-day Albania, and in 1911 a war broke out, starting with an Italian attack on the Ottoman state in Libya. In Albania a rising rebellion against the Porte was initially aided by Serbia and Montenegro, but then, in 1912, Montenegro suddenly attacked Albanian territory, which was soon followed by a Serbian expansion southwards into Kosovo and Macedonia. In the Balkan wars of 1912-1913 the Albanians, although they had disputes of their own with the Porte, sided with the Ottomans against the attacks from the Slavic neighbours and the coalition of Serbia, Montenegro, Bulgaria, and Greece. In an attempt to settle Balkan territorial issues a conference of ambassadors in London in 1912 drew out the borders for the creation of a future Albanian state. In the new state, created in 1913, more than half of the Albanians ended up outside its borders as Albanian-inhabited but ethnically mixed land, was granted to Serbia. The Serbian expansion southwards into Kosovo and Macedonia in the Balkan Wars of 1912-13 only furthered the Austrian claim to put an end to the Serbian obstacle. The spark for the First World War came when a young Bosnian Serb student, Gavrilo Princip, assassinated the Austrian Arch-Duke Franz Ferdinand in Sarajevo in 1914. Austria designed an ultimatum, to which it would be impossible for Serbia to concede, and then used the rejection of it as an excuse for military intervention. The Balkans was of course just a single theatre in the context of a much wider drama of great-power rivalry that now came to its violent conclusion with the First World War.

The First Yugoslav state: general problems of primarily domestic character

The first Yugoslavia was created on 1 December 1918 with the name 'The Kingdom of the Serbs, the Croats, and the Slovenes' in an official proclamation by the Serbian crown prince in Belgrade. It was carved out of the South Slavic parts of the crumbling Habsburg and Ottoman Empires after these had been defeated in the Great War and a new order created. The new state was a materialisation of the idea of 'self-determination' and 'democracy' for all nations, which in line with the discussion in chapter 2 was fostered by the American President Woodrow Wilson and, as such, under the patronage of the Versailles Treaty.

The state was to a large extent created in reaction to external pressure and the international conditions at the time. The Slovenes and Croats were pushed to ally themselves closely to Serbia after the Habsburg monarchy had collapsed. Serbia, in its turn, was pressured by the

Allies to agree to the creation of a Yugoslav state as soon as the war was over. In the Yugoslav case, the founding principles of self-determination and freedom meant for the peasants to freely own their land. Following this there were land reforms, which provided for the redistribution of land. While in many areas this meant securing support from the peasants, for example in the case of land from the aristocracy within the Habsburg empire being delivered to local farmers, as in 1918, in other areas (such as Kosovo) it meant Serb colonisation of Albanian land (although it especially aimed at breaking up feudal-style share-cropping and to create more effective agriculture). Hence, land reforms, as such, became one of the reasons for inter-ethnic tensions. The national dynamics were widely shaped by the different regional historical experiences, not least in terms of economic structure and level of development, which included agriculture, and which, as we shall return to below, created different conceptions of the political economy and for economic policy. Throughout its short lifespan, the state thereby became contested domestically, at the same time as it was challenged internationally.

The first Yugoslavia was in many respects both an extension of the Serbian state and effectively ruled by a small Belgrade-centred bourgeois elite.[165] It was ravished by national conflicts in the shape of constitutional and political conflicts, and from 1921 was pseudo-parliamentary and autocratic, and from 1929 a royal dictatorship. Its political and economic life was enmeshed in nepotism and clientelism, corruption, and use or misuse of power for personal enrichment and gain.[166] Until 1934-1936 it pursued a political balancing act in the post-Versailles European diplomatic order, but then, primarily for economic reasons, ended up with a non-aggression pact with Germany, until the until the coup d'etat of 1941.

In the creation of the new state there existed a fairly widespread idea that all southern Slavs were of the same nationality. This idea was rejected by the Government but eventually it was recognised that Serbs, Croats, and Slovenes were three 'tribes' of the same nationality, which was reflected in the name of the state, which until 1929 was 'the Kingdom of Serbs, Croats and Slovenes'. The Belgrade-centralised state was soon threatened by fragmentation among the rival national groups however, and in an attempt to save it, the monarchical dictatorship, installed in 1929, renamed it Yugoslavia with the official policy that only one nationality

---

[165] Details of the level of control by a small Serbian elite is given in: Tomasevich, J (1955): 240-249; Stavrianos, L. S. (1958/2000): 624-625.
[166] For example: Tomasevich, J (1955): 240-49.

'Yugoslav' existed. This idea was quite unsuccessful and was officially abandoned in 1939, when the Croats were granted a large degree of autonomy. It was at this time after the re-organisation of the state framework, that Serbian-Croatian relations were at their best and it was largely a result of a threatening and hostile external environment.

The Muslim Slavs of Bosnia-Hercegovina, by contrast, were not considered a separate nation at all. They were perceived as either Serbs or Croats, who had become Islamised during Ottoman domination, or by others they were perceived as 'Turks' depending on political viewpoint. Among the Muslims themselves there were strong feelings that they should be considered and treated as a separate nation rather than as a religious community. Similarly, the Macedonians were either considered as Serbs (in Serbia) or as Western Bulgarians (in Bulgaria). The Macedonians themselves were divided, but there were strong segments within the population with Bulgarian national sentiments, and relations towards the Serbs were aggravated after Serb persecutions among inhabitants in Macedonia. The International Macedonian Revolutionary Organisation (IMRO), which had aspired to autonomy for Macedonia, lost its cause after the division of the territory between Serbia, Greece, and Bulgaria following the Balkan Wars in 1912-13. Among the Montenegrins, the smallest nation in Yugoslavia, there was also a distinct national identity, but here the connection with the Serbs was the strongest.

The national conflicts in Yugoslavia were deeply intertwined with the different regional economic conditions, structures, and experiences, inherited from the Imperial period. The establishment of Yugoslavia in 1918 meant the creation of a completely new economic unit, which had never before existed. The shaping of new borders brought customs and tolls where there had previously been none, at the same time as they disappeared between areas where they had previously existed. As has been analysed by Rudolf Bićanić, the creation of the new economic unit meant that a number of tensions and imbalances, which were never really solved, even in the second Yugoslavia, were bred into the new state from its birth.[167] The regional differences implied different interests and conceptions for the economy. For those areas for which the new creation meant an actual increase of the market (such as Serbia), the

---

[167] The argument here largely follows the Croatian Lawyer and Economist Rudolf Bićanić, who was a member of the Croatian Peasant Party during the inter-war period and opposed to King Aleksander's rule, then deputy director of the National Bank in the Yugoslav government-in-exile during the Second World War, when he eventually declared support for the Partisans in 1942, and then took up a position as Professor of Economy in the Law Faculty at Zagreb University after the war: Bićanić, R (1973) "Economic Policy in Yugoslavia" Cambridge University Press: Ch. 1

tendency was towards centralist autocratic policies for safeguarding the new state, while for those who found themselves in a much smaller market (such as Slovenia and parts of Croatia, especially the north-west), the tendency was to advocate a federalist and liberal policy. The most developed areas, and economic branches, had an interest in a more open economy, in order to develop a niche, and to trade and compete on a wider international market, whereas the underdeveloped areas were more interested in protectionist economic development. Such interests were not just confined to manufacture and industry, which were poorly developed anyway even in the northwest, but also applied directly to agriculture, because the dominance of the latter sector meant that there was no industrial sector in the new domestic market to absorb any agricultural surplus. The problem with uneven domestic regional economic development and structure was further complicated by its connection to national demographic divisions. The new state-market creation thereby incorporated two different conceptions of economic development and moreover brought a division between a political power centre (Belgrade) and an economic power centre (especially the Zagreb-area), where the former employed non-economic means to counter-balance the most developed areas.[168] As we shall se in chapter 4, these competing conceptions continued to exist in the second (socialist) Yugoslavia created after the Second World War.

The agricultural-based economy changed structure in much of the new region during the war years and the inter-war period.[169] During the war years, women had taken over in cultivating the fields as the men were fighting in the war, and along with the development of industry in the new state there followed an early wave of countryside proletarisation. The great shortage of agricultural products after the war in much of Europe increased the prices, which in turn led to a corresponding rise in the price of land. This had an effect on the quality of production, which fell, as well as on its character. The creation of new borders and customs reduced the export of some products, such as Croatian wine, and the increasing pressure on domestic agriculture in the new state contributed to the radical fall in income for agricultural workers. Wages went down for other groups as well, both in industry and bureaucracy, but not to an equal extent. At the same time the tax burden in the new state increased, one of the objectives being to mobilise domestic capital. Under such economic pressure on both land and wages in industry, people compensated incomes from one sector with those from another, thus introducing the phenomenon of the peasant-worker; that is, a person taking an income both

---

[168] Bićanić, R (1973): 20-21

[169] Following: Bićanić, R (1973) and, Tomasevich, J (1955).

from industrial work and from cultivating land in order to survive or increase living standards. Under these conditions, and as an effect of the land reform in 1918 when land from the Habsburg aristocracy was distributed to the local agricultural workers, there followed an increase in subsistence farming even in those agricultural areas that had been exposed to market forces. The practice of subsistence farming was accompanied by the sale of one or two products, such as wine or tobacco, on the market. Various land reforms were undertaken in the 1920s and 1930s, with different effects. They resulted in increased productivity in most areas, but reduced it in some (Dalmatia), and while they generally broke up sharecropping and feudal structures, they contributed to inter-ethnic tensions in some areas, especially between Serbs and Albanians and between Croats and Serbs.[170] The reforms were however not accompanied by any agricultural policy, or support, to back them up.

The peasants, who in many areas were dissatisfied, had become considerably mobilised in the war years, and during the 1920s [171] and 1930s they became organised from earlier protest movements into political parties. The organisation of the peasants was however dependant on small groups of intellectuals in the urban areas, who took on the 'peasant cause'. The peasants were particularly well organised in Croatia with the Croatian Peasants Party (*Hrvatska Seljačka Stranka*, or 'HSS'), which was founded by Stjepan Radić and his brother; it moved in a nationalist and nationalist-romantic direction, and became the most important political party in Croatia during the inter-war period.

The incorporation of peasants into political parties and mass-based politics did not mean however that they generally achieved much influence in politics. Instead, the peasants could be controlled by the state through coercive means and economic credits, with Serbia being the region where the farmer's dependence on credits from the state, or other lenders, was particularly abused. Farmers' debts, and dependence on credits, meant that they could be directly manipulated for political purposes and credit could be traded for political loyalty. Nicos Mouzelis has argued that two different forms of popular incorporation into political participation prevailed in the Balkans, with a so-called 'peasant populism' in the north, and with the transformation of clientelist networks, from traditional to bureaucratic clientelism, in

---

[170] Tomasevich, J (1955); cf. Lampe, J (1996): 184-187 for economic development and for the Serb-Croat tensions in relation to land reform.
[171] Tomasevich, J (1955): p. 248 and chapter 27 *en bloc*.

the south (Greece).[172] Peasant populism prevailed in Croatia, while Mouzeli's argument for Greece concerning clientelist incorporation can be partly extended to the southern parts of Yugoslavia such as Serbia, Montenegro and Macedonia, where there was a mixture rather of the two forms; the peasants were incorporated into party politics, but the actual parties were either weak or represented other interests while controlling and manipulating groups of peasants. In the whole region, the strong state and low level of industrialisation, and the lack of any developed workers or trade union movement, which could develop an independent power base, coupled with weak urban-rural links and a strong hostility of the village towards the city (which represented political authority, creditors, and military conscription), effectively prevented any counter-balance to political-bureaucratic elites. Further, the degree of urbanisation was low and the urban middle class very small. Authoritarian and clientelist tendencies could thereby be preserved, albeit transformed, and these general conditions prevented the development of a 'civil society', as the term conventionally is conceptualised in contemporary literature.[173] Traian Stoianovich has suggested that a 'civil society', understood as a community with a 'shared city', as opposed to ancestry, and with networks of group associations that are independent from, but try to affect, institutional power, did not develop in this region; this is so because the city was so weak, the urbanisation level so low, and because state power developed and was extended before capitalist relations and industrialisation, as opposed to the case in western Europe.[174]

The Belgrade-centred Yugoslav state pursued a policy of protectionist state-capitalism, which favoured industry, but the domestic entrepreneurs and dealers were often acting as middlemen for foreign companies and economic interests. All production in the first Yugoslavia was linked to the world market and the economy was highly sensitive to external conditions. Most of the export, around three quarters, consisted of agricultural products, while the bulk of industrial products, up to 85 %, were imported. In the 1930s there was a general decrease in agricultural prices and shrinking grain markets.[175] With a growing gap in the prices between agricultural and industrial products Yugoslavia started to experience a problem that it would

---

[172] Mouzelis, N (1986) "Politics in the Semi-Periphery: Early Parliamentarism and Late Industrialisation in the Balkans and Latin America", MacMillan: Ch. 1-2

[173] In the sense that Hegel made a distinction between family and state, and in the sense most conventionally used by contemporary writers, where 'civil society' is supposed to consist of independent organizations counterbalancing the state and mediating, articulating or filtering various group interests (for example trade unions, sport associations, non-profit interest groups etc).

[174] Stoianovich, T (1994) "Balkan Worlds: The First and Last Europe", M. E Sharpe: pp. 291-292

[175] Cf. Lampe, J.R (1996): 179. Lampe discusses the Yugoslav strategy for overcoming the depression including the promotion of Germany as a principal trading partner.

have even in the second (socialist) Yugoslavia, namely how to pay for imports with exports. This problem continued throughout the second Yugoslavia, but after the 1960s the import-export character changed and was no longer centred on agricultural versus industrial products. In the 1930s the crisis arising from the import-export relationship, and the imbalance between agricultural products and industrial products, developed into a banking crisis, which led Yugoslavia into a debt crisis. The exposed position to foreign economic powers will be elaborated further below.

Among the most disadvantaged ethnic groups in the essentially Slavic state, were the Albanians.[176] The Albanian minority (concentrated in Kosovo and Macedonia) lived under Serb domination throughout the period of the first Yugoslavia, and had no specifically guaranteed minority or community rights.[177] A Serbian view was that the Albanians, especially since they sided with the Ottomans against Serbia in the Balkan wars, were national competitors for the territory of Kosovo. The Serbian policy was deliberately targeted at either assimilation of the Albanians into the Slavic state or expulsion. The attempts at assimilation primarily included the incorporation of Albanian children into Serbian schools (with all instruction through Serbian) and for this purpose Bosnian Muslim teachers were brought to the province, but fearing that the only result might be to educate a potential resistance group, the policy was changed.[178] Albanians were then allowed to attend Muslim, or so-called 'Turkish' schools, which were considered of lower quality, but the Albanians ended up utilising them to run their own parallel education system, and turned them into opposition centres of what was considered nationalist or communist activity.[179] It should be noted that schooling among the Albanians was far from general: only 2 % of the state high school population were Albanians, while the level of illiteracy was around 90 %.[180]

---

[176] I here refrain from discussing marginalized groups that may have been even more disadvantaged, such as the Romani (Gypsie).

[177] On Serbian-Albanian relations during this period, as outlined here, see further Janjić, D (1994) "National Identity, Movement and Nationalism of Serbs and Albanians", in Janjić, D & S. Maliqi (Eds) (1994) "Conflict or Dialogue", Open University, Subotica: 117-176; and: Shoup, P (1968) "Communism and the Yugoslav National Question", Columbia University Press.

[178] Banac, I (1984) "The National Question in Yugoslavia: Origins, History, Politics" Cornell University Press: 299; cf. Poulton, H (2003) "Macedonians and Albanians as Yugoslavs" in Djokić, D (Ed) (2003) "Yugoslavism: Histories of a Failed Idea 1918-1992" Hurst & Company, London: 115-135 (Poulton refers to Banac on this particular issue).

[179] Following: Banac, I (1984): 299

[180] Banac, I (1984): 299

The entire territory of Kosovo was subjected to a policy of colonisation, which included attempts to alter the demographic composition of the area, such as for example during the land reforms of 1922-29, and again of 1933-38. The reforms were aimed both against the inherited feudal and tribal social relations in Kosovo and against the Albanian population in itself, systematically and effectively favouring Serbs and Montenegrins and allocating them better quality land. Encouraged in such ways a large number of Albanians left for Turkey during this period. The Albanian population thereby came to live under a state of repression in the Slavic state, and the period started with violent raids and counter-raids between 1918 and 1920. An Albanian rebellion movement, the so called Kačak-movement, opted for the unification of Kosovo with Albania, which was supported by Italy, and posed particular problems for the Serb-dominated state in the 1920s. Many Albanians considered the movement to be an armed rebellion against the Kingdom, the State, and its colonisation attempts, while for the Serbs it represented bands of robbers and criminals.[181] The movement was persecuted by the Yugoslav police, but its development was primarily prevented by disputes over the future of Albanians among the Albanians themselves. The Albanian Minister of the Interior, Ahmed Zogu, was an opponent of the Kačak-movement and in 1922 he started to disarm the Albanian tribes in the northern highlands of Albania and the border area with Yugoslavia. When he later became Prime Minister, he entered into a secret agreement with the government in Belgrade to get rid of the Kačaks. After a short interruption during the June revolution in Albania, he was reinstated in power in a new regime, which was sponsored by Belgrade and he then set out to suppress the Albanian leaders in Kosovo, which involved the assassination of the two leaders Zia Dibra and Bajram Curri.[182] The newly created Albanian state was itself subjected to foreign interference, with Yugoslavia, on the one hand, and Italy, on the other, supporting various clans considered suitable for their respective state-interests. Apart from incidents with Albanian rebels in the south, the various conflicts within the new Yugoslav state were primarily filtered politically through the parliament, and often articulated as constitutional conflicts.

An outline of the state framework and its tensions

Formally, the state was a parliamentary democracy introduced in 1919 with universal suffrage and parliamentary government. The Croatian hopes for a joint state were however almost

---

[181] Cf. Janjić, D (1994): see footnote 216
[182] Miranda Vickers (1998) "Between Serb and Albanian: A History of Kosovo": 99-102; Cf. Janjić, D (1994)

immediately overshadowed. The Croatian aspiration to the federal idea, derived from the Habsburg experience, was not equally backed up by the Slovenes, or even Dalmatians, who found immediate protection within the new state from Italian and Austrian claims upon their territories. The Slovenes were geographically disconnected from Serbia and therefore had less fear of Serbian domination.[183] From the beginning the Croatian Peasant Party (HSS)[184], which had strong rural support in Croatia, became marginalised from the alliance between the Serbian Radical Party and the more broadly popularly based Democratic Party (which had its supporters among all ethnic groups).[185] The Radical-Democratic alliance passed the Constitution with a single majority in 1921, and the Croatian cause was weakened from the start as the Croatian Peasant Party boycotted the parliament rather than trying to negotiate some form of autonomy, which might have been possible.[186] Eventually the HSS ended their boycott in 1924, but the parliamentary system operated under dismal conditions from the beginning and soon collapsed. Apart from the state being dominated by a small fraction of the Serbian elite, the parliament was heavily manipulated by the Crown (King Aleksander and later Prince Paul).[187] After a shoot-out in the parliament in 1928, the leader of the Croatian Peasant Party, Stjepan Radić, died, and in 1929 King Aleksander abolished the parliament and installed a royal dictatorship. In 1931 a new Constitution was passed which legalised the royal powers, although some retreats from the authoritarian rule followed.

In Croatia this spurred on the development of the Ustaša movement, which aspired to an independent Croatian state, and eventually moved in a terrorist direction. Throughout the 1930s the Ustaša largely operated from outside Yugoslavia, in the Croatian diaspora, and plotted against the royal dictatorship, but it was a Macedonian, with support from Italy and Hungary as well as Ustaša, who assassinated King Aleksander, together with the French Foreign Minister, in Marseilles on 9 October 1934. After his death, the regency continued to rule under his cousin Prince Paul, since the successor King Peter II was still a child. In order to counter the Ustaša's claim for secession, the Croatian Peasants Party, now led by Vladko Maček, managed to negotiate with Belgrade and achieve autonomy for Croatia in 1939. In the

---

[183] Cf. Hoptner. J.B (1962) "Yugoslavia in Crisis 1934-1941" Columbia University Press: Ch 1

[184] Hrvatska Seljačka Stranka (Croatian Peasants Party), led by Stjepan Radić until his death in 1928, then by Vladko Maček

[185] Pavlowich. S. K (1988) "The improbable Survivor – Yugoslavia and its Problems 1918-1988 " Hurst & Company, London: Ch 1

[186] Hoptner, J. B (1962): p. 7; Pavlowich op.cit: p. 3

[187] See further Pavlowich. S. K (1988): Ch 1; Pavlowich, S (1999) "A History of the Balkans 1804-1945", Longman, London & New York: 274-282; Tomasevich, J (1955): p. 240 onwards. My characterisation of political conflicts below to some extent builds on these sources.

re-structured state, Croatia, which now included large parts of Bosnia as well as Dalmatia and Dubrovnik, was guaranteed a large degree of self-rule including control of budgetary and internal affairs, while the central government maintained foreign affairs and defence, foreign trade, and communications. The 1939 agreement (*Sporazum*) was contested by many parties, including the Communists and Democrats, and particularly the Serbian parties who disapproved of the absence of guarantees given to the Serbian minority in Croatia. The Muslims who came under Croatian administration were simply ignored in the formula. The *Sporazum* was primarily an attempt to secure Serbian-Croatian relations, bring internal unity and avoid potential Croatian agreements with fascist Italy or even Germany. While Yugoslavia had opted for a neutral position in 1936 it was increasingly and reluctantly drawn into a German sphere of influence. Yugoslavia's position internationally, both in terms of geopolitics and political economy were at least as problematic as any domestic disputes, and in fact a prime reason for keeping the country together in the first place.

A Place in the Balkans and in the Word

If the domestic situation was poor right from the start with the main Croatian party initially boycotting the parliament, the international position was no more ideal. The new state had inherited a number of external troubles from the Habsburgs and at its borders it had Bulgarian claims on Macedonia, shifting Albanian positions between Rome and Belgrade, a fascist Italy with claims to Yugoslav territories, and an irredentist Hungary (with a large minority in Vojvodina in Serbia. Its Slavic 'brother' Russia offered no support, as it was Communist ruled and the Cominform considered the Yugoslav state to be the (bourgeois) result of territorial expansion of one state on behalf of the crushed Empires. Yugoslavia was, as a popular saying goes, 'encircled by troubles'.[188] Moreover there was a growing German challenge after 1933, with Hitler in power, and a Great Britain whose interests were elsewhere. The only power supporting the Versailles-state borders was France. Yugoslavia therefore relied to a great extent upon France in its foreign policy, as well as forming alliances first in 1920-21 with Czechoslovakia and Romania (both with their own Habsburg legacy and interest in preventing an irredentist Hungary from sabotaging the peace treaty), and eventually from 1934 in a Balkan alliance with Greece and Turkey (and Romania) to fend off Bulgarian

---

[188] A word game which schoolchildren could use to learn the names of Yugoslavia's geographical neighbours: (Yugoslavia) *je okružena brigama*" (Yugoslavia is encircled by troubles) with: B=Bulgaria, R=Rumania, I=Italy, G=Greece, A=Albania, M=Magyarska (Hungary), and A=Austria.

claims. Foreign policy therefore was mainly concerned with securing Yugoslavia's borders and finding the alliances to support it. With the small nations (Czechoslovakia, Romania) it was a strong advocate of the League of Nations, but could not rely exclusively on any "collective security" principle and therefore needed the ties with France as well as the Balkan alliance.

The Economically Dependent Yugoslavia

Yugoslavia's diplomatic relations were however in poor compatibility with its foreign economic relations and foreign trade.[189] Most of its trade was with Germany, Austria and Italy, and it grew increasingly dependent on Germany in the 1930s after the Great Depression. The Depression hit Yugoslavia hard as a small agriculturally dominated country. The agricultural crisis in the 1930s, the increasing gap between agricultural and industrial products, and the export-import asymmetry it created has already been discussed above. With the drop in prices in international trade, Yugoslavia also suffered a banking crisis, followed by indebtedness at home and abroad.[190] With three quarters of the Yugoslav population still in agriculture and its exports being primarily agricultural and livestock products, its most important supplements were timber, minerals, and the export of cement to the Italian market; however, in the nineteenth century, industry and mining had been largely developed and exploited directly by foreign companies and Yugoslavia was still heavily dependent on foreign economic centres.

Some industrial development took place in the inter-war period and, although the sector remained small, it was growing especially in the 1930s. The expansion was mainly in light manufacturing in the northwest (Croatia, Slovenia) and mining and metallurgy in the south (Bosnia-Hercegovina, Kosovo, Macedonia) and it was stimulated, or exploited, with foreign capital, especially French, British and increasingly German. In spite of the nationalisation of some industries and an import-substituted industrialisation strategy after 1929, foreign companies retained control over the bulk of industry. The extent of this in 1939 was that more than half of the metalworking industry, some 75-90 % of the mining, metal extracting and

---

[189] Cf. for example Pavlowich 1988.
[190] Hoptner, J.B (1962): 94

97

chemical industries, and 25-50 % of the other industries were under the control of foreign companies.[191]

The state did experience domestic growth, especially in the second half of the period, placing Yugoslavia in the top section of economies in Eastern Europe, but the economy was externally dependent and the incompatibility of Yugoslavia's need for diplomatic friends and her need for trading partners could not be bridged. While in the period 1926-30 Italy took more than 25 % of Yugoslav exports, Austria around 19 % and Germany just above 10 % (and Czechoslovakia just below 10 %), this changed in the period 1936-39 to Germany taking close to 30 %, Austria just above 11 % and Italy just above 7 %.[192] The loss of the Italian market came after the League of Nations decided on a selective boycott of Italy following the Italian occupation of Ethiopia. The League of Nations decision had a considerable effect on Yugoslavia. The increasing dependence on Germany was also notable in relation to imports, which were in the same proportional range as for exports. Furthermore, the Germans bought out French and American interests in Yugoslavia, such as mine-holdings and electricity companies. By the second half of the 1930s, the Yugoslav economy was almost completely dependent on Germany. It was not without reason that the Yugoslav communists considered the Monarchy to have exposed Yugoslavia to a subordinate position and invited domination and exploitation by foreign economic capital.

The reliance on Germany did bring some short-term gains, but it would increasingly become an awkward partner in foreign policy. When Yugoslavia joined the tripartite-satellites in 1941 there followed a *coup d'etat* by the discontented Serbian officer corps who tried to save Yugoslavia from internal unrest, but they had no time to develop their policies before the German attack on 6 April.

---

[191] Figures taken from: Schierup, C-U (1990) "Migration, Socialism and the International Division of Labour: The Yugoslavian experience" Aldershot, Avebury: 38

[192] All figures taken from table II in Hoptner, J.B (1962): 95

Occupation and Revolution: the development of state and nation conceptions among the Yugoslav Communists, their learning process in the Second World War and competing state claims[193]

The most significant political forces in the inter-war period were the fairly nationally oriented Serbian Radical Party, (with connections to the Orthodox Church), the equally national Croatian Peasant Party, and the less regionally attached Democratic Party, which advocated a centralist parliamentary system and land reforms. These forces operated under an authoritarian monarch.

The main contesters were eventually the fascist Ustaša (which grew out of the Croatian Party of the Right, and which had strong relations to the Catholic Church) and the Communists. In addition there were a number of liberals oriented to the Wilsonian ideal, but these could mainly be found among intellectuals (especially at Belgrade university) and had little popular connections. Since it was the Communist Party which eventually formed the core of the partisan movement and re-created the state in the second Yugoslavia the rest of this chapter will be devoted to them and especially to their conceptions of state and nation.

The Yugoslav Communist Party, which was founded in 1919 and outlawed two years later, was deeply divided over the national question for long periods during its activities in the first Yugoslavia.[194] The influences on their position came from the two sources of Bolshevism and Austro-Marxism, eventually moving from the former towards the latter.

Like the Austro-Marxists, the early Bolsheviks conceptualised 'nation' and 'nationalism' as typical historical constructions, with the nation perceived as a historically constituted community of people.[195] The emphasis here was against any racial or tribal conception of nation. The Marxists emphasised the modern element of 'nation' and connected it particularly to the rise of capitalism, although in the case of Stalinist Russia this practice changed

---

[193] This section owes much to the following works (in more or less the same chronological order): Shoup, P (1968) "Communism and the Yugoslav National Question" Columbia University Press; Tomasevich, J (1975) "War and Revolution in Yugoslavia 1941-45 – The Chetniks" Stanford University Press; and Denitch, B (1976) "The Legitimation of a Revolution" Yale University Press.

[194] Shoup, P (1968): Ch. 1

[195] See: Stalin, J (1913/1936) "Marxism and the Nationalities Question" Second Edition, London, Lawrence & Wishhart Ltd, London & Liverpool.

fundamentally in the 1930s.[196] But, while Austro-Marxist ideas were more practically oriented towards solving the national question within the declining Austro-Hungarian empire, the Bolshevik theory of nationalism, as formulated by Stalin upon Lenin's request, was developed partly in opposition to the Austro-Marxists and aspired to develop Russia's potential with the various national groups by promising self-determination.[197] It was only in the multi-national empires that the Socialists were concerned with the problem of national self-determination. The Balkans, however, were of little concern as the region was considered backward and as lacking suitable conditions for a revolution anyway (revolution was to be expected in and to be concentrated on the capitalist strongholds).

The central problem provoking disagreement within the Yugoslav Communist Party revolved around the issue of how revolutionary aims should be achieved, but the constant tension in the country over the national question also added to disputes. The various movements within Serbia, Croatia, and Slovenia had taken different positions on the formation of Yugoslavia. In Croatia and Slovenia the socialists had opted for federation and autonomy within the Austrian state, and were suspicious of a Balkan federation. In Serbia, the socialists had wanted a Balkan federation, but there was also strong support for the idea of firstly uniting Serb-inhabited lands as a necessary step towards a coming revolution. When the first Yugoslavia was formed the Serbian socialists quickly recognised it, since it incorporated all the Serb-inhabited lands. The Serbian socialists gave little attention to the problem of how to regulate the nation's self-determination within the federation to which they aspired. This was in stark contrast to the Austro-Marxists who had devoted much concern to this particular issue, but also in contrast to the Bolsheviks. The main focus for the Serbian socialists was instead the economic advantages which a federation would bring about. The party would eventually come to take a centralist position rejecting federalism as splitting loyalties among the workers along national lines.[198] The Comintern held a different position; Stalin wanted a Soviet federal model in the Balkans, and made attempts to strike deals with the nationalist movement IMRO in Macedonia, as well as with the Croatian Peasants Party under Stjepan Radić. The position of the Comintern was that, in a backward peasant-dominated region such as the Balkans, national movements should be exploited in a revolution against the Colonialists, and that

---

[196] In the 1930s there was a dramatic turn in the Soviet view of nations and a growing emphasis on the "primordial" origins of a "nation". See: Martin, T (1999) "Modernization or Neo-Stalinism? – Ascribed nationality and Soviet Primordialism" in Fitzpatrick, S (Ed) (1999) "Stalinism – New Directions" Routledge: 348-367

[197] Cf. Shoup, P (1968): 14-15

[198] The party was during its first decade also dominated by Serbian socialists.

national support could be secured through the idea of a common revolution in which self-determination could be promised to the various national groups (moreover, they saw the Yugoslav state as a territorial extension of Serbia, created in the wake of the defeated Austria-Hungary). These efforts proved to be a great failure for the Comintern however, and it was evident that it had misinterpreted the interest of self-determination and over-estimated the possibility of creating interest in a communist revolution among the peasants. At the end of the 1920s a deep split over the national question developed between the Yugoslav Communist Party and the Comintern. This created problems for the Yugoslav communists, and after the dictatorship installed by King Alexander in 1929, their situation became acute. Communists were persecuted throughout Yugoslavia, many fled the country, and the party collapsed.

In the first half of the 1930s the party was slowly revived with a new leadership more in harmony with Moscow. In pursuing the idea of provoking an armed rebellion among the peasants in Yugoslavia, and to break up the country, the Comintern made some attempts at 'unholy alliances' with the extreme national movements in Yugoslavia. Nothing came out of these efforts though and after Hitler's rise in Germany the Comintern abandoned its hostility towards a Yugoslav state. In 1934 the Comintern had taken initiatives to create national communist parties in Slovenia and Croatia. These efforts were re-enacted and fulfilled in 1937, but this time not as a step towards breaking up the state but rather to help ensure a more national image and support for the Communist Party. Meanwhile in Croatia the national movement had gained momentum, largely as a response to the repression of the dictatorship under King Alexander and the murder of Stjepan Radić. But at the same time the Communist Party started to become truly Yugoslav. After the installment of Josip Broz Tito as the leader of the Yugoslav Communist Party in 1937, the new party leadership included Slovenes, Croats, as well as Serbs and cultivated a pro-Yugoslav line supported by the Comintern.[199] Susan Woodward has argued that this Slovene-Croat infusion in the leadership made the party more committed to the idea of multi-nationalism and federalism from this early stage on.[200] The heritage of Austro-Marxism was now also more emphasised.

---

[199] His real name was Josip Broz, while 'Tito' was the nickname always used.
[200] Woodward, S (1995) "Socialist Unemployment" Princeton University Press: See her anaysis of early party developments in Introduction (partly) and especially Ch. 2; Compare also Wachtel, A. Baruch (1998) "Making a Nation, Breaking a Nation – Literature and Cultural Politics in Yugoslavia" Stanford University Press: 130. Wachtel argues that Tito and his followers were decided not to repeat the mistakes of the Monarchy with its attempts to "Serbianize" Yugoslavia and therefore opted for some form of federalism (p. 130).

After the German-Soviet agreement of 1939, the party initially opted for a neutral position between the Western democracies and the Nazi-fascist alliance. The government in Belgrade tried to occupy a position of balance to keep the country out of war, but its weak position became ever clearer, first after the German blitzkrieg and occupation of France, then with Mussolini's intervention in Greece from 28 October 1940. The Italian setbacks in the southern Balkans against the Greeks, and in northern Africa against the British, pushed Hitler into the Balkans, with the aim of aiding his ally and preventing the British from advancing in Greece. Yugoslavia occupied a precarious strategic position, both as supply route to the Mediterranean and Africa, and for its proximity to the southern Russian front. The Yugoslav Government's determination to stay out of the war forced it to sign an agreement with the Germans. But this was seen as treason by the Serbian officer corps (who still considered Germany their enemy since the First World War) and also by a large part of the Serbian population. The *putsch* that followed seemed to receive considerable popular support, but also brought the immediate intervention by Hitler on 6 April 1941. The superior German military swept out the local army in a few months. It divided the country roughly between German military administration in Serbia and the eastern parts, Italian rule over Montenegro, Dalmatia, Istria, parts of Slovenia, Kosovo and western Macedonia to the Italian-controlled Albanian state, while Bulgaria took the remaining parts of Macedonia and Hungary parts of Vojvodina and northern Serbia. The Ustašas received an enlarged Croatian state, the NDH-state (*Nezavisna Država Hrvatska*)[201], which they set about ethnically purifying. In Serbia hundreds of thousands of Serbs, including most of the army, were deported by the Germans to prisoner of war camps. A very small number of Serbian soldiers (a few dozen) escaped with Colonel Draža Mihailović to the mountain Ravna Gora and would eventually form the core of the Serbian Četniks.[202] The number of those killed in the inter-ethnic struggle that eventually unfolded, between the Ustaša and Četniks, is disputed. Most accounts agree on a range of several hundred thousand Serbs killed by the Ustaša (some accounts give the figure as close to one million) , and at least tens of thousands of Croats killed in the later years of the war by revenging Četniks (some accounts claim one hundred thousand or more). In addition, there were certainly victims from other ethnic groups. In any case a large part, perhaps the majority, of the victims of the war were due to inter-ethnic violence within Yugoslavia itself.

---

[201] 'Independent State of Croatia'

[202] Compare for example John Lampe (1996): 200-201

After Hitler's attack on Yugoslavia, the partisan movement that developed under the Communists would gather increasing support as a liberation platform from foreign occupation. Factions continued, but increasingly the communist partisan movement was able to provide a "Yugoslav" ideology promising both the liberation from foreign domination and a formula for resolving the national question; here, the struggle against foreign domination was a common cause. The objective was not easily achieved though. Initially the partisan movement, formed in the second half of 1941, had a poor recruitment base between the royalist Četniks in Serbia and the Ustaši in Croatia. These two movements attracted large portions of the peasantry among their own national groups. Among the Muslim Slavs in Bosnia-Hercegovina, many peasants sided with the Ustaši. The partisans sought an initial operation base in Serbia proper, but were forced out by the Četniks and had to move towards the Sanžak area in the border region between Serbia, Bosnia and Montenegro.

In Croatia it was equally difficult to attract Croatian peasants, and initially a large part of the recruited forces were Serbs from Croatia and Bosnia (largely Krajina Serbs who sought protection from the the Ustaši).[203] The Partisans developed strategies for trust and reconciliation between Croats, Serbs, and Bosnian Muslims.[204] They sought to ensure that villages which they entered were not looted, and avoided entering hostile villages unless it was strategically necessary. Sometimes this failed, and there are several descriptions of unscrupulous looting and, for example, partisan Serb harassment of Croats or Muslims, but eventually, and especially after 1943, this gave way to a more consolidated 'multi-ethnic' partisan force united against the occupation powers and bound together with an ideology of 'brotherhood and unity'. The communists ability to attract such support for the partisan movement, in a situation so bitterly fragmented, ethnically-divided and so characterised by mutual distrust as Yugoslavia had become during the first years of the war, owes a good deal to the ideology that could be offered, together with the self-confidence of victory. Moreover, the Yugoslav communists now had to take the question of peasant nationalism seriously, and to build into their ideology a method for how to deal with the national question. In December 1942 the AVNOJ (Anti-Fascist Council of National Liberation of Yugoslavia) was founded

---

[203] The *Krajina* (borderland) was the military border and buffer-zone between the Ottoman state and the Habsburg lands and geographically largely follows the border between Croatia and Bosnia (the Krajina being on the Croatian side), as well as continuing into Serbia. Krajina had a large population of Serbs before they were expelled from Croatia in the ethnic cleansing during and after Operation "Storm" in August 1995 (and "Flash" in May 1995).

[204] A systematic study of these strategies would be a very interesting study and provide useful analysis both for the successes of Yugoslav state-building, as well as the strategies for reconciliation as such.

and during its second council in November 1943, it issued a statement that Yugoslavia was to be organised along federal principles.[205] This decision was confirmed by meetings in the national councils. Up until 1942 the partisan movement had been scattered, with little and ineffective control under the Communist Party, and the party had been primarily concerned with consolidating ranks. After the foundation of the Councils the national question was more seriously tackled. It was largely due to the anti-fascist councils that the Communist Party and the partisans could win serious recognition among the people as a national liberation force.[206] Certainly the chaos of the war brought many supporters to the ranks of the partisans, but many were also attracted to the alternative movements, such as the Četnik forces under Mihaijlović, or to the Ustaši.

The anti-fascist councils however came to provide a new political instrument for the partisans. Through this structure the partisans managed to establish local ties with many regions and secure considerable support among the local peasantry.[207] The strategy was different only where the minority problem was particularly difficult and where the hostility to the idea of Yugoslavia was the strongest. There were also strong national sentiments within the various partisan ranks. It should be remembered that there were in fact several wars occurring in parallel (general resistance against the foreign occupiers, civil inter-ethnic struggles, and Serb partisans against Serb četniks) and that the partisan movement during these first years predominantly consisted of Serbs and was only joined by large numbers of Croats in 1943. To this extent there was a good deal of nationalist sentiment and provincial patriotism within the partisan ranks. But at the same time the partisans could plead with Muslims to join them in defense of the more nationalist Serbian Četniks.

Eventually the Communist Party managed to create a new leadership cadre by recruiting and training local peasants who became strongly loyal to Tito and the unitary idea and thus created a *new* locally rooted leadership in addition the older (and more national-regionalist) one.[208] The ideology of the communists provided "secured" equality by promising the elimination of "bourgeois" national exploitation of one nation by the other. As Paul Shoup emphasises, in his by now classical work on the Yugoslav national question until 1966, the

---

[205] The decision is translated into English and reprinted in Trifunovska, S (Ed) (1994) "Yugoslavia Through Documents From its creation to its dissolution" Martinus Nijhoff Publishers, Dordrecht / Boston / London: 206-207. This important decision was taken as the formal creation of the new state.
[206] Shoup, P (1968) Ch. 3
[207] Ibid
[208] Shoup, P (1968): 91-92

partisans did not so much offer a *solution* to the national question as offered a form of cooperation.[209] Rather than insisting on a Yugoslav identity they asked people to accept, tolerate and work together with Slavs of other nationalities. From 1943 onwards they gained more and more supporters and also started to attract many Četniks. The Četniks engaged in alliances and collaboration here and there, while the partisans fought relentlessly against foreign invaders, and war-weary and disillusioned Četniks laid down arms or went over in greater numbers to join the partisans in the last two years of the war.[210] There has perhaps never been a fully satisfactory interpretation of why the partisans were so succesful in attracting support from local peasants with strong national affiliations. The peasants were fighting for liberation from foreign powers and the partisans possessed strong credibility in this cause. But exactly why and how they were able to provide this among the various competitive groups remain partly unclear. In many places the peasants simply fought for their locality. The element of the foreign occupation appears crucial in addition to the country-wide organisational development anchored in local communities.[211] For the partisan question the war was equally important in that it destroyed elements of competing forces, such as the Četnik bands, as it was in bringing the peasantry under partisan ranks.[212]

In the partisan years the Communist Party clearly went through a learning process, moderating the pre-war policy, and would come to promise a new Yugoslavia in which all the national groups (with some exceptions) would be constituent components.[213] The Četnik movement had a much narrower base for their idea of reviving the Serbian Kingdom. The strength of the Četniks was that they had a large component of professional officers, but this was also partly a disadvantage in that they were less adaptable to guerilla warfare and, moreover, the Četniks failed to develop any political organisation to embrace the population that supported them; until January 1944 they only had a small national committee.[214] The partisans on the other hand were learning fast and in addition had professional soldiers, many of the leaders having combat-experience from the Spanish Civil War.[215] They developed a

[209] Shoup, P (1968): Ch. 3
[210] Milazzo, M (1975) "The Chetnik Movement & Yugoslav Resistance" Johns Hopkins University Press: 137-39
[211] Skocpol, T (1979) "States and Social Revolutions: A Comparative Analysis of France, Russia and China" Cambridge University Press; Skocpol, T (1994) "Social Revolutions in the Modern World" has argued the general importance of the "foreign" powers for other revolutions (France, Russia, China).
[212] Milazzo, M (1979): 184-187
[213] Exceptions were for example Albanians and Hungarians. The Bosnjaks or, Muslim Slavs, were initially not acknowledged as a constituting nation, but would become so successively.
[214] Tomasevich, J (1975): 192-93
[215] Ibid

strong organisational and material base in addition to being armed with a powerful ideology. In the terror of inter-ethnic violence that followed under the Ustasja regime of Ante Pavelić, as well as the revenge acts of the royalist Četniks towards the end of the war, this ideology would provide the only source of legitimacy for a new Yugoslavia. Because considerable autonomy was exercised by the various party-branches and their partisan organisation, the partisan movement had an enormous flexibility at the same time as being locally rooted. It had a dual fighting force of local-regional anchored guerilla bands, and the centrally controlled brigades (the proletarian brigades) to engage enemy forces in strategic battles. The Communist Party employed different ideologies in different regions. Susan Woodward has shown how the Slovenian and Croatian party branches played strongly on nationalist sentiments and how in Croatia it also adopted more liberal programmes or in the case of Slovenia revived the self-governing traditions from the Theresian reforms of the Austrian Empire.[216] Here, political self-government and local initiative was based on regional economic self-sufficiency and thus autonomy in economic policy. Moreover, not dissimilar to the regional conceptions for the economy as suggested by Rudolf Bićanić, and as discussed above, Susan Woodward convincingly distinguishes two different concepts or economic models, rooted in the different experiences and conditions that prevailed in Slovenia and the Bosnia / Montenegro area respectively, that existed within the partisan leadership from the beginning.[217] These, she argues, were brought into the Yugoslav state and fostered future internal disputes of governance and political economy.

It must be emphasized that the partisan struggle, and the Communist Party's ideology, was characterised by the combination of revolution and national liberation. The South Slav lands were both predominantly rural and peripheral in a European context, and its subordination to foreign capital prompted the Communist Party to combine revolution with liberation from foreign capitalist domination and subordination. Because of this, the international position was always important, and the Communists had a nationalist dimension. The capitalist enemy was pinpointed as the Royal dictatorship, which allowed, and cooperated with, foreign exploitation. In this manner, national self-rule and national liberation were necessary partners to, and prerequisites for, the class struggle, and the only means by which small nations in a global capitalist (and European) periphery could achieve this was by uniting against the common enemy. Dividing the small nations into nationalistic movements was an example of

---

[216] Woodward. S (1995): Ch. 2
[217] Woodward, S (1995). We shall return to this in the next chapter.

106

how foreign capitalists *divide and rule* in the market-making process of creating subordinated spheres of influence and exploitation. The concept and slogan of 'brotherhood and unity' should be seen in this context.

As Bogdan Denitch has pointed out, another crucial feature of the Yugoslav revolution is that the Communist Party managed to build up its own army.[218] When the new state was formed the party and the army was *one*. In this sense the Yugoslav revolution shares an important element with the Chinese revolution, where the Party also had their own army, but differs considerably from, for example, the Russian revolution where the Bolsheviks first had to build up a strong base among other organisations within Russia, with the peasants, with factory councils and so forth, and then so to speak *capture* the state (which in Marxist theory at the time was seen as the only vehicle for power) before they could build their own army.[219]

Moreover, Denitch suggests, because the Yugoslav communists, the partisans, had managed to liberate the country from foreign domination and had the experience of guerilla warfare based on support from the local peasantry they emerged out from the Second World War with considerable confidence. Unlike the communist parties in Eastern Europe they did not need to rely on a dominant Soviet Union.[220] Such confidence was coupled with the specific experience of relying on decentralised decision-making, which was a necessity in the guerilla war, and the party was in this sense more nationally anchored than its counterparts in Eastern Europe.[221] From the outset the Yugoslav form of real-socialism differed from that in Eastern Europe. The communist parties elsewhere typically came into conflict with the peasantry over nationalisation reforms and the organisation of society and economy. Because these countries were predominantly agricultural and the majority of the population were peasants this meant that they actually came into conflict with a large part of their own populations and their policy therefore also came to adopt more repressive features.[222] In Yugoslavia this was not the case. The partisans had built a support base among the peasantry, and the Yugoslav communist party came out of the Second World War with strong local support, which created another source of self-confidence as well as different starting conditions for the party. Except for

---

[218] Denitch, B (1976): Ch. 3
[219] Ibid
[220] Certainly we should not underestimate the role of the Red Army, although the Yugoslav version has always been that they liberated themselves. What is important though is that the Red Army was not present in Yugoslavia after the Second World War, as it was in the rest of Eastern Europe.
[221] Denitch, B (1976) "The Legitimation of a Revolution", Yale University Press: Ch. 3
[222] Ibid
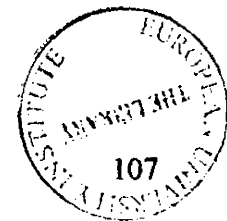
some unsuccessful attempts until 1951, which were soon abandoned, there was no wide-scale confiscation or nationalisation of land. In fact 85 per cent of the land remained in private ownership by small- scale individual farmers (state-owned, and later self-managed, farms were developed though and became highly productive).[223]

The self-sufficiency of the party, as well as the local support base, are two initial aspects in which Yugoslav communism differs from the Soviet-controlled Eastern bloc. The idea of socialism was also framed differently. As we shall see below, these differences would become increasingly accentuated after the development of the Yugoslav form of real-socialism under worker's self-management. Bogdan Denitch has further pointed out that the war and revolution in Yugoslavia, occurring in tandem, propelled a social transformation of Yugoslav society.[224] Because of the mobile nature of the partisan war much of the village communities came to be irreversibly transformed. Social mobility had come about by the war, and a new group of very young leaders emerged from the partisan ranks. The young officers and political leaders of the partisans, as well as the partisan women, came to challenge the patriarchal nature of society in the countryside and mountain villages. The war thus brought about a transformation of society by uprooting the villages and countryside, which paved the way for the social mobility eventually necessary for industrial society. After the war the institutions of the first Yugoslavia were destroyed. The Army was new and belonged to the party. In many respects, namely in institutional and ideological terms, the second Yugoslavia was a state moulded from scratch, from the party and the army. Further, the second Yugoslavia was created, and existed, in a profoundly reorganized geopolitical and global economic order.

Coupled with these noted elements of discontinuity between the second and the first Yugoslavia, it should be emphasised that the institutions themselves, and the inherited problems, also contained strong continuities. Apart from the obvious heritage of the national question, the second Yugoslavia would find itself initially with its very existence as a state questioned by foreign powers. Then, eventually accepted and externally legitimised it would again come to balance itself between foreign powers and, in its attempts to industrialise and modernise the country, become heavily dependent on global economic conditions and on foreign capital in the development of its political economy. These were conditions that the new regime, under the Communists, not only had to take account of, but actively would come

---

[223] See further chapter 4

[224] Denitch, B (1976): Ch. 3.

108

to incorporate as an integral component in its policy for developing and transforming the country, as will be discussed in the next two chapters.

It has been argued by George Schöpflin, that Communism-Socialism was the only ideology available for Yugoslavia after the Second World War, and that it would be either a Communist Yugoslavia or no Yugoslavia at all.[225] The contention was that only the Communist-led partisans could reconstruct the state (after the devastation and trauma of the Second World War) because they could offer an ideology with a solution to the national question and development independent from foreign domination. They offered a program of development and an egalitarian future and a dynamic system with prestige linked to such successes as those of the Soviet Union. In addition, the Communist partisans had led the struggle against and liberation from foreign occupiers. These were all elements that no other ideology or project could offer. This argument is quite powerful and the idea of the new state was indeed heavily linked with the "revolution" and the Socialist project. It offered a promise of a "brotherhood and unity" between nations that had combated against each other during the war. To this I would propose adding that, *given the political circumstances and constellations* after the Second World War, Yugoslavia also had to be of a particular kind of socialism, independent from the Soviet Union, that it had to be non-aligned, and that it had to be federal. This does not imply historical determinism but is simply a consideration of the options, or opportunity-structure that was available at the time. It had to have its own form of socialism because of the 'socialist interpreters' or leadership that existed in the Communist Party, because of the strong commitment to independence (which was bound to conflict with the objectives of Stalin), and because of the local popular alliances the communist leadership build. These alliances were with the peasants, who had their own views on what kind of society they wished to have.[226] Gaining local support had been in competition with strong opponents, such as the Croatian Peasants Party and nationalist ideologies. This multi-national leadership cultivated ideas of socialism other than the "Stalinist form", and it was the leadership necessary to build support among the various nations. Certainly, this was at first

---

[225] This was presented in a synopsis at a conference of the "Europe and the Balkans"-network in Bologna, Italy, February 1996.

[226] Melissa Bokovoy has shown how the peasants brought in their own claims and negotiated with the Communist partisans during the war, as well as after, and how the Communists thereby went through a learning process during the war. See Bokovoy, M (1998) "Peasants and Communists – Politics and Ideology in the Yugoslav Countryside 1941-53" University of Pittsburgh Press: *en bloc*, but for the partisan years see Ch. 1. The peasants, of course, wanted to maintain their land and were very hostile to any confiscation of property and although this would be the case everywhere, they had a particularly strong influence and leverage in the Yugoslav case.

restricted to Slavic nations, and the Germans living in Yugoslavia were largely expelled, while the Albanians in Kosovo were incorporated into Serbia as an autonomous region, and initially subdued, but it was nevertheless a qualitative move forward from the experience of the first Yugoslavia.

Because of this, the ideas of multi-national federalism were brought into the new state from its birth.[227] Moreover, the state probably had to be non-aligned due to the strong element of national liberation, and national and economic independence, which was the objective and emphasis of the Communists. The global order that emerged after the war, a capitalist bloc in confrontation with a socialist bloc, and the Soviet Union under Stalin, made frictions with both sides likely and non-alignment the most viable option.

The Yugoslav model of socialism and workers self-management was written into all the Constitutions since 1953, and thereby the political idea of the second Yugoslavia expressed discontinuity from the first Yugoslavia.[228] Anchoring self-management in the Constitution is a crucial element since it links the state to a particular kind of political economy and political project.

Another fundamental element born with the new state was that of multi-national federalism. The second Yugoslavia was from the beginning defined as a federal state with six republics (Slovenia, Croatia, Serbia, Bosnia, Montenegro, and Macedonia), five state-bearing nations: Serbs, Croats, Slovenes, Montenegrins, and Macedonians (Bosnian Muslims were recognised as a separate nation only in 1961), and a number of national minorities (such as the Albanians).[229] It was modelled after the USSR (largely copying the Soviet Constitution of 1936) and the various republics were seen as constituting 'nation-states' although this created some paradoxes (for example in relation to people of one nationality *within* a republic other than that encompassing its nation).[230] The *federal* and the *multi-national* character of the

---

[227] See: Woodward. S (1995)

[228] The state was initially named the 'Federal Peoples Republic of Yugoslavia' (Federativna Narodna Republika Jugoslavija), but changed name in 1953 to the 'Socialist Federal Republic of Yugoslavia' (Socialistička Federativna Republika Jugoslavija).

[229] Eventually the terms favoured were 'nations' (state-constituent) and 'nationalities' (i.e. minorities). The term 'nationalities', was preferred as being less diminishing than the term 'national minority'.

[230] In this sense a Croat living in Serbia was part of the Croatian *nation* and represented by the Croatian nation, although he was also a part of the Serbian republic. It is noteworthy that the Serbs in Croatia received no recognition as a minority. Generally little concern was given to the minority groups, such as the Albanians (discussed further on in this chapter), but Kosovo and Vojvodina were constituted as autonomous within Serbia (Kosovo was first an autonomous 'oblast' or region, and later a 'province'). There were negotiations on how the

Yugoslav state was an important part of its identity. The problem of legitimacy is in this manner connected to the economy as well as to the political organisation of the ethno-plural state. The heritage of national liberation, and thereby the independence and sovereignty of these nations was a third dimension within the idea of the new state. Finally, but developed later than the other, we have added the *non-alignment* doctrine and the specific position Yugoslavia would come to hold between the two emerging blocs, making the foreign policy an important element in the state's identity.

Armed with such an arsenal of ideological artillery the Yugoslav Communists could divert attention away from the national animosities towards a grand new project. Within the party there was a division between the leaders truly believing in a *Yugoslav* nation and those who emphasised the federal and multi-national framework, but this did not matter initially. Moreover, with the leaders of the national parties being scattered and repressed thereby leaving the national forces without ties to the people, the Communist leadership could embark on the task of creating the multi-nationally constituted second Yugoslavia.[231]

---

borders should be drawn between the republics and several villages were transferred or swapped well into the 1950s. The Bosnian Muslims received no status as a state-bearing nation, but neither did make they make any particular claims for this in 1945. There were discussions within the party on how to deal with Sandžak and eventually it was decided that it should be divided between Montenegro and Serbia, apparently without any serious disputes. The formula of dividing 'nations' and 'republics' carried some inherent paradoxes in relation to representation.

[231] With the scattering and repression of the leaders of the various national parties the possibility for national mobilisation was neutralised, see further Shoup, P (1968) "Communism and the Yugoslav National Question": p. 101 and entire chapter 3. For the dispersion of the Croatian Ustaša fascist movement and the build up of a terrorist organisation see for example: Clissold, Stephen (1979) "Croat separatism: Nationalism, Dissidence and Terrorism" Conflict Studies No 3, January 1979, Institute for the study of conflict, London. It should be noted that there were continuous guerilla bands operating in several mountain areas after the war had finished. The Albanian rebels in Kosovo were eventually only neutralised with direct help from Albania proper, and in areas in Bosnia and elsewhere there were small bands operating for several years to come.

CHAPTER 4

STATEHOOD BEYOND ETHNICITY? SOCIALISM, FEDERALISM, AND THE NATIONAL QUESTION IN A DEVELOPMENTAL STATE

The Developmental State: Political Economy and Social Change in a peripheral Country (1945-74)

Yugoslavia experienced two extremes of Socialist Economy during a period of less than fifty years, with a gradual transition from one to the other. In the early years of its existence, it experimented with a central planning system, with depressive economic results. During the first five-year plan, which was introduced in 1947, industrial production, wages, living standards, and personal consumption all declined and even fell below pre-war figures.[232] The planning bureaucracy was so overfilled with incomprehensible masses of reports that it was unmanageable to interpret even by the sizeable administration that was build up when the new state was created. There were insufficient statistics about the state of the economy or the companies (the basic units in the economy), and the reports from enterprises were imprecise, both of which would have been essential information for economic planning. In addition, the orders from the planners were, while very rigid, equally obscure and eventually the whole industry produced goods without any relationship to economic criteria. Boris Kidrić, one of the fathers of the impending self-management system, is noted to have said that the best weapon Yugoslavia could use against the United States would be to send them two Yugoslav planners who would ruin their economy.[233] But the central planning system was developed under the extreme conditions of post-war reconstruction. It was the necessary approach to reconstruct the war-torn country (where great success was reached during the first eighteen

---

[232] This is not simply attributed to war-damages, because reconstruction was successful to the degree of reconstructing three quarters of war-damaged infrastructure by 1946, but the decline was recorded from the post-war years, after 1947 up until 1952 (that is, during the Five-year plan). Some have attributed the decline primarily to the post-1948 loss of trade with, and aid from, the Soviet Union and Eastern bloc, but among the Yugoslav leadership there was a growing concern that central-planning itself was largely responsible. For the details and figures see: Sirc, L (1979) "The Yugoslav Economy under Self-Management" MacMillan: Ch. 1 & 2; Compare: Schrenk, M, C. Ardalan & N. A El-Tatawy (1979) "Yugoslavia: Self-management Socialism and the Challenges of Development" World Bank Report, Johns Hopkins University Press: Ch. 1. It may be interesting to note that the World Bank team report attributed greater responsibility to external factors, rather than simply central planning, for the decline.

[233] Boris Kidrić's comment is taken from Sirc, L (1979): p. 9, who refers to the memoirs of Vukmanoviés-Tempo ("Revolucija koja tece" vol 2, Beograd 1971: p.150)

months), free resources to bring it towards the socialist project, and thereby achieve economic and national independence. Yugoslavia had suffered enormous structural damage during the war and the foreign assistance it sought in the initial reconstruction efforts came only very slowly. Initially the very external legitimacy of the new state was contested and viewed with suspicion both in East and West. Real foreign aid only came after the autumn of 1949, and instead Yugoslavia had to sign trade agreements with a number of European states in order to import the goods needed for post-war recovery and industrialisation. The central drive was therefore a forced attempt to revive the war-torn Yugoslavia, mobilise resources, and to achieve national as well as economic independence.

Immediately after the war, all the banks - and finance caipital - were nationalised, soon followed by the heavy industry (in 1946) and eventually by small industry (in 1948).[234] The railroads were already owned by the state and many of the commercial firms had been incorporated during the war-time economy, but a major problem was the collectivization of peasant land. Although the Soviet Union was the only existing socialist model, the partisan communists were well aware that there were specific conditions in Yugoslavia, which might render the Soviet model less than perfect for implementation on Yugoslav soil. There were at the outset disputes within the party leadership over economic strategy and particularly over the issue of collectivization of the peasant land. Moreover, local, provincial, and peasant resistance to the collectivization plans was considerable.[235] The problem was that the communists had forged an intimate alliance with the peasantry during the partisan war, had indeed incorporated peasants into their ranks and the peasantry was a base of their legitimacy, while the revolution, however, needed to draw resources from the peasantry into industry in order to aid Yugoslav recovery after the war and transform it to a socialist society. The agrarian policy therefore favoured a gradual transformation of the countryside. Rather than the *capitalist* proletarisation of the country-side, or the *Stalinist* way of eliminating the kulaks,

---

[234] For the details of this process see Bićanić, R (1973): Ch. 2

[235] Melissa K. Bokovoy has provided an illuminating study of peasant resistance to collectivization in Yugoslavia during the years immediately after the war. She treats the heterogeneous peasant groups as active partners and agents putting pressure on the Communist party and actively influencing their policies. Sometimes the resistance took violent form. This study has opened up a new window in the resistance to and dynamics of policy-making and it counter-balances the emphasis on urban class and/or "civil society". However Bokovoy also tends to the suggestion that this resistance undermined the legitimacy of the state-regime from the outset. If this is indeed her contention I am unconvinced of the latter proposition. The modernisation process, and the high degree of popular participation and decentralisation that the Yugoslav system came to materialise, suggest a high degree of legitimacy, re-negotiated in many phases, but highly capable of innovation and reform. Melissa K. Bokovoy (1998) "Peasants and Communists – Politics and Ideology in the Yugoslav Countryside 1941-1953" University of Pittsburgh Press

the Yugoslav Communist Party embarked on their own specific path. Now, as Rudolf Bićanić has stated, some property, including land, could simply be transferred from enemy collaborators or from foreigners as retaliation, and some of it had *already* been expropriated by the enemy (for example Jewish property), but the problem was the large number of small peasant land-holdings throughout the country.[236] Much of the large scale land-holdings were expropriated and private property on land was limited to 10 hectares (25 acres) with some exceptions for mountain regions (at any rate this was what the majority of the peasants held). About 80 % of the appropriated arable land was then distributed to some 70 000 peasants and war veterans.[237] Private agriculture was thereby *maintained* while a parallel structure of agricultural co-operatives were developed (including butcheries and the whole production process around agriculture – farming and livestock). The dual strategy was to develop cooperatives, as a middle way to collectivisation, which could be managed along industrial principles with higher efficiency (such co-operatives, along with larger agricultural estates, were maintained well into the 1960s and proved quite productive). The primary purpose was to free labour for industry and voluntary brigades. Collectivisation attempts were also undertaken, especially in 1949 when agricultural output was lower than industry and there were concerns over food-supply, but they were met with strong resistance and eventually abandoned after 1951. The strategy towards rich peasants, or kulaks, was to legally block free trade and to force the whole sector into using state-social networks only. Basically all other private property was nationalised around 1946 (with certain exceptions). It would remain under central state control only for a few years though since the statist model of governing was soon abandoned in favour of wide-range decentralisation.

The other extreme which Yugoslavia experienced was the pursuit of a self-management system in a highly decentralised federation, which eventually made macro-economic policy reforms quite impossible. Part of the difficulties with the Yugoslav economy, which seemed to perform so well for more than a decade, lay in the inherent contradiction between the need, on the one hand, for central authority to ensure macro-economic co-ordination (or planning) and economic reform in order to integrate and adapt to global economic conditions, and, on the other hand, the political decentralisation needed for regulating the national question. Another problem was the great regional differences in economic structure and development

---

[236] Bićanić, R (1973): 23
[237] Schrenk, M. C. Ardalan & N. A. El-Tatawy (1979): 16

level, which also happened to extensively overlap with ethnic-national demographic distribution.

The particular sensitivity to global economic conditions was a consequence of the strive for national independence and the position Yugoslavia took in the uncertain bi-polar Cold War that emerged between the Stalinist USSR and the capitalist West. From the 1950s onwards this meant that Yugoslavia fostered a position as a non-aligned state between the emerging blocks and favoured trade with both blocks. The non-alignment strategy of peaceful co-existence eventually became its mission in international relations as new states emerged in Africa and Asia in the wake of colonialism. As a part of its security policy it had to maintain an independent military structure with the "one third" principle (1/3 of military imports from the west, another from the east, and a third which had to be domestically produced). It also had to keep national reserves of food and fuel supply in case of isolation. Since the strategy from early on was to integrate into, and compete within, the world economy, the political economy was constantly challenged to reform and adapt to those external conditions. The Yugoslav conditions were, however, internally very asymmetrical, and this asymmetry was build into the representation in the political structure of the federation, which also greatly corresponded to national divisions. The question of the political economy, economic and political organisation, and the national question (and with it the constitutional federal organisation) are therefore intimately connected. Over time the limitations of federal public policy, as a mediator between global capital and local (sub-republican) and regional development, and the needs and interests for development at the local level created political strictures, which eventually fed back into economic conflicts over federal economic policy. This development was gradual and before discussing it we should first look at the ideas, strategy and achievements of the Yugoslav modernisation project.

With Self-Management to Economic Liberalisation

The conception of the national question – and the necessity of having a federal structure - had clearly matured within the Yugoslav communists during the war, but the idea of a socialist society and its means to modernisation and development were still heavily dominated by the impact of the Soviet experience.[238] This was the only actually existing model for the

---

[238] And outside the Soviet Union the reality of life under Stalin was little known, which enabled admiration to also be expressed for the regime in America.

116

'developmental state' that referred to the idea of modernising a rural and backward society along socialist premises. The "market syndicalism" that eventually developed was only a gradual adaptation to Yugoslavia's particular conditions. The state was the only agent that could provide the necessary conditions for forced development. At the same time the state was seen as an important vehicle for governing the political economy in the west also. The Keynesian approach was dominant in all the liberal democracies (even the U.S had had their New Deal under Roosevelt), and it was generally understood that active involvement and planning was a standard feature of a modern state.

The change that eventually came may be attributed to an internal and external double-crisis which evolved over a few years. The main external crisis marking the period is typically in the Soviet-Yugoslav conflict over the Informbureau (Cominform) and Tito's break with Stalin in 1948. Tito pursued his own foreign policy and opted for a Balkan federation with Bulgaria and possibly Albania, and therefore from the outset there had been cleavages between Tito and Stalin, but the Yugoslav leadership had still hoped for friendly relations and support between "socialist" as well as "Slavic" friends. But Stalin could not accept any deviation from Moscow's and his personal authority, and the break was inevitable. In Albania, Enver Hoxha decided to support Stalin, which also caused Yugo-Albanian relations to deteriorate. The break has conventionally been understood as pushing the Yugoslav leadership towards a political economic formula of their own, driving them away from Stalinist interpretations and towards a re-interpretation of basic Marxist texts. Susan Woodward has instead suggested that the emphasis on this break has hidden the Yugoslav communists' commitment from the beginning to avoid the Stalinist model.[239] She has argued that rather than developing the governance and political economy of self-management in *response* to this crisis, the isolated position of Yugoslavia in the period 1947-50 forced the party leadership to the labour mobilisation needed to increase the production necessary for export and defence.[240] In effect, that the initial strategy, more similar to the Russian situation of the 1920s (and the 'New Economic Policy') than to Stalinism, rather delayed the introduction of self-management instead of accelerating it. This interpretation views the early years of central planning as a short-term necessity to provide the means for an export-import programme needed for industrialisation, rather than a Stalinist drive which eventually was abandoned.

---

[239] Woodward, S (1995): Ch. 4
[240] Ibid

The traditional interpretation is, by contrast, that the architects of self-management, such as Boris Kidrić and Edvard Kardelj (but also of course Milovan Djilas, and Josip Broz-Tito), began to reinterpret basic Marxist texts during the early crisis after 1948. It posits, in particular, that they now started more literally to embrace the idea of "factories to the workers" and that the immediate producers themselves through associations should decide upon production.[241] The economic warfare between Yugoslavia and Soviet-controlled Eastern Europe (resulting in cancellation of trade loans and interruptions in trade) that followed in the wake of the Cominform-conflict thereby gave Yugoslav socialism a push in its own direction.[242] Another suggestion has been that the whole "model" started through autonomous local practice.[243]

Regardless of the exact origins of the programme, the Yugoslav state was already during its early consolidation phase in a sensitive international position, to which it had to adjust in order to ensure its political, territorial, and economic independence. For a few years after the break with Stalin, it found itself in a kind of communist "interdict".[244] The shaping of the political economy, socialist but not in the socialist bloc, and its system of governance, democratic socialism and federalism in a multi-national state, were in this manner extremely sensitive to the global capitalist political economy and to western markets.[245]

The Yugoslavs developed their own socialist model, which deviated from the Soviet-style. The latter, with its unrestricted state ownership and control, was rejected as a form of "state capitalism". The idea of workers' self-management, as "the true workers democracy", was introduced during the first five-year plan in spring 1950, and would become a unique form of real-socialism. There was no real historical precedent for this. The conception of giving the

---

[241] According to Milovan Djilas it was he who first suggested the idea to Kardelj and Kidrić, who were in favour, but thought it should wait a few years until workers would be ready for such a reform. A few days later they changed their mind and agreed it should be introduced immediately. See: Djilas, M (1969) "The Imperfect Society" London: p.137, also mentioned in Sirć, L (1979): 1-2

[242] However, it is reasonable to claim that the Yugoslav political leaders had already developed an understanding of the problems with the economy during initial central planning as being a property of the central-planning model itself, even before the Stalin-Tito break in 1948. In any case there was at the time an idealisation of the Soviet Union. This ideal had to be destroyed, and the occasion was provided by Stalin himself in 1948.

[243] The Yugoslav (Croatian) Economics professor, Branko Horvat, has suggested that the self-management idea developed very soon after the war and that it actually developed from below as an autonomous practice in the Solin Commune outside Split in Dalmatia (personal communication).

[244] The relations with the communist block eventually improved in the 1950s, especially after Nikita Krushchev's visit to Yugoslavia in 1955.

[245] This is indeed the case for all states, but particularly so for small weak states. Yugoslavia was also increasingly open to the global economy, and had a determined strategy to integrate in the global economy, and its socialist economy was for this reason more sensitive to the 'capitalist' environment than for example those in the Soviet bloc were.

"factories to the workers" existed here and there in Marxist texts, but with no developed political formula.[246] In Yugoslavia there were experiments with informal consultations with workers in 1949 before it moved to formality and was written into law. It did not have much practical meaning in the beginning though. The disastrous performance in the first five-year plan continued into the first years of the 1950s (the 1947-plan was extended for a year to cover also 1952). It was only from 1953 onwards that a rapid economic growth could be recorded, but this growth was primarily measured in the heavy industry and had no immediate effects on living standards. Internally this threatened to produce social unrest and eventually a legitimacy crisis. The initial response to the problems had been to seek to keep a firm central state control over the situation. In this manner the authoritarian form was preserved within Yugoslavia even after the break with the Soviet Union and the criticism of state centralism there. There was however the need to come up with a formula for economic revival, as well as filling the theory with practice, and an internal pressure for change developed in tandem with the external pressure.

The post-1948 criticism of the Soviet Union continued to intensify until Stalin's death in 1953. After 1953 there were attempts to re-establish Yugo-Soviet relations. Neither party wished for the schism to continue and in 1955 Nikita Khrushchev made a formal apology before Tito in Belgrade and acknowledged Soviet responsibility for the crisis. The détente between the two parties would be further complicated by events in Hungary though. Throughout eastern Europe Khrushchev's wooing of Tito was met with optimism. If it was possible for Yugoslavia to have a separate road to socialism then it might be possible also for others. The Budapest rising in 1956 signalled this new optimism. Soviet interventions in Hungary in 1956 made it impossible for Tito to normalise relations with the USSR. Popular support in Yugoslavia was clearly on the Hungarian side. Khrushchev and Tito may have underestimated each other, and without any party really wanting it, the schism had to continue at least on a formal scale.[247] Yugoslav critique was continuously directed at the idea of central party control which was perceived as a form of 'state capitalism'. At the same time the "Budapest-effect" cut both ways. If it was possible to start a 'counter-revolution' in Hungary then the same problem could appear in Yugoslavia. This period saw increased repression and

---

[246] There had of course been experiments with factory councils and the like, such as for example the Turin workers in 1920 (and elsewhere), but this was only a sectoral experiment and far from the socially more wide-ranging concept of self-management.
[247] Cf: Dennison Rusinow, *The Yugoslav Experiment 1948-1974*, Hurst & Company, London 1977: pp. 87-94; Duncan Wilson, *Tito's Yugoslavia*, Cambridge University Press 1979: Ch. 8

arrests in Yugoslavia.[248] The Yugoslav rethoric of "workers management" and criticism of the Soviet Union was however in clear assymetry with the 'etatism' still existing in Yugoslavia itself. There was also internal critique of what had become of the Yugoslav Communist elite after the revolution. This was particularly voiced by Milovan Djilas, within the very core of the party, from 1953 onwards. The Djilas-crisis developed during the second half of 1953 and ended with his isolation from the party in early 1954, after he had openly started to publish his criticism of the party policy.

If the idea of self-management had beeen formulated initially in ideological terms, there was increased pressure to develop it in practice. The need for economic revival coupled with the imbalance between the critique of Stalin and the centralism in Yugoslavia itself, created an internal-external double pressure to reform the system and in order to consolidate the legitimacy of the revolution there was a need for concrete results. Rudolf Bićanić has suggested a division of Yugoslav socialism into three periods, the first being one of 'centralised planning' from 1947-51, followed by 'decentralised planning' from 1952-64, and then by 'polycentric planning' after 1965.[249] Others have added a period of "agreement socialism" after 1974.[250] In his model Bićanić suggests that there was internal reform pressure to further decentralise, as a solution to problems with the planning in the preceding period. Thus, for example, the problems with centralised planning were solved by decentralised and indirect planning, which eventually proved to be just a disguised form of central planning, and this, in turn, was removed through further decentralisation and liberalisation. According to Bićanić, these periods have their respective forms of foreign trade policy, with a state-monopoly during the first phase, a commercialisation during the second, and finally a direct aim to integrate into the international division of labour and the global economy, in the third phase.[251] The initial purpose (1945-51) was protectionist, to create a barrier between the domestic economy and the foreign markets, and to import the products necessary for industrialisation. However, since Yugoslavia had to rely on the west, it needed hard currency, which could only be obtained either through exports or credits, and therefore it had to produce some exports. Yugoslavia ran a continuous trade deficit from 1945, for which it had to

---

[248] For the most severe state or class "enemies" Yugoslavia had its own Gulag (or Sibiria) on the island Goli Otok (The Naked Island) off the Croatian coast outside Senj.
[249] Bićanić, R (1973) "Economic Policy in Socialist Yugoslavia" Cambridge University Press.
[250] For example Likić-Brborić. B (2003) "Democratic Governance in the Transition from Yugoslav Self-Management to a Market Economy: The Case of the Slovenian Privatization Debates 1990-1992", Uppsala Studies in Economic History 69, Uppala. Note that Bićanić wrote in 1973 and thus prior to this last period.
[251] This follows Bićanić, R (1973): Ch. 8

produce exports in order to balance, and, according to Bićanić, this problem was addressed by introducing trade liberalisation, which in turn required currency liberalisation, both of which would come in the 1960's.[252] Moreover, in order to industrialise the country and eventually replace imports with domestic produced goods, a great number of foreign licences were bought. Here the crucial problem is the same (of combining a socialist economy in a developmental state with openness to global capitalism) regardless if one claims that the actual reform direction was a deliberate strategy from the outset or that it was an adaptation to new conditions. Woodward, as noted above, claims the former, while Bićanić maintained the latter. Nevertheless, the import-led industrialisation, growth, and development strategy as such, was common in many developing countries until the end of the 1970s.

Initially the reforms progressed carefully. In the 1950s planning was decentralised in both functional and spatial terms to the enterprises, municipalities and districts, with political decisions and legal regulations on the republican as well as federal level. Prices were set by administrative decisions, but were not centrally planned. A general investment fund (GIF), which was to be managed by the republics, replaced the federal central planning in order to invest in areas of strategic importance and transfer resources to underdeveloped regions. In 1956 a new system of planning with increased consultation and participation was introduced. The Economic Plan of 1957-61 was successful, and all objectives were already fulfilled after four years. The plan included a stronger emphasis on the consumer goods industry, which had been lagging behind in the 1950s in favour of heavy industry and infrastructure. Although there had been economic growth since 1953 (and in the second half of the 1950s it was considerable) this had largely been created by heavy industry and therefore did not generate results in terms of increased living standards. This was now tackled as a serious problem and it was further assumed that investment in the consumer-goods industry would provide more immediate results, which in turn could be taxed and re-channelled into heavy industry. There were a number of growing concerns. It was not only the delay in translating growth into increased living standards, which posed problems, because there had also developed distortions within the economy. Particularly there was an imbalance between different sectors in the economy, which prioritised the building up of a heavy industry and infrastructure. As a result of this there followed increased inflation pressure.[253] Moreover, the balance of trade

---

[252] Ibid
[253] The lesser priority on the consumer goods industry resulted in under-supply. Economists have emphasized for example the manner in which industry was built up and connected to their localities, with non-competitive

121

deficit had grown consistently and in 1961 showed an alarming trend. Foreign aid increasingly came in the form of credits and loans, which eventually had to be repaid (rather than pure aid), and adding to the above, the agricultural sector experienced bad harvests in 1960 and 1961.

A further drive to liberalise the system came in 1961 when three reforms were introduced: the opening of the economy to world markets; a reorganisation of the financial system; and a relaxed control of how wages were determined. These measures aimed at increasing the role of the market but they also resulted in economic oscillations and ad hoc policy measures to control inflation. A debate opened up over whether the best policy measures in the circumstances would be further liberalisation or a return to increased control.

One of the consequences of the political and economic decentralisation was increased power to local political-bureaucratic elites as well as managers. In this way regional differences and interests had received another channel of articulation. The problem of internal uneven development had not been altered despite a stronger emphasis on investment in the southern more backward republics and regions. The geographical economic problem of uneven development had the additional problem of being connected, for pure demographic reasons, to the national question.[254] In Slovenia and Croatia, which were the most developed regions, the tendency was to advocate liberal-reformist policies, with the claim that a central planning which pulled resources from the rich to the poor was in fact punishing efficiency. There were arguments that central planning may well be the best strategy in a "take-off" period, but that it was increasingly ineffective as the economy developed. On the other hand, this "take-off" had not yet occurred in the south. The dilemma was that the solutions of decentralisation provided further impetus for political articulation of the existing problems, as well as new interest

industry placed in various districts being subsidized by the state in order to expand, whereas the *local* districts levied tax on *consumer goods* industry, which could not yet satisfy domestic demand. There was also wage-pushed inflation in the wake of the relaxed state regulations in the 1950s. Low productivity in agriculture was often a problem and, later, externally imported inflation emerged. On inflation in the 1950s, 1960s and 1970s see: Bićanić, R (1973): 79-80, 103-107, 112, and *in passim*; Woodward, S (1995): 228, 275-76, 330, and *in passim*; Schreck, M, C. Ardalan & N. A El-Tatawy (1979) *in passim*.

[254] The accelerated decentralisation from 1963 onwards and the increasing inter-republican / national cleavages within the LCY and at Federal level have been analysed by Sabrina Ramet on the lines of an international balance of power system of republican struggle within the federal framework. While the application of such a model is done in an ingenious way, and it has increasing relevance after 1974 and especially after 1980, I find the analysis too static (the model is a static framework of solid units in shifting alliances). Extending the temporal scope adds a dimension to how the national problem, although it certainly always existed, has been configured in different ways and been articulated by different groups with different objectives. Ramet's analysis can be found in Ramet, S (1992/1984) "Nationalism and Federalism in Yugoslavia 1962-1991" Indiana University Press

groups who were pushing for further decentralisation. The strongest basis for this became the newly empowered political-bureaucratic elite at the republican and local levels. In opposition to the reform were the officials in the central planning system, as well as enterprise managers who saw a threat to their personal fiefdoms. In the less developed regions the question was raised, whether they could *afford* the liberalisation and the accompanying lack of central investment it would bring for their regions.

Throughout the 1960s there was a continuous debate and political struggle over the political economy and connected organisational matters. Conventionally the various stands have been called reformers – or liberals - and conservatives, but Susan Woodward suggests that the conflict is better portrayed as that between opposing economic institutions and policies intended to facilitate micro-economic adjustments to a change in international conditions.[255] She operates with two models of political economy, which were represented by different interest groups since the very foundation of Yugoslavia, as mentioned in the previous chapter. These models, called the "Slovenia model" and the "Foča" model, from their origin in the partisan war, are according to her a better binary couple for understanding the struggle, rather than "liberal" and "conservative", which have the burden of heavy connotations from western political thought. Following Woodward the "Slovenia model" constituted a more "liberal" approach to economic growth within a socialist economy, focusing on manufacturing and processing firms for export markets, emphasising price competition and commercial orientation with its pressures for technological modernisation.[256] This included a more flexible employment policy in response to market demand. The "Foča" model, in Woodward's analysis, represented a more developmental approach focusing on production of raw material, energy, infrastructure, producers goods, food for domestic consumption as well as export, and emphasised quantity increases that depended more on steady work, labour discipline and skills adapted to production.[257] It should be noted that both models are *versions* of socialist self-management, deriving from and adapted to different local/regional conditions within the unevenly developed Yugoslavia. As such they serve as analytical ideal types for the opposing political and regional interests, which to a great extent can be derived from economic

---

[255] Woodward. S (1995): 237-238
[256] Woodward. S (1995): 264-265 and *in passim*
[257] Woodward. S (1995). This is by necessity a rather crude summary of Woodward's analysis on socialist unemployment in Yugoslavia. Woodward has a solid case based on many years of research and her incorporation of the international political economy in the analysis of Yugoslav development provides for a better understanding than most other studies. She also works along different chronological parameters than the typical ones (that is, the Reform of 1965 and the Constitution of 1974). In looking at the dynamics between nationhood and statehood I have nevertheless chosen to use the breaking points of the 1960s and 1970s.

structure and level of development.[258] However, the dividing lines did not just concern forms of political economy, but went to the very core of the Yugo-style interpretation of the Marxist theory of the state, which in turn was directly connected to the national question.[259] Here, for one faction, the specificity of socialist Yugoslavia was defined in contrast to the centralism of the first Yugoslavia, as well as to the Soviet Union, which meant that Yugoslavia had to be decentralised, properly federalised, and essentially move towards a withering away of the state as such, which allowed only for a federal umbrella framework for the constituent nations, whereas another faction saw the state – and 'brotherhood and unity' - as a framework for a universal South Slavism.[260] We shall, in the coming two sections, return to these divisions and their implications for the political and national dynamics, but for the moment concentrate on the reforms in relation to, and their meaning within, political economy.

Tito's own position was initially in favour of the developmental model ("conservative" or Foča) and maintaining central control. The debate was not merely between so-called "reformers" and "conservatives", as there were different advocates among the reformers as well. Some opted for increased liberalisation so that companies could make their own decision based upon the market, while others opted for decentralisation in the sense of keeping planning at the local or regional level, but just not on a central level. Such polarisation would continue throughout the 1960s and, in fact, came to be slowly built into the system for the coming decades.

The economic debate of 1962-63 became the central political question in Yugoslavia at the time. In tandem with it, another debate followed over preparing a new Federal Constitution. As the various interest groups, still confined within the party, re-negotiated the development of the Yugoslav project, the trouble signs within the economy indicated that some type of measures had to be taken. Moving on to self-management in practice required a series of measures. The foundation for this was laid in the early 1960s, and the Constitution of 1963 was to some extent a turning point for democratic development in Yugoslavia. The Constitution re-organised the Federal Assembly (formerly Federal People's Assembly) so that

---

[258] Certainly 'economic structure' and 'level of development' greatly coincided in Yugoslavia so the heavy industry and mining regions were less developed. However such coalescence does not go without saying; an economic structure dominated by mining and heavy industry *could* have a higher level of development than one based on for example license-produced technology or consumer goods industry.

[259] Jović, D (2003) "Yugoslavism and Yugoslav Communism: From Tito to Kardelj" *in* Djokić, D (Ed) (2003) "Yugoslavism: Histories of a Failed Idea, 1918-1992", Hurst & Company, London.

[260] Ibid

it now had a Federal Chamber of 120 deputies from territorial constituencies. Within it there was still a Chamber of Nationalities with 10 representatives from each republic and five representatives from the autonomous provinces. There were four other special chambers (economy, culture and education, welfare, and organisational policy), which were to co-operate with the federal chamber. Moreover Yugoslavia received a Constitutional Court, which was given the authority to decide whether republican legislation was in compliance with the Constitution. With the re-organisation of Government came a new impetus for political life in Yugoslavia and a new openness towards the public in the debates.

Tito himself moved towards favouring more liberal reform in the period 1963-64, and in 1964 a number of economic measures were taken to prepare the ground for them. In addition the general investment fund (GIF) was abolished and companies had to rely more on their own investment. In his speeches Tito also started to link opposition to reform with party discipline and with nationalism, the latter essentially being a bourgeois phenomenon according to Marxist doctrine.[261] He also lectured on tendencies towards cultural nationalism and emphasized 'historiography' as a problem asserting that teaching in the subject of history had been insufficiently developed to promote reconciliation between republican interests.[262]

Further liberalisation reforms came during 1964-65 (usually referred to as the 1965 Reform or just "the Reform"). Now many of the Federal Government's responsibilities were transferred to the republics. Resource allocation and mobilisation were transferred to enterprises and banks, and the banks especially would have great power to decide over investment henceforth. Enterprises received greater autonomy, including with regard to their role in price formation and finally, exchange rates were unified and imports were liberalised in order to integrate into the international division of labour. In place of the abolished general investment fund came a federal fund for accelerating the development of underdeveloped republics and the province of Kosovo.[263]

---

[261] An extensive account on these debates is Rusinow, D (1977): Ch. 4

[262] Wilson, D (1979): 153

[263] The "Federal Fund for Accelerated Development of the Underdeveloped Republics and the province of Kosovo" was an inter-republic transfer system of resources towards under-developed and poorer areas within Yugoslavia (that is, from the *north* to the *south*). It was created to counter the uneven development within Yugoslavia. Each federal unit was to allot 1.85 % of the Social Product to the Fund, which allocated resources for investment in Bosnia, Kosovo, Macedonia, and Montenegro. As such it was also always the target for complaints. Croats and Slovenes complained over paying too much (and that it was ineffective, constituted *charity* rather than investment an so on) and Macedonians, Bosnians, Montenegrins and Kosovars, for receiving too little (while their national resources were pulled into the industry in the north below market prices) and Serbs complained over paying anything at all, since statistics indicated that they actually ought to receive.

The incentive behind these measures was to decrease the role of the state as well as to de-centralise. The reforms were then amended to the Constitution during 1967-68. The 1963 Constitution had itself moved Yugoslavia towards a new political balance. On the basis of a theory of double sovereignty of working people and nations, the reforms introduced personal rotation for all effective functions except the Presidency.

The objective of worker's self-management was to decentralise decision making to the smallest possible units. Within the social sphere this unit was the commune and within the economic sector it was a working unit or production unit within a company or enterprise (originally it was just the enterprise, but eventually this was subdivided into the smallest accountable working unit). The decentralisation to the commune was an important constitutional arrangement to break up the power of the republics so that the federal balance should not only consist of inter-republican power politics (although the latter eventually became a dominant feature). In this manner, decentralisation "by-passed" the republican level and the focus was on the "autonomous" local community. Moreover, the state could eventually be reduced to a minimum so that resources were not drawn from production and growth. If the state provided the macro-economic conditions, the general framework, and of course central functions such as defence and foreign policy, then local institutions in society could be governed directly and democratically by those who were affected by them. This would be both effective and democratic. With this aim a new local administrative unit, the *opština*, was introduced in various republics at various times during the late 1950s and the 1960s (1959 in Kosovo), replacing the earlier existing districts.[264] The 'opština' was a municipality-type, which was larger than the earlier districts, and which incorporated agricultural surrounding land into various administrative urban centres, with the idea that they should be able to function as self-sufficient socio-economic units.[265] It is essential to acknowledge that self-management became a wholly developed conception of socialism and not merely an organisational matter for decentralised economy. It contained its own ideas of the state, of representation, of property, and consequently of justice (in many respects

---

[264] Hardten, E (1997) "Administrative Units and Municipal Reforms in Kosovo 1959-92" in Duijzings, G et al (Ed) (1997) "Kosovo-Kosova: Confrontation or Coexistence" Peace Research Centre, University of Nijmegen: 158-170. The *opština* replaced the earlier district *srez*, and was introduced in Montenegro in 1957, in Kosovo in 1959, but not until 1966 in Serbia and many other parts of Yugoslavia.
[265] Hardten, E (1997): 159

different from Roman-based conceptions of law).[266] From this perspective both capitalism and central-planned communism (étatism) were class-producing orders (bourgeois class relations in the capitalist order, étatist and bureaucratised 'apparatchik'-class relations in the central-planning order), while self-management was based on egalitarianism.[267] A brief description of self-management as a system must capture it at some instance in space and time, since it developed gradually and its explicit policy also claimed that it had to be in a process of constant change and development. Before 1971 the workers elected a working council to represent them in the enterprise. As it was practiced after 1971 the companies were divided into sub-units, and members of the working units, so called "basic organisation of associated labour" (OOUR)[268], elected representatives for the company level. The company thus, in turn, would have a council of representatives. Thus, the decision-makers would come from relatively small and supposedly homogenous units. From 1971 onwards, came a further development creating conglomerates of companies or enterprises within the same branch or similar branches, so-called "composed organisations of associated labour" (SOUR).[269] There would be a delegation elected for each level up in the whole system all the way to the federal government. The ideal was that those who represented the people should come from a similar socio-economic background and environment, providing a system of bottom-up representation, hence of equality. The system came to be developed most fully within the economic sphere but the same principle applied to the communes and to the social sector including institutions such as schools and universities.

Within self-management, the workers of a particular company had a limited influence on the organisation of work. Originally the space was limited within the directives that came centrally from Belgrade, but after the market reforms in 1965 it gained some momentum. The market reforms of 1965 made companies self-financing, where they formally had been completely on state budgets, and each company had to cover its own costs from its own economic performance (including salaries and investments). This gave a lot of power to the managers, but also created a wider space for the workers. The workers had influence through a "workers council" elected by the workers, which decided on various matters in relation to the workplace and production (the director reported on a 3-month basis to the workers council

[266] Horvat, B (1982). Horvat is perhaps the best example for providing a developed system of Yugoslav socialist political philosophy.
[267] Horvat, B (1982)
[268] OOUR = Osnovna Organizacija Udruženog Rada. In addition there would be a Radna Zajednica (Workers Community), where some functions like administration (not belonging to actual production) would be gathered.
[269] SOUR = Složena Organizacija Udruženog Rada

127

on how the company was performing and how the plans were fulfilled). After 1971 each company was divided into sub-units, so called working units or production units (OOUR). These units in turn became, in principle, responsible for their own budgets and they received their separate "workers councils". Within many companies this created conflicts. More profitable units wished to remain together, while unprofitable units wished to be united with, and thus covered by, a more productive one (the particular organisation of a unit was decided by the companies' general "working council"). After 1971, there came to be an increasing fusion of companies within similar or interconnected branches into conglomerates (SOUR). Many such SOURs are still existing companies today (for example the Croatian oil-company INA). While the idea behind the SOUR was to create more profitable organisations, it was further considered that within a SOUR, the more productive companies would cover the loss of the unproductive ones. In some cases the SOUR was successful, but in others the lesser productive companies would pull down the whole conglomerate. The reform also created conflicts, in that productive companies resisted fusion with unproductive ones.[270] Rather than producing more effective organisation, the reform created additional bureaucracy, new workers' councils, and new buildings that had to be built for the new bureaucracy. Within the workers' self-management system, however, just as in other socialist countries, the individual worker, once he was employed, had a high level of security. In this manner a social pact with the workers was maintained. Regardless of the performance of the company, or the worker, it was difficult to get dismissed from one's job (theoretically the worker owned the company, and could therefore not be fired).[271]

Self-management gradually became a central feature of Yugoslav society. The system was not only an instrument for the economic sector. In order to function in practice it would also have to penetrate all spheres of social life and it eventually became a part of the very fabric of Yugoslav society upon which much of the legitimacy of the system was premised. It also fostered political participation and shaped political culture in Yugoslavia in a fashion quite

---

[270] In some cases there was political pressure to create a SOUR but resistance from an individual company. This was for example the case with the Croatian firm "Nikola Tesla" (telecommunications), which resisted the merge with "Končar" in the early 1980s (among other attempts). The power to avoid the merge came from the workers, who threatened a widespread strike bringing all the workers to the square in front of the Republican government. Since strikes, in theory, should not exist in a socialist country these were often covered up, and since it would be problematic to cover up a strike of larger dimensions, this actually functioned as a pressure by the firm (and the workers) against the pressure from the government. Tesla was later (after 1995) bought by Ericsson.
[271] In practice possibilities did exist to fire individuals, but it was difficult and unusual. The method of reducing workforce in case of structural adaptation or "slimming" was primarily through retirements, re-education, and a stop on employment.

different from the other real-socialist countries, thus continuing the Yugoslav deviation from the path of the rest of Eastern Europe. Even if actual influence was often perhaps just nominal, it came, from the point of view of participation, to involve hundreds of thousands of people in some form of self-managing body, participating in the working council, communal assembly or the like.

After 1965 the Yugoslav economy moved in cycles. The role of the market increased, but at the same time there was a lack of instruments for macro-economic policy in order to promote development. The system of self-management increasingly became *enterprise*-management. The ambitions towards an egalitarian system were still there but the egalitarian model was transformed into a technocratic system and power structure.[272] There was an increased tendency towards monopolistic business-practices, where safeguarding an enterprise's exclusive position in a district or region, through political means, became a priority, and further, the management in enterprises could increase their own salaries as well as workers' salaries in exchange for loyalty. Thus, there was a collusion of management and workers in sharing the monopoly rents of enterprises. This threatened the solidarity and equality values within the system. Successively, the solutions to the economic problems would give rise to the future problems. Strictures were built into the system from the very way the self-management system was organised and one of the overall effects of how self-management came to be materialised under the reforms was a fragmentation of the Yugoslav economy (to which we shall return below). The role of the market was increased, but the market signals within this system had severe imperfections, and could be misleading in an economy undergoing rapid structural change.

With the increased regionalisation of policy-making the federal state lost some of the instruments for macro-economic policy, such as fiscal policy, resource allocation and the control of co-ordination and implementation of plans. As already noted, many of the prices were freed after 1965 and investment decisions were left to the enterprises and more particularly to the managing bodies within the banks. The growing power of the latter came to be considered in conflict with Marxist premises and attempts to solve this problem were undertaken in the constitutional amendments of 1971 and in the new constitution of 1974.

---

[272] It should be noted however that the idea of 'egalitarianism' (using the Russian word 'uravniloka') was officially criticised in the late 1960s in favour of a more diversified salary system according to performance. There were different positions in different regions, and to some extent the student protests in the late 1960s were a critique of the official critique. Income inequality increased from 1965 onwards.

Another problem that started to appear in the context of the market reforms was increased inflation. This came about partly as a result of the freeing up of prices and partly from difficulties in balancing the resources between investment and consumption. The monetary policy, which was left for the state in fighting inflation, had severe shortcomings and could not translate into effect in the Yugoslav society. One of several reasons for this was that some inflation was imported through foreign borrowing and bilateral trade with periodic increases in money supply.[273] While the sources of inflation prior to 1973 had been primarily domestic they were soon to be fuelled by external conditions and especially so after the oil crises in 1973. The recession in Western Europe and elsewhere had severe effects on the Yugoslav balance of payments. A price for Yugoslavia's integration into the world economy, and its whole development strategy, was the increased sensitivity to external fluctuations.

Within Yugoslavia, the particular form of socialism produced a social stratification, or class structure, with some particular characteristics, since it was neither directly shaped by conditions on the market – private ownership – as in western liberal societies, nor as hierarchically cemented and politically centralised as in the communist bloc generally.[274] A simple division can be among a top category of political elite and functionaries, a middle class of professionals, bureaucrats, managers, and higher white-collar positions, a lower stratum of workers and with peasants at the bottom.[275] Gregor Tomc has noted how the old (pre-war) middle class of entrepreneurs, professionals, merchants, and artisans, was heavily marginalized in the second Yugoslavia, but that some of it – those in the service sector – remained.[276] Moreover, he notes the considerable expansion of the working class and of a white-collar class, while the peasants were significantly de-ruralised and incorporated into (primarily) the working class. Finally, there was a high degree of social mobility, albeit a considerable class formation and reproduction, and there was the paradoxical fact that because party politics determined recruitment to elite positions, the class structure was most open at the top.[277] Mladen Lazić and Slobodan Cvejić note some peculiarities in the Yugoslav case

---

[273] On inflation see for example Woodward, S (1995): 227-228; Cf. generally: M. Schrenk, C. Ardalan, & N.A El-Tatawy (1979)

[274] The concept of class may be used in different ways, and although Marx connected it to positions and relations within the capitalist market economy (to ownership and relation to the means of production), it was used by Max Weber to denote position within society as such. Classes, in the sense of levels in a social stratification, thereby also exist in communist or socialist societies, although they here are shaped by the political party-state rather than by the market economy.

[275] Cf. Tomc, G (1988) "Classes, Party Elites, and Ethnic Groups" in Rusinow, D (Ed) (1988) "Yugoslavia: A Fractured Federalism", The Wilson Center Press, Washington: 58-77

[276] Tomc, G (1998): 60-61

[277] Tomc, G (1998): 63-65

due to the liberal form of socialism and quasi-market intervention.[278] Thus, for instance, the relative autonomy of enterprises enabled managers to increase their own salaries as well as to pay higher wages to professionals, which was in contrast to societies in the communist bloc. Lazić & Cvejić review some sociological surveys from 1970s and 1980s and remark that they produced different results, which in some aspects were considerable, but with the common conclusion that income inequalities did exist and were connected to the hierarchical distribution of positions with a nomenklatura at the top, professionals in the middle, and manual workers and (especially) peasants at the bottom.[279] However, Gregor Tomc suggests that class identification was low and that for a variety of reasons, there was a high level of class disintegrating factors. These include the fact that the non-owning class did not have any counterpart (that is, no class of owners), that there were no institutions for autonomous class representation, that political factors (rather than direct economic) determined life-chances, that there was a high rate of class change due to the rapid industrialisation and modernisation, and, not least, that the working class was very heterogeneous with great variations related to skill, sector of production, and region.[280] Consequently, national (and ethnic) identification, rather than class identification, came to prevail, which was exacerbated by political and economic decentralisation.

The most enduring and potentially dangerous problem that the reforms accelerated was that of uneven regional development. The development gap between the richer republics in the northwest (Slovenia and Croatia) and the underdeveloped southeast (Kosovo, Macedonia, Montenegro and Bosnia-Hercegovina) steadily grew wider. With regard to Kosovo, this region was exceptionally underdeveloped after the war. It completely lacked paved roads and the industry, mainly mining, which had been exploited by the Germans during the war, was largely destroyed. Because of Kosovo's rich natural resources (the Trepča mining complex is one of the richest mineral reserves in Eastern Europe), development efforts in Kosovo were focussed on mining, extraction, and heavy industry connected to it, including electricity, which in turn meant that the local economy remained quite one-dimensional and little diversified. In spite of actual development and growth taking place in Kosovo, it lagged behind the more rapid achievements in the northern republics. The reforms with actual

---

[278] Lazić, M & S. Cvejić (2005) "Stratification Changes in Serbian Society: A Case of Blocked Post-Socialist Transformation" in Milić, A (Ed) (2005) "Transformation and Strategies: Everyday Life in Serbia at the Beginning of the 3rd Millennium, Institute for Social Research, Faculty of Philosophy, Belgrade: 35-59
[279] Lazić, M & S. Cvejić (2005): 37
[280] Tomc, G (1998): 62-66 and in passim.

liberalisation and decentralisation, which were necessary for economic flexibility, directly gave birth to, and empowered agents for, the inter-regional disputes. Namely, they further increased the role of the large self-managed enterprises in the political economy and how it was governed. This spurred the regional (republic-based) leaderships into conflicts over the political economy, which in turn drew them into conflict over the organisation and function of the political institutions.[281] We shall look at a number of concrete cases of this later.

There were two direct external key components in the Yugoslav modernisation project. First, foreign loans were still easy to obtain as long as the world market expanded and in the west there was interest in supporting Yugoslavia so that it would not fall back into the Communist bloc. Hard currency was needed for imports of technology as well as raw materials for the Yugoslav manufacturing firms and industry. A problem was that as the Yugoslav economy became more differentiated the structural dependence (on imports) for production increased. By the 1980s some 99% or more of imports were essential to production.[282] Moreover, with time the cost of imports was increasing, while the price of the products for export remained low, thereby diminishing the value of much of the export.[283] Where western industry used less energy per production unit, Yugoslav energy intensity increased.[284] Between 1968 and 1982 there was an increasing trend from public towards private sources of international credit.[285] Over time the federal state lost all control over credit policy. Increasingly foreign creditors, especially the World Bank, filled the space of federal investment accompanied by an increasing influence over policies of developmental investment.[286] Susan Woodward has shown how immediate the effects were from the intimate connection between foreign markets and capital, and domestic development. Following Woodward, the government faced a deficit of trade in the convertible-currency area from 1952 and steady inflationary pressure from the 1960s, which created a vicious circle between external stabilisation and domestic stabilisation, with each undermining the other:

---

[281] All this is well-known, but for a good account (there are several) see for example: Burgh, S (1983) "Conflict and Cohesion in Socialist Yugoslavia – Political Decision Making since 1966" Princeton University Press: p. 51 and *en block*

[282] Woodward, S (1995): 226

[283] Cf. Chepulis, R (1984) "The Economic Crisis and Export-Led Development Strategy of SFR Yugoslavia: In between possibilities and limitations", Paper for the Mediterranean Studies Seminar, Dubrovnik IUC, April 1984. Indeed this was a problem for many developing countries.

[284] Dyker, D (1990) "Yugoslavia – Socialism, Development and Debt" p: 93

[285] Dyker, D (1990): 120

[286] Woodward, S (1995): 236

The solution to the trade deficit was to seek new short-term credits and to resort periodically to IMF loans. Resort to the IMF reinforced restrictive monetarism (in effect) and fiscal conservatism of the demand-management side of the leaders policy: to reduce the trade deficit, repay debt, and reduce inflation by restricting domestic consumption (including imports) and promoting exports. The effect of tight monetary policy and cuts in imports was almost immediately felt in production;--[287]

External stabilisation was the priority, Woodward contends, but in order to achieve it a kind of anti-Keynesian "stabilisation" policy was pursued domestically, which meant that expansion was only possible with a new influx of foreign credit whereas domestic restraint was pursued under recessions. Such domestic "stabilisation" (or monetary planning) was pursued at the microeconomic level where the self-management accounts had to be balanced. Moreover, the priority in investment policy was given to consideration of the trade balance, to access to foreign credit, and to restoring liquidity, regardless of the consequences for employment or for the sectoral balance of the economy, which was needed to create growth.[288] Thus, striving to balance the trade deficit had an immediate translation in both consumption and employment. Such adaptation to global capitalist and international political economic conditions was contingent on the non-alignment strategy Yugoslavia had chosen, and in this manner the country's strategy of independence made it highly dependent.

Foreign debt accrued heavily and the debt boomerang that hit many developing countries from the late 1970s onwards also came to Yugoslavia. However, debt repayment was already a problem from the early 1960s, and the reform measures were in fact undertaken with this problem in mind.

A second important external component in the Yugoslav modernisation project was the exportation of a large part of the Yugoslav labour force. From the mid-1960s onwards a large part of the Yugoslav working force was found in European countries and by 1973 more than

---

[287] Woodward, S (1995): 228-9
[288] Woodward, S (1995): 223-224 and 225-228. Here the concept of stabilization-policy takes a different meaning than in the Keynesian understanding and the term 'monetary planning' is perhaps more appropriate.

one million people had emigrated.[289] This represented between a fifth and a quarter of all actively employed people in Yugoslavia.[290] While there was a decrease in emigration after the recruitment stop that came to much of Western Europe in 1973 and the more restrictive Yugoslav law on emigration from 1973 there were still over a million Yugoslavs living in other European countries by the late 1980s. Remittances from the diaspora would eventually come to play a significant role in the Yugoslav economy, to which we shall return later on. Labour migration was of course directly contingent on western markets, especially the European one.

Despite the problems, or rather in a complex interplay with them, Yugoslavia generally achieved impressive results during this time. There was rapid economic growth accompanied by income equality, although income was increasingly differentiated again after 1965. The country was largely modernised with a transformation from an agrarian towards a more diversified economy. The agricultural sector, which comprised almost 70 % of the employed around 1950 was reduced to some 33% in 1975, and accompanying this the share in GMP of the agricultural sector decreased from 32% to 12 %.[291] This was the proletarisation of the Yugoslav countryside, where previous peasants were drawn into industry and manufacturing work. As in many other East European countries there was the phenomenon of the peasant-worker, with many workers holding on to their land and cultivating it during the week-end or holidays as a supplementary personal income, or helping family members who maintained a farm. The agricultural sector was also the "private sector", dominated by small individual farms. While this sector decreased the social sector absorbed the transfers. A gradual urbanisation took off from the 1950s.[292] The overall effect was significant structural changes in the Yugoslav economy as well as in the social structure of society between 1950 and 1975. There was considerable development of the education system, including the establishment of new universities, increased literacy, and increased bureaucratisation.

Finally, Yugoslavia was increasingly integrated into the world economy. The level of foreign trade in relation to Gross Material Product (GMP) increased and by 1975 export and import

[289] Schierup, C-U (1990): 101-102 and table p.102. Compare: Baučić, I (1973) "Radnici U Inozemstvu Prema Popisi Stanovništva Jugoslavije 1971" (Yugoslav workers abroad according to the 1971 Census). Migracije Radnika Knjiga 4, Radovi Instituta za Geografiju Sveučilišta u Zagrebu.
[290] On labour migration see Schierup, C-U (1990)
[291] Schrenk, M. C. Ardalan, & N. A El-Tatawy (1979): 32
[292] For a study of rural-urban mobility in Serbia see Simić. A (1973) "The Peasant Urbanites: A Study of Rural-Urban Mobility in Serbia", Seminar Press, New York/London.

were in the range of 18% and 24 % respectively.[293] Between 1954 and 1975 the average annual growth in real GMP was 7.2 % while population growth was low averaging 1.1 % and domestic saving rates averaged 30 % of Gross Domestic Product (GDP) in earlier years.[294] The result was rapid economic growth and increased personal incomes, which in the modern social sector rose by more than 5 % a year on average.[295]

Transformations in the National Question 1945-1958/62: from the promotion of 'Yugoslavism' to reliance on modernisation

As mentioned earlier much of the thrust of the national problem was aborted after the war with the disappearance from the political and social scene of the leaders of those national movements that had operated during the war. However, after the break with Stalin in 1948, when decentralisation transferred new responsibilities to the regional and local authorities, one effect was a reformulation of local and national interests within the party apparatus among the local authorities. The national problem thereby took a new form in being articulated from and shaped by the various economic responsibilities that were transferred to the republican level, but this was only a transitory phase since these responsibilities were soon partially distributed to local authorities and to enterprise managers. In this manner local economic interests came to the fore although they were moulded according to national and cultural sentiments, and this was further aided by the fact that the communist party chose to identify local or regional economic interests as national. There was certainly an awareness of the problem within the party but there was also a strong belief that these problems would become neutralised with the social forces developing under the new political economy and modernisation of the country.[296] This essentially meant that other social relations would outplay the importance of national ones, and the expectation of this was itself connected to the idea of socialist self-management. To this extent it was expected that modernisation, as such, would solve the problem, rather than leaning on state-political indoctrination. In 1953 there were considerable amendments to the 1946 Constitution, which included a merging of the

---

[293] Schrenk, M, C. Ardalen & N. A. El-Tatawy (1979): 33. The Gross Material Product (GMP) was a concept for national accounts, which was used in all socialist countries to measure the output of goods and services. It is equivalent to the GDP of so-called "productive activities" disregarding so-called "non-productive activities" which according to the definition of classical economics does not generate "value". The "non-productive activities" include: health, education, administration, culture, defence, banking, and housing.
[294] M. Schrenk, C. Ardalan, & N.A El-Tatawy (1979): 31
[295] Ibid
[296] See for example Shoup, P (1968): 168 and Ch. 5 *en bloc* on the national question during this period. See also studies on 'values' referred to below in this section.

Chamber of Nationalities with the National Assembly, and the creation of a second house with a 'council of producers' to represent the workers. Although the actual abolishment of the Chamber of Nationalities contained a certain de-emphasis on federalism, and reduced the significance of the autonomy for the autonomous regions, like Kosovo, this did not have any real effects, as centralisation was high anyway.[297]

In Kosovo there were specific problems, since the population was predominantly Albanian and not Slavic. At the end of the Second World War the partisans had repressed an Albanian rebellion, but out of the rebellion an underground network emerged called the 'Albanian National Democratic Committee', which sought unification with Albania. In the early post-war years relations with Albania were quite good and the border to Albania allowed for a considerable amount of border crossing. However, after Tito's break with Stalin in 1948, the relationship between Yugoslavia and Albania deteriorated rapidly, and Enver Hoxha became one of the strongest critics of Yugoslavia in the communist camp. This had the effect that the Yugoslav security police, 'UDB-a', increased its pressure in Kosovo.[298] The late 1940s and the entire 1950s were marked in Kosovo, on the one hand, by the development of cultural autonomy, and on the other hand by waves of persecution and pressure. First, in order to reduce Albanian dissatisfaction and to embark on a socialist modernisation project also covering Kosovo, schools were opened up and cultural institutions promoted. At the end of the war the level of illiteracy among Albanians, in Kosovo as well as in the Albanian state, was close to 80 %.[299] The education system was initially organised according to language, and schools were opened in the Serbo-Croatian, Albanian and Turkish languages respectively.[300] It proved difficult to find enough teachers to staff the Albanian schools, and a two-track approach had to be applied, by first educating a cadre of teachers, but gradually a network of Albanian-language schools was built up. After the 1953 Constitution, the education system was reorganised along regional principles. From the late 1940s and through the 1950s, Albanians received, for the first time in history, a real possibility for education in their own language, saw the emergence and spread of cultural institutions, such as theatres, and the publication of a bi-weekly Albanian-language newspaper, the *Rilindja* (Awakening). A certain degree of emancipation was thereby promoted, which included efforts to 'liberate'

[297] Compare Shoup, P (1968): Ch. 5; Vickers. M (1998): Ch. 8
[298] UDBa (Ured Državne Bezbednosti = Office for State Security) was renamed to SDB (Služba Državne Bezbednosti) in 1964, but continuously called UDBa (the 'a' added only for a more convenient pronunciation).
[299] Reuter, J (1984) "Educational Policy in Kosova" *in* Pipa, A & S. Repishti (Eds)(1984) "Studies on Kosova", East European Monographs. Boulder, Columbia University Press, New York: 259
[300] On the education system in Kosovo I here partly follow Reuter, J (1984): 259-265

Albanian women from wearing veils, which covered their eyes.[301] Second, throughout the period, the UDB'a persecuted 'Stalinists', searched for arms, and attempted to uproot the 'Albanian National Democratic Committee', an endeavour in which they succeeded in the late 1950s. This made the chief of UDB'a, Aleksander Ranković, who was a Serb, one of the most hated persons in the Albanian population. Further, during the 1950s the government pursued a policy of 'Turkification', in which it perceived Albanians to be Turkish, pushed people to declare themselves so, promoted the Turkish-language schools, and even promoted emigration to Turkey.[302] In the mid-1950s, a large number of Albanians from Kosovo thereby emigrated for Turkey.[303]

Leaving the specific situation in Kosovo aside, the problem with nationalism at this time was mainly displayed within the party itself and among intellectuals and artists. From the party leadership there were complaints that historiography as dispersed in text-books (produced separately in different republics) was fostering national romanticism and in the mid-1950s the party started a campaign for the fostering of the Yugoslav idea and for seeking a new consensus on the nationality problem.[304] One of its outcomes was the meeting of a number of philologists and academics in Novi-Sad in 1954 resulting in a statement that Serbo-Croatian was one language with two different versions and alphabets, with preparations taken for publishing a Serbo-Croatian dictionary (published in 1960).[305]

A program for merging minority schools was carried out through the 1950s, which was met with resistance in many areas. In 1956 the party took measures to review the history writing in Yugoslavia. The historians were a problematic group since they generally tended to support the Yugoslav idea at the same time as their historiography was seen as national-romantic, for example though emphasising the role of their own nation in the liberation or building of Yugoslavia.[306] The party pursued the policy that Yugoslav historiography should place more emphasis on Yugoslav unity and deal with this matter more according to Marxist theory and

---

[301] Vickers, M (1998): 152
[302] Vickers, M (1998): 149. I here follow Vickers, but the generalisation is potentially controversial, especially the question of *why* Albanians left for Turkey in large numbers. There were agreements with Turkey enabling migration, but was it primarily a factor of push or pull?
[303] According to Miranda Vickers some 195 000 Albanians left for Turkey in the years 1954-57: Vickers, M (1998): 157
[304] Shoup, P (1968): 190-193
[305] Shoup, P (1968); Rusinow, D (1977): 225; Wilson, D (1979): 141 & 172
[306] Cf: Shoup, P (1968): 199-200

tradition, and Edvard Kardelj embarked on his own interpretation and definition of the concept of 'nation', with the intention of ideologically supporting the Yugoslav case.[307]

After 1958 a new program was adopted and the promotion of 'Yugoslavism' was abandoned. The party now relied on 'social forces' and modernisation to foster a new culture. Nevertheless, some efforts were still made to promote cultural co-operation and exchange. The change was not abrupt and since there were continued efforts in some fields until about 1962, some authors prefer to see the early 1960s as a turning point in the promotion of Yugoslavism.[308] Between 1959, in a review by the Party Executive Committee, and the new Constitution of 1963, the reference to ethnic minorities was changed to 'nationalities' and a new attitude was adopted that the various minorities could function as bridge-builders for their respective fellow nationals in other countries. The Bosnian Muslims, for their part, had their status elevated to that of a separate constituent 'nation' gradually after 1961.[309]

The idea that 'social forces', such as urbanisation, socio-economic development, and general modernisation foster new political cultures and value-systems is a feature of classical development and modernisation theories, as they were interpreted in the late 1950s and 1960s. While several of the theoretical propositions of modernisation and development theory have been heavily contested, and will be re-contested further in this study, these assumptions are not unreasonable as such. On the contrary they are quite probable and indeed very plausible. It

---

[307] Kardelj's definition included the wording "---community of peoples arising on the basis of the social division of labour in the epoch of capitalism,---". See further Shoup: op. cit: and p. 202-3. Shoup (p. 199-200) mentions the attempt of the Yugoslav historian Bogdanov, who embraced the task and offered an historical interpretation that Yugoslavia had been in the process of formation since the first half of the nineteenth century due to efforts of a rising bourgeois class of South Slavs who struggled for liberation against the exploitation of a provincial feudal class, but that this group had become opportunistic, conservative and reactionary after they came to power (and following the reaction within the Habsburg Empire in 1848) and that therefore the natural process of the entire development of the South Slavs was halted and replaced by reactionary, abnormal and separatist tendencies. But Bogdanov's interpretation received mixed receptions and it could not be established what was desirable for analysing the birth of the Yugoslav state (Ibid). Another attempt, which ran contrary to official doctrine, was made by Franjo Tudjman.

[308] There are several examples but most recently see: Wachtel, A. B (1998): Ch 3. Wachtel follows the attempts to sponsor more unity within education policy, culture and literary canons. I would suggest a soft transition but have placed the year 1958 along with Shoup (op. cit) at the time when the campaign was largely abandoned. The Party made concessions to the Republics, and Party policy also generally changed towards the minorities in the late 1950s so that the status of minorities was upgraded to "nationalities" (in contrast to "nations") after review by the Party Executive Committee in spring 1959. In 1961 draft preparations for the 1963 Constitution it was even suggested to ban 'Yugoslav' as a national designation, but this rigid position was soon dropped.

[309] The process was gradual: in the census of 1961 the category 'ethnic Muslim' was provided, and further concessions to Muslims as a distinct ethnic group (rather than just religious) were made in the 1963 *republican* constitution for Bosnia-Hercegovina, whereas the party committee in 1968-69 prepared the ground further so that in the census of 1971 and in the *Federal* Constitution of 1974 they were a '*narod*', a separate constituent nation (cf. Shoup 1968: 216).

would be strange if rapid socio-economic and spatial changes and increased mobility did *not* have any effect on value-systems and political culture.[310] In studies from the 1960s and 1970s, taking the so called development approach to communist studies, several indications were established that there was such a 'modernising' of attitudes, values, and political culture among the Yugoslav population and the elite groups.[311] Studies on so-called "social distance", surveying people's attitudes towards other ethnic groups have been quite common among social scientists studying inter-ethnic relations in Yugoslavia. While "modernisation" of attitudes was established in many surveys, some studies tended to the conclusion that ethnic identification equally may be strengthened and re-emphasised, as much as replaced by some universalism.[312] The persistence of Albanian clans in Kosovo following the *Kanun*, or customary law, and especially the reproached phenomenon of blood-revenge, were equally considered as elements that would disappear with modernisation and social development.[313] Milenko Karan, a Serbian social-psychologist who worked in Prishtina and Belgrade, studied the latter phenomenon in the 1980s, and suggested that it was exceptionally resistant to modernisation, and that rather than abating it had taken on worse features, while being squeezed between a tradition that had not yet disappeared and a modernisation not yet achieved.[314] Various attempts to eliminate the phenomenon of blood-revenge, which included reconciliation efforts through the Socialist Alliance (a party front-organisation in which membership was quite important and widespread) and the threat of exclusion from the Socialist Alliance for those who followed the *Kanun*, had a very limited effect at best.[315]

---

[310] The critique has also mainly been targeted at the engineering of such "cultural change" after a pre-set schedule of goals.

[311] See for example Clark, C & K. Johnson (1976) "Development's Influences on Yugoslav Political Values" Sage Publications, Beverly Hills / London. Clark and Johnson used a national survey on socio-political values undertaken by Zaninovich in 1967-68. Clark and Johnson's study is one of the most positivist I have ever seen in the subject and is highly based on quantitative methods. It allows some space for criticism, but as such the findings are still valuable and based on a national survey undertaken at a specifically interesting period of time (late 1960s).

[312] Another example, equally positivist, is Gary Bertsch's study on value changes. His conclusion is that although modernisation and some form of universalism apply they can exist in parallel with a strong re-emphasis on ethnicity and nation. Both studies can be subjected to severe criticism, but that we cannot enter into here. Bertsch, G (1974) "Value-change and Political Community: The Multinational Czechoslovak, Soviet, and Yugoslav Cases.

[313] The phenomenon was, and is, reproached among many Albanians as well, and in his novel *Serpents of Blood* from 1958, the Albanian writer Adem Demaqi condemned the tradition of blood-revenge.

[314] Karan, M (1985) "Krvna Osveta" Partizanska Knjiga, Ljubljana / OOUR Izdavačko Publicistička Delatnost, Beograd.

[315] Karan concluded that modernisation and social development did not have any effect on reducing the phenomenon in the Yugoslav (Kosovo) case, and that the measures or means needed to reduce it remained unknown. He did believe that eventually it would disappear with modernity, perhaps after thirty years or more, but that it was essential to acknowledge the problem and try to work along elements within Albanian customary law, which regulated peace periods through *besa* (word of honour). It would be counter-productive, however, not to acknowledge the phenomenon, or to belittle it, just as it would be to try to eliminate it simply through the

It has been argued by Andrew Baruch Wachtel that the Yugoslav idea lost cause once the partisan themes had played themselves out, which would be some time around the mid-1960s.[316] Wachtel suggests that supranational Yugoslavism was unable to renew itself and that the authoritarian tradition left the government cold towards a 'supranational culture' built on individual western lines.[317] Subsequently there was only the collectivist principle, which with the lack of a supranational project fell back on the particular national identity of the various groups. Wachtel further labels self-management as a part of the Yugoslav "myth" together with the partisan liberation struggle and "brotherhood and unity". Wachtel's contribution is important and provides good points on the role of cultural politics in relation to nation building. His observation of the collectivist principle is also valid. However, although self-management certainly became part of Yugoslav ideology, the concept of "myth" has the connotation of an erroneous belief, which can be revealed in retrospect. This may (perhaps) not be Wachtel's intention (or others who use it), but it should be emphasised that these core elements were not merely a 'myth', recreated by Yugoslav intellectuals and politicians, but rather there was clear materiality behind them (although perhaps not operating according to blueprint) and they gradually became a practice within the political theory itself of the Yugoslav state. Moreover, as outlined in the Introduction and above, the nationality dimension cannot be understood in isolation from the re-articulation of interests and formation of new interest groups related to the political economy and governing structure, which in turn was negotiated within the context of the international political economy. While it would be a serious mistake (and to miss a fundamental point in Yugoslav society) to reduce the national question to a matter of political economy, and in such manner allow a crowding-out of cultural dimensions essential to the national question, it would equally be a mistake to dislocate the question of national articulation from the matrix of dynamics that connects the state, nation, class and political economy. But in order to interpret the political conflicts, as they were articulated in economic, cultural, or constitutional terms, alternately, we need to condense the abovementioned matrix into an explicit framework. Dejan Jović has suggested that the fundamental dividing line within the Yugoslav political elite concerned two

---

formal penal system, since it could just continue out of the public domain. See further: Karan, M (1985) "Krvna Osveta"

[316] Wachtel, A. B (1998): 9 cf. Ch. 4

[317] For the whole argument see Ibid. My impression is that "culture", and cultural nationalism, is treated too much as an independent variable in Wachtel's analysis. Despite the criticism here, I find Wachtel's study of cultural politics and literature in Yugoslavia an important contribution to understanding the continuous recreation of nation-hood, and in relation to the state. In addition he has an interesting commentary on much of modern Yugoslav literature.

competing and opposing conceptions of the Marxist theory of the state.[318] In the first, so-called 'statist' conception, Yugoslavia was considered a South Slavic state, where 'brotherhood and unity' concerned the ethnic groups as well as social classes. In this view 'Yugoslavism' entailed the promotion of a universal south Slavic identity, which transgressed the ethnic and national peculiarities of the constituent peoples. In this context the reliance on 'social forces' to overcome cultural or ethnic differences makes sense as a kind of teleological process of modernity leading towards a universalism limited within the Yugoslav state. In the second, so-called 'non-statist', conception however, the emphasis is on the Marxist idea that the state will eventually "wither away". Here, socialism rather than south Slavism is at the centre, and thus the ideological (socialist) dimension rather than the ethnic. In the second conception it would be fundamentally wrong to promote any form of 'Yugoslavism', because the state would eventually disappear and must only be allowed to form an umbrella over the constituent nations, which would enable them to be independent and to pursue their road towards socialist self-management democracy. Jović places Aleksander Ranković, the Serb and Chief of Security, as the strong advocate of the former, and Edvard Kardelj, the Slovene party ideologist and theoretician, as the advocate of the latter (further discussed below). Tito himself, tended towards the 'statist' and 'Yugoslavist' stance, while emphasising that this did not equal 'unitarism' (a Yugoslav heresy), in the sense of one nations hegemony over another, as had been the case in the first Yugoslavia. Jović contends that the essence of Yugoslav political struggle revolved around these positions, and that it was the latter that eventually prevailed. Emphasis is thus on the ideological nature of conflicts, rather than economic, cultural or national. Still, as argued by Yael Tamir (and outlined in the Introduction), the question of self-determination, in whatever sense, does concern concrete issues in terms of political economy and cultural affirmation.[319] Moreover, the rationalities are affected by the opportunity structures within a wider political economic context. With such considerations in mind we have an outline for intra-Yugoslav divisions along political and ideological interests, as well as for economic interests, both criss-crossing cultural and national interests. The latter, economic interests, overlapped considerably with national divisions, whereas the former did

---

[318] Jović, D (2003): 157-181

[319] Tamir, Y (1993) "Liberal Nationalism", Princeton University Press; The direct overlapping of the economic disputes with the issue of centralism versus de-centralism (statism/de-statism) is clearly noted as late as 1988 in Devetak, S (1988) "The Equality of Nations and Nationalities in Yugoslavia", Ethnos 32, Braumüller, Wien. See especially pp. 102-103 where Devetak argues against any re-centralisation as a solution to the economic crisis.

so to a much lesser extent, but in the case of the Albanians they did so considerably, since they had no interest in a Slavic conception of the state (they are after all not Slavs).[320]

On the one hand we have a direct regional and national configuration that largely overlapped with the divergence in economic structure and level of development. On the other hand, however, conflicts were sometimes explicitly articulated in cultural and nationalist terms, rather than over political economy. In the case of Albanian nationalist expressions, the concern over political economy appeared secondary, although aggravated by economic deprivation and unemployment. In the case of Macedonia, in strict political economic terms, there was reason to take side with Serbia, Bosnia, and Montenegro, because the economic structure and level of development was more similar to these republics than to that of Slovenia or Croatia, and Macedonia was favoured by the inter-republican transfer fund. On the other hand Macedonia had no interest in a 'statism' that might produce centralism. Therefore, in terms of liberal reform, decentralisation and federalist formula, it often shared interest with Slovenia and Croatia. Hence, the political conflicts must be understood in multi-dimensional terms and not as a strict translation, or reduction, of economy into politics. Nevertheless there was a constant pressure to adjust to shifting conditions in relation to western markets and in the global political economy, even to the extent of disputes fuelled directly in connection to foreign credits. Let us therefore, within the framework outlined here, take a closer look at the political and national dynamics in the 1960s and early 1970s, which eventually resulted in a re-formulation of the Yugoslav state.

Political and National Dynamics in the 1960s: political economy debates and national articulations towards liberal socialism

Although the battleground to a large extent concerned political economy, it assumed other features as well. At the end of the 1960s they became so strongly articulated with regard to the organisation of the state, that they produced a legitimacy crisis, which eventually led to a

---

[320] The reason why the ideological 'statist' versus 'non-statist' disputes overlapped less with national divisions is for example evident in the case of the Macedonians. In Macedonia the economic level of development, and economic structure, was such that the 'developmental' (Foča) model would be favoured. For this reason they would end up on the side of Bosnia and Serbia against Slovenia and Croatia. However, in constitutional terms they were more interested in decentralization and would thereby have joint interest with the Slovene and Croatian positions. Thereby the dynamic of conflict was multi-dimensional.

re-negotiation of the whole Yugoslav project. We must follow how this unfolded a bit further before we can formulate some considerations of why this was the case.

The Reforms of 1965 initially ran into resistance on the implementation level. Notably in Serbia there was resistance to the reforms and one of Tito's closest party allies in the state apparatus, Aleksander Ranković, strongly opposed them. Alexander Ranković held the important position of Vice Presisent of Yugoslavia, was responsible for party organisation and chief of the security service (UDBa). With Tito now on the side of the reformers he eventually took the step to sacrifice Ranković as he had done with Milovan Djilas before. The ground had to be prepared on a territory other than on the reform-issue though, since this was too closely linked to various interest groups. The issue where Ranković could be attacked so that popular support could be maintained was on his responsibility over the UDBa, and the official occasion was before the fourth plenum of the Party Central Committee, held at the Briuni islands in 1966. Official Yugoslav history claims that it was discovered that the security service UDBa, headed by Ranković, had wire-tapped all the party officials including Tito himself. The discoveries were made in a complex series of intrigues involving the mutual wire-tapping between the Army's counter-intelligence service and UDBa.[321] Ranković's hard style measures had won him many personal enemies, one of them being the party's chief ideologist and theoretician Edvard Kardelj, who was on the reformist side.[322]

With an entire political block going after Ranković in 1966 a fatal blow was given to a large Serbian group of representatives around him. The purge of Ranković marks a considerable change in the situation in Kosovo, because the plenum further emphasised the principles of decentralisation and granted extensive autonomy to the republics and provinces, especially with regard to economic decision-making. Moreover, in an attempt to eliminate ethnic differences and break up ethnically homogeneous areas, an administrative reform in 1966 reorganised the twenty-eight municipalities that had existed in Kosovo since 1959, into twenty-two new municipalities of which only three were ethnically homogeneous.[323] This was part of a wider reform in the municipality (opština) system, but in the predominantly Albanian province it eventually had the effect of making the Serbs complain of discrimination by

---

[321] See Rusinow, D (1977): 179-91 (especially p.185-86)
[322] In 1959 there had been an attempt on Kardelj's life. for which his wife had blamed Ranković and his people, indicating that the conflict was not merely political but deeply personal, see Ramet. S (1984/1992): 90
[323] Hardten, E (1997)

Albanians and that they had lost all power in local governing. Thus, the year 1966 can be taken as a turning point in Kosovo, after which Albanian dominion rapidly replaced Serbian.

The late 1960s further witnessed several serious political problems in Yugoslavia, some of which were formulated in national terms *vis-à-vis* the state. As has been discussed by Rusinow they were of a number of different natures and causes.[324] In 1966-67 the LCY (League of Communists) was reorganised in a more decentralised manner.[325] This came as a result of internal pressure and as a consequence of the decentralisation of the whole system. The reorganisation of the party was immediately met with criticism from Moscow. The international scene now accumulated tensions for Yugoslavia, with a *coup d'état* in Greece in 1967, disputes with Italy over trade issues as well as some territorial squabbles over Trieste,[326] and a reopening of the Macedonian question by Bulgaria. Moscow was again in schism with Yugoslavia, and there was an upcoming world communist meeting in which Yugoslavia had no place. At the same time Yugoslavia was uneasy with US involvement in Vietnam, in the 1967 war in the Middle East, as well as elsewhere, which was all considered to indicate a more aggressive American stance towards socialist regimes and non-aligned states.[327] Any perceived threats from America were hastily fading though in the wake of the Soviet intervention in Czechoslovakia in August 1968. The relations between the new Dubček-government there and Yugoslavia had been particularly good.[328] The Soviet take-over initially produced a security-paranoia, with fears that Yugoslavia itself might be threatened, and a series of steps were taken to prepare for a possible upcoming conflict, but after a few months of uncertainty the situation moved back towards normality in 1969.

---

[324] Rusinow, D (1977): 197-244, see also Ch. 7; Cf. Wilson, D (1979): Ch.14

[325] The Party had changed its name in 1952 from the 'Yugoslav Communist Party' to 'League of Communists', and then embarked on a gradual decentralization.

[326] Trieste and the Julian region (from the Julian Alps) was under dispute, as was Istria, between Italy and Yugoslavia after the Second World War. The region was ethnically mixed. Trieste was under Habsburg Austria until 1918, under Italy (liberal and then fascist) between 1918-43, Nazi Germany 1943-1945, under pro-Yugoslav Communists in May-June 1945, then a British-American Military Administration 1945-54, and Republican Italy after 1954. Zone B comprised areas around the City, border disputes towards the Slovenian border and the coast came up in 1967. For an account of Trieste and the border area see: Sluga, G (2001) "The Problem of Trieste and the Italo-Yugoslav Border" State University of New York Press

[327] Rusinow, D (1977): 210

[328] Under the Dubček-regime Czechoslovakia was searching for its own liberalisation and revitalisation of the economy, which was stagnating under the communist dogma of central planning. Czechoslovakia was particularly important, since it had been the only industrialised country to fall under the eastern bloc. For Tito there seemed to be an opportunity for the formation of a more liberal socialist bloc in central Europe with Yugoslavia as a role model. There was further support from the Ceausescu government in Romania.

The Reforms of 1964-65 aimed at revitalising the economy had not produced any immediate results and the years up until 1967-68, for their part were marked by economic stagnation. At the same time, living costs had started to increase and would continue to do so. Moreover, there was an increase in unemployment. Paradoxically, the initial momentum towards industrialiation and modernisation, which had started to produce a significant change in Yugoslav society - including the proletarisation of the countryside, restructuring of the economy, and a developed education system - now hit the limit of its own expansion capacity. The growing number of graduated students, as well as skilled workers, could not be significantly absorbed within the social and industrial sector. These sectors were now under rationalisation at the same time as a significant force of students and workers were available for employment. The largest group was however the peasants. The proletarisation of the countryside had reduced the agricultural sector significantly, from two thirds to less than half of the population in twenty years, although with great regional variations (the rural population was pushed by the meagre opportunities in farming and, to a greater extent, pulled by the cities).[329] While unemployment became a real threat for the first time, there was now a new opportunity for moving abroad. Expanding western labour markets could absorb some of these people, and provided relief for the Yugoslav economy for some time to come. Despite the poor image this might bring for real-socialism, labour export became a calculated solution within Yugoslav economic policy and in order to facilitate and control the work-migration a federal bureau was created.[330]

Among advocates of the developmental model (Woodward's Foča model), or so-called "conservatives", the meagre result of the liberalisation of 1965 provided good arguments for doubting the effect of the reforms. The timing was such that Yugoslavia was opening up its market at a time when the trend in Western Europe moved towards increased protectionism. The disputes between republican party representatives increased, connected to the issue of reform and decentralization, and because of the uneven development within Yugoslavia the positions on economic and political reform tended to merge with republican-national divisions. It was not clear-cut though. While the more developed regions (Slovenia, Croatia) showed stronger support for decentralisation and market liberalisation, these were in fact supported by Macedonia, which was among the more underdeveloped regions (together with

---

[329] Among other reasons, productivity was low in agriculture and the social security benefits – in this private sector – were poor compared to those in the social sector.

[330] On labour migration see Schierup, C-U (1990); Magnusson. K (1989) "Jugoslaver i Sverige: Invandrare och identitet i ett kultursociologiskt perspektiv", Centre for Multiethnic Research. Uppsala University.

Kosovo, Montenegro and Bosnia-Hercegovina).[331] This indicates the complexity of the disputes and that they spanned from political economy to the federal organization of the state. The political debate was not confined within the party. The liberal trend after 1965 opened up a debate within intellectual and student circles about the nature of Yugoslav socialism, the limits to reform and of Marxism in general. Self-management within the media sector started to produce a more party-independent journalism and the intellectual climate opened up.[332]

In Ljubljana the political review *Perspektive* had started to attack LCY bureaucracy and moved on to the Djilas-heresy of demands for a two party system. In Zagreb came the neo-Marxist philosophical review *Praxis*, proudly dedicating itself to "criticism of everything that exists", which started to attack Yugoslav and Soviet Marxism for dogmatic positivism and warrant the need for a more humanistic Marxism. The *Praxis* group was influenced by philosophical re-orientations in western academia and wished to break away from the cementation tendencies within Marxism generally, and especially within real-socialism. In Belgrade the *Praxis*-group had its counter-parts in *Gledišta* and *Delo*. These were met with vicious ideological counter-attacks from the party, but *Praxis* was allowed to survive and continued publishing until 1975. In this liberal climate Milovan Djilas was released from prison in early 1967, but another writer, Mihajlo Mihajlov, had instead been sent to prison in 1966 after having published articles on concentration camps in Leninist Russia, and after having announced his intention to publish a review as a basis for the foundation of a new political party.

The imprisoning of Mihajlov set the limit for what was considered possible in 1966. The political climate in Yugoslavia had started fermenting. The move towards liberalisation had institutionalised a centrifugal potential within the political as well as economic framework. The old national-oriented part of the intelligentsia was reinforced by large numbers of new students and new mobile groups, which the state sector had difficulty to absorb. The decentralisation of the state and economy had its parallel in decentralisation within the party (LCY). This further provided an infrastructure, which could be exploited for regionalist and nationalist interests. Some critique was particularly targeted on the political economy, while

---

[331] Indeed the Macedonian case was special for other reasons as Macedonia had quarrels with Serbia since the war, and there were probably durable memories of bad experiences with Serb domination tendencies in the first Yugoslavia.

[332] Here I outline some aspects of the main trend, for a detailed account see Rusinow, D (1977): Ch. 6

others related to more general political liberalism, and increasingly criticism came to be framed in cultural and eventually purely nationalist grounds.

In 1966 the Ranković-affair had partly been perceived from a national perspective. It was a defeat for a Serbian flank within the LCY and as such threatened to create reactions from humiliated Serbian groups as well as euphoric victorious Croatian strands. In connection with this came a kind of linguistic dispute between Serbian and Croatian intellectuals.[333] The Novi-Sad agreement from 1954 was now rejected by a number of Croatian academics and literary figures, including the prominent Croatian writer Miroslav Krleža. In March 1967 a language-declaration was published in Zagreb, which called for a Constitutional recognition of Croatian as a separate language to be exclusively used in Croatia as well as being formally on a par with Serbian in all federal instances. In Belgrade there was an immediate response calling for the right of 700 000 Serbs in Croatia to be educated in Serbian (and Cyrillic), while Belgrade television should use only Cyrillic. These calls were not welcomed by the Government, which reacted strongly against it. Language was far too sensitive a nationality marker. But the national question was clearly being reformulated into the Yugoslav agenda. This was especially the case in Croatia. Here the Croatian cultural organisation 'Matica Hrvatska' was revived in 1967 (modelled after the Matica of the Illyrian movement within the Austrian Empire in the 1840s) and started a campaign within its magazine *Kritika* over the unfavourable situation for Croatians living in other republics.[334]

Debate and critique were thus opening up on cultural, political-constitutional and political-economic fronts. Two leading economists, Branko Horvat from Zagreb (at the time Director of the Federal Institute for Economic Planning) and the Slovenian university professor Aleksander Bajt, published a series of articles on the economic incompetence of the reformers. These articles were published in the Croatian (Zagreb) daily *Vjesnik* in Autumn 1967, and the party leadership responded in the Belgrade daily *Borba*. This soon transformed

---

[333] On language policy and disputes see for example: Nečak Luk. A (1995) "The Linguistic Aspect of Ethnic Conflict in Yugoslavia" in Akhavan, P & R. Howse (Eds) (1995) "Yugoslavia – the former and future: Reflections by Scholars from the Region", The Brookings Institution, Washington and UNRISD, Geneva: 112-120
[334] The Maticas (Queen Bee) had existed in the 1840s in Croatia and in Serbia (Novi-Sad) as a part of the Illyrian movement for Slav independence. They were essentially cultural societies, since political activities of their kind were prohibited in the Habsburg Monarchy.

into a squabble between the *Borba* and *Vjesnik* publishing houses, with nationalist undertones.[335]

From the Croatian branch of LCY there came complaints over the effects the reforms had had on the banking sector. The reforms had intended to give more direct responsibility to enterprises and to reduce the role of the Federal government. In addition, the banking sector had been reformed and numerous banks merged into larger units, which were to take over the investment role formerly held by the general investment fund. But one effect had been that a few of the major banks, centred in Belgrade, had received a larger role in investment decisions. Within the banking sector the enterprise stakeholders now received less influence in favour of expert commissions. The Croats complained that these banks were favouring investment decisions in Serbia or elsewhere, but not in Croatia. Moreover, the retention quotas (a large part of the foreign currency earnings a company made was to be deposited in the banks and located to companies that needed them for imports) were unfavourable to Croatian enterprise, which was claimed to produce more foreign currency than it received in return.[336] While the Croats and Slovenes had interests in a much weaker federal role in political economy, the southern republics and provinces had just the opposite. The representatives from Bosnia-Hercegovina and Kosovo claimed that the Chamber of Nationalities should have increased influence over the economic issues. The target was the Federal Fund for development.[337] Concessions were made towards these claims and a reorganisation was made in 1967, with amendments to the 1963 Constitution, which increased the power of the Chamber of Nationalities among other changes. The political-institutional and constitutional organisation of Yugoslavia was now clearly moving towards wide-ranging federalisation.

Between 1968 and 1971 there were a number of student demonstrations throughout Yugoslavia. The political focus varied and they had a number of different objectives and

---

[335] For the whole affair see Rusinow, D (1977): 229-231

[336] On the banking issue see Rusinow, D (1977); Cf. Wilson, D (1979): 176-177; Ramet, S (1984/1992): 98

[337] The "Federal Fund for Accelerated Development of the Underdeveloped Republics and Kosovo" was an inter-republic transfer system of resources towards under-developed and poorer areas within Yugoslavia (basically from the *north* to the *south*). It was created in 1965 to counter the uneven development within Yugoslavia. Each federal unit was to allot 1.85 % of the Social Product to the Fund which allocated resources for investment in Bosnia, Kosovo, Macedonia, and Montenegro. As such it was also always the target for complaints. Croats and Slovenes complained over paying too much (and that it was ineffective and equalled *charity* rather than investment) and Macedonians, Bosnians, Montenegrins and Kosovars for receiving too little (while their national resources were pulled into the industry in the north below market prices) and Serbs complained over paying anything at all while statistics indicated that they ought to receive instead.

claims. Generally they received little support from the workers and did not result in any wider social mobilisation, but they were important from another perspective though as they introduced a new group and a new generation into the political life of Yugoslavia. In Belgrade in May-June 1968 it started with a street-fight in which the police intervened with perhaps unnecessarily harsh methods. This provoked a larger student demonstration involving thousands of students, which soon spread also to other universities and Republics with demonstrations in Zagreb, Sarajevo and Ljubljana. The Belgrade students showed no nationalist sympathies at all however. Rather they were expressing a 'new left' and displayed slogans as "There is no Socialism without Freedom, no Freedom without Socialism", "work for everyone, bread for everyone", "Down with the red Bourgeoisie", "Bureaucrats, hands off workers", "Workers – we are with you!" and the like.[338] The students had reason to complain, and did so, over poor lodging conditions and poor material standard. The student mobilisation came at a time when the party had itself opened up to a more liberal climate, and in addition the international movement of 1968 could be followed through the news. As mentioned earlier the expansion of the number of students following the modernisation of Yugoslavia could not be absorbed by the state or enterprise sector. This was especially the case after the rationalisation introduced after the reforms. Unemployment was on the rise, as was inflation. Generally such conditions have been expected to create the environment for increased mobilisation and social conflict within society.[339] If this is the case, the crucial question within a multi-ethnic state is if this crystallises along ethno-national lines or takes other features. In Belgrade it took the form of a kind of a New Left and anti-bureaucratic protest. The most dangerous element of this fact from the Party perspective was that the students were calling for unity with the workers, in fact claiming a common cause. The Party responded with a mixture of wooing of the students, and at the same time driving a wedge between the workers and the students as well as between what was considered moderate students and more extremist students (generally equivalent to the philosophy faculty) who were isolated.[340] The student movement might have gathered further momentum in the autumn term, but was interrupted by events on the international scene with the Soviet invasion of Czechoslovakia. The perceived external threat temporarily halted the domestic fermentation and in that year

---

[338] From Rusinow, D (1977): 234

[339] For example within classical political development theory of the 1960s as mentioned above. Here, the increased social mobilisation, political awareness and change of values that follow modernisation may have increased social conflict as an initial effect. One does not have to be a follower of classical modernisation or development theory to agree on such a connection. For the developmental approach see: C. Clark & F. Johnson (1976)

[340] Rusinow, D (1977): 234-240; Cf. Wilson, D (1979): 178-180

the LCY received 100 000 new members under the age of 25, thus considerably increasing its base in the new generation.[341]

In other places student protests took direct cultural or nationalist features. This was the case in Kosovo in October and November 1968, where students demanded that Kosovo should be elevated to the status of a seventh republic. The situation in Kosovo had improved considerably after 1966 and the removal of Aleksander Ranković, with his Belgrade-centralist and authoritarian approach to the region; yet, among the Albanians the change had rather awakened their cultural self-esteem and in 1967, for the first time, Tito visited Kosovo and received a warm welcome. Four university faculties were established in Prishtina in 1968, which became upgraded to a university in 1970, and higher education was now available in the Albanian language (previously it was a branch of Belgrade university). In 1968 Albanians, everywhere, celebrated the 500-year anniversary of the Albanian national hero Skenderbeg, a commemoration which was accompanied with nationalist displays and constitutional demands. In several towns in Kosovo, and in the Albanian-concentrated town Tetovo in Macedonia, students demonstrated and expressed their demands, and here the demonstrations grew into wider popular unrest and had to be calmed by the use of force. The claim for a Kosovan republic was sensitive not only to the Serbs (the 'Metohija', in what was then called Kosovo-Metohija, refers to the land of the Orthodox church, which has a large concentration of mediaeval monasteries there), but also from an inter-republican perspective, for example with regard to Macedonia. While a more concessional policy was pursued towards Croatian nationalism, this was not extended to the Albanians. However, in January 1969, in response to the 1968 demonstrations, the Serbian Parliament adopted a constitution for Kosovo, and Kosovo received its own Supreme Court and Albanians were allowed to display their own flag.[342]

The liberal reforms that had been launched successively since the mid- 1960s were confirmed officially in the 9th Congress of the LCY in 1969. At the Congress a number of changes were introduced and the lively debate that developed pre-signalled those highly complex procedures of the Federal, Republican, and communal elections that were held the same

---

[341] Rusinow, D (1977): 239
[342] See further Vickers, M (1998): 169-170

year.[343] Three important changes should be mentioned here. First there was the creation of a Federal Executive Bureau directly under Tito, which was to ensure that some federal political direction would be maintained in the, by now highly federalised, Yugoslav state. Then, the party organisation of the Yugoslav Peoples Army was given increased influence so that the party representatives in the Army would have their own Congress, and the Army was given its own representatives in the Party Presidency separate from those coming from the republics and provinces. This introduced the army onto the political level to a previously unparalleled degree and this became an important element for the political calculations on a federal level later on. Third, there was the implementation of the (already existing) rules for rotation of the representatives, which resulted in the old veterans of the revolution being circulated out of office and the introduction of a whole new and younger cadre of representatives on party congresses, republican central committees and into other offices.[344] This in effect completed a generation shift within Yugoslav political life.

Legitimacy crisis and the re-articulation of the national question 1969-71: towards (con) federalisation

The second half of the 1960s thus marked a new phase in Yugoslav history. The modernisation programme had started to produce effects in the country in the 1950s and 1960s albeit with various effects in various regions and a strong internal uneven development stretching from northwest to southeast and from town to village. The aggravation of socio-economic problems that came after the initial phase of this programme, coupled with disputes over the nature of the state organisation, led the LCY to opt for a reformulation of the political economy and the state structure, a political struggle won by the so-called reformists. However the increased decentralisation within state and party had created new interests, a new infrastructure and empowered new agents operating in that infrastructure, to formulate their regional interests. Self-management had at the same time created and empowered new agents who fought for their own fiefdoms. In the sense that this was 'nationalist', as in many cases it was, it was a nationalism that had taken a new form in a changing political-economic and social climate. The agents were new, as were their objectives.

---

[343] For an account of the lengthy and complex procedures of nominating representatives, filtering them, electing and re-electing them see Rusinow, D (1977): 260-266

[344] For more details see Rusinow, D (1977): 255-260. He provides the figures that 90 % of the new delegates had never before attended a Party Congress and some 2/3 of the delegates of the Republican CCs were new.

Yugoslavia's sensitive position within the international political economy, and towards external economic agents, made its independence highly conditional. In its struggle for independence it had come to rely on securing access to western capital and markets, obtain licences, as well as maintaining a position of balance between the Soviet and NATO camp. The development strategy Yugoslavia had chosen, and its strategic position, made it impossible for the federal government to pursue a macro-economic policy as it suited (Keynesian-style counter-cycle policy was for example not possible) and instead federal policy became a domestic translation of the external conditions given. This condition made the federal government preoccupied with trade deficit, foreign debt, and conditions for access to foreign capital, which in turn undermined the federal macro-economic policies that were supposed to foster growth and employment.[345] As analysed by Woodward, this vicious circle of foreign policy translated into political conflicts between so-called liberal and conservative policies, which were primarily defined by industrial policy and its organisation, but because policy was so sensitive and responsive to international (external) factors there could not be a total victory for either side and instead the internal conflicts came to focus on access to capital, thus translating political conflict back into economic conflict.[346] Conflicts over the political economy were normalised and institutionalised in western democracies as a part of the very operational structure of democracy. In Yugoslavia the danger lay in the fact that economic interest spheres could be crystallised along national zones.

Notwithstanding those mainly economically configured conflicts, the 1960s had also brought the opening of a new climate of public expression. Intellectuals, artists, and finally students who started to voice claims in the new political and social space also articulated a new agenda. It was the voice of modernisation and a critique framed on socio-economic parameters in some instances, on cultural-linguistic concerns and against political domination in others. Finally, some of the protests had no nationalist features at all. There were strikes in many areas, but generally there was never a bridge between different social groups to include workers, peasants, students, and so create wider political mobilisation. To the extent that interests were locally anchored among the workers and peasants, they never explicitly challenged the core foundations of the legitimacy of the political project that was Yugoslavia. Some of the core pillars (self-management and multi-national federalism, but not the non-alignment) of the Yugoslav idea were however in need of refurbishment. The crystallization

---

[345] Cf. Woodward. S (1995): 258 and Chapter 7 *en bloc*
[346] Ibid

of the Yugoslav framework had from the beginning been moulded republican- and province-wise to satisfy and accommodate, and so neutralise, national sentiments. The brotherhood between nations "*bratstvo i jedinstvo*" ("brotherhood and unity") was considered not just some communist rhetoric, but truly the only way forward for small nations with big neighbours during and after the war. Among some political forces within the party, it was calculated that modernisation would replace the national affiliations with a more "modern" and truly socialist spirit, whereas for others it was essential that 'brotherhood and unity' be understood as national co-existence without replacement by "unitarism".[347] Yugoslav national identity never occurred as a *replacement* for other national affiliations, but only as an umbrella accommodation over them (one was Croat *and* Yugoslav, or Yugoslav *and* Serb, and so forth). In fact, by the time it eventually did occur as an alternative, it was debated as constituting a *problem*, and this was only by the census in 1981, when some 6 % stated that their nationality simply was 'Yugoslav', although the number was much lower in some places, such as Kosovo (far below 1 %).[348]

In the course of seeking a formula for governing these nations the party had to meet concessions and eventually empower local interests instead of bridging them. From having been conceptualised as an agent for modernisation the state was increasingly becoming a framework for managing a nationality and 'inter-regionality' problem that could only be worse without that state. The alternative had been inter-ethnic struggle and foreign domination. The state was slowly being transferred from an active agent of governing the political economy to becoming a shield and negotiator against foreign powers and an umbrella over the (mostly multi-ethnic) 'nation-republics', between which all political issues were increasingly voiced in national terms. The rise of the national problem in new forms at the end of the 1960s signalled that the Yugoslav state such was not questioned, but that it could only be allowed to be a weak one.

A real challenge to its legitimacy came in 1969, and it came from Slovenia and it started over a motorway. In the summer of that year Yugoslavia applied to the World Bank for assistance

---

[347] This was essentially the dividing line between Kardelj, and his followers, on the one hand, and Ranković, with followers, and to some extent Tito himself, on the other. See the discussion in Jović, D (2003): The continuous presence of the debate between 'centralist' versus 'decentralists' (or 'statism' – 'de-statism') can be noted as late as 1988 in, the previously mentioned, Devetak, S (1988) "The Equality of Nations and Nationalities in Yugoslavia", Ethnos 32, Braumüller, Wien: especially pp. 102-103

[348] For example: Jović, D (2003). The percentage of declared 'Yugoslavs' as almost 6 % in 1981 can be compared to the less than 1.5 % in the 1971 census. Calculated from figures given in: Jugoslovenski pregled 1983/3, Savezni zavod za statistiku: Statistički bilten 1295.

for a motorway programme. The Bank had already agreed to infrastructure-development credits, and the federal agreement had concretised this to include three highways, one respectively in Slovenia, Croatia, and Macedonia. After the loan had been signed the Federal Executive Council decided to postpone the Slovenian highway and first prioritise a number of other constructions, including a strip between Serbia and Croatia. Eventually all the projects were undertaken and the road constructions were not affected. But the decision in 1969 was received with violent reactions in Slovenia. The Slovenian representatives traditionally had close ties with those of Croatia and Macedonia and they had constituted a kind of reformist block within the federation. Now this link was broken and the Slovenes felt betrayed by what they perceived to be a Serbian-Croatian deal on their account.[349] Widespread popular protest arose in Slovenia and the Slovenian representatives stated that this would bring consequences for inter-republican relations. The whole issue threatened to bring down the federal government and as a sign of how seriously upset the Slovenes had been by the affair the president of the League of Communists for Slovenia, France Popit, finally explained that Slovenia did not have any intention of leaving the Yugoslav federation.[350]

The whole affair had stirred up Slovenian feelings, but the Slovenian position soon calmed and they were back supporting a federation, which took rapid steps towards increased federalisation. These steps were taken in parallel with an evolving crisis of nationalism in Croatia. It was here, in Croatia, that the most serious threat to the Yugoslav project was formulated. What made it specific was the fusion of nationalist fervour in public and cultural organisations and media, on the one hand, and the republican leadership, on the other. Between 1969 and 1971 several additional steps were taken to decentralise the economy, reaffirm the sovereignty of the republics and move the federation to the limit of confederation. In 1970 Tito raised the issue of organising a framework for his succession and the creation of a collegial Presidency respecting the 'ethnic key' of Yugoslavia as it was constituted by republics (after his death in 1980 with the constant rotation according to this key) was created. A new cluster of amendments to the 1963 Constitution was also being worked out. One of the laws passed in 1969 gave republican control over territorial defence units. Another aspect was the attempt to introduce a new phase in self-management. In order to escape inter-republican stalemates other institutions in society, such as the trade union federation and the council of

---

[349] For alliance politics and this issue see Ramet, S (1984/1992): 94-96; cf. Wilson, D (1979); Rusinow, D (1977)
[350] Ramet, S (1984/1992): 96

self-managers, were brought in to elaborate proposals. It was at this point that the "OOURs" (basic organisation of associated labour) and the "social compacts" were introduced. The division of companies into working units (OOURs) and fusion into complexes (SOURs) has already been discussed above. The introduction of this element was a way of seeking a formula for decentralisation, which did not directly boil down to national-republican, and to give new impetus to self-management. Instead it fragmented the economy and society.

The leadership in Croatia had now broken its alliance with Slovenia at the inter-republican bargaining level and, coupled with the increasing display of nationalism in Croatia, it had increasingly isolated itself. Croatia wanted more decentralisation, especially on all economic matters in order to free the republic from any, as it saw it, discriminatory tendencies from import-export firms and banks in Belgrade.[351] Their claims to keep more of the foreign currency earned by Croatian enterprise within those enterprises, or within the republic, had a good basis (and their claims were also eventually met), but other republics had equally powerful claims. For example, if the Croatian tourist industry earned foreign currency, then why should other republics supply this industry with below-the-market-price food products if they could have no claim on the earnings from the end product?[352] The Yugoslav economy was inter-linked in such a way, from raw materials to end products, that it was not really possible to calculate what would constitute 'just' productivity or earnings on a republican basis. The inter-republican stalemate on a federal level could develop because of the veto-right of each republic. As Croatia exercised this threat to push through *any* demands they increasingly alienated other republics and drove themselves into isolation. The Croatian leadership now embarked on a strategy underpinned by the belief that they themselves, in Croatia, could realise a better form of socialist self-management economy and socialist democracy, and thereby take the lead in the economic field. The idea was that, with Croatia already (after Slovenia) being the most developed economy, further reform measures and the promotion of a more modern economy, could take the lead in *one* republic even if the other republics did not want to follow immediately. Croatian party representatives sought a new strategy to achieve legitimacy for, and power behind, the Croatian push for confederalisation and further reform. A group within the Croatian leadership saw an opportunity in receiving

---

[351] For the whole Croatian Spring discussed here, see Rusionow, D (1977); Denitch, B (1976); compare a partly different interpretation in Ramet, S (1984/1992) and another in Jović, D (2003). The interpretations do not differ in essentials, but Ramet tends to see more cause for the Croatian claims than for example Denitch does, whereas Jović emphasizes the intra-Croatian elements of the conflict.
[352] Cf: Denitch, B (1976): 196

155

support through the nationalist euphoric tendencies, which existed within the bulk of the cultural, media, and academic circles in Croatia. Essentially it was a policy for reforming the political economy, but with the presence of parallel nationalist tendencies, the strategy - to seek support for the former - was to fuse the two currents (not dissimilar to the events in Serbia in 1986-87 under Slobodan Milošević, which will be discussed later). The most forceful vehicle of Croatian nationalism was the cultural organisation, 'Matica Hrvatska' (Croatian Queen Bee). From these circles a homogenisation strategy was developed, in which popular mobilisation and propaganda were utilised, and where emphasis was placed on the conviction that Croatia was disfavoured and exploited within Yugoslavia by other nationalities (especially Serbs).[353] The attempt to mobilise and homogenise along ethno-national lines created a split within the Croatian party leadership, but the wooing of nationalist forces had created a momentum, which the republican party leaders could not control. The public scene in Croatia had evolved into euphoria with nationalist outbidding. The "moderates" were driven out of office and the hard-line triumviate continued to utilise national feelings while at the same time becoming hostages to it.[354] The interest in renewing the political economy and republican autonomy was merged with cultural and nationalist claims. It thus turned into the movement, which was later to be labelled the 'Croatian spring' (of 1971). It must be noted that the Croatian policy was still devoted to self-management socialism, at least in theory. In fact, the self-management argument against other forms of socialism (state capitalism), that is, that the workers would be alienated if they did not dispense of their income and that it would be unfair to take the surpluses they created away from them without their consent, was merely extended to a republican level.[355] That is, it would be unfair to take surplus from the republic for the federation without the consent of that particular republic. Nationalist euphoria culminated during that year with mass

---

[353] The Croatian claims spanned from the reasonable to the unintelligible. Among the claims were that the Croatian nation was threatened by a demographic plot from Belgrade, which encouraged Croatian workers to emigrate as *gastarbeiters*, while Serbs secretly took their place. It was claimed that the demographic indicators showed that the Croatian nation was endangered, that Serbs were trying to "Yugoslavify" them and eliminate them as a nation. Further, some argued, there was the threat of "Serbification" of the Croatian language, and a Croatian orthography was published introducing words that had not been in use since the nineteenth century. There were claims that Serbia was trying to split off Dalmatia (where a distinct regional identity and dialect existed) and by claiming that there did not exist any orthodox Croats, but these were Serbs in disguise seeking to infiltrate the nation (a Croat was per definition Catholic), et cetera. Those academics and politicians who distanced themselves from the nationalist euphoria were condemned with appropriate invectives at the time as being 'Unitarists', 'Rankovicite' (referring to Aleksander Ranković), 'Neo-Cominformists', and so on. See for example: Ramet (op.cit) pp. 100-106. An arsenal of appropriate offensive terms of the time from respective communist camps may include: "neo-Stalinists", "Pseudo-liberals", "Anarcho-syndicalist deviation", "Anarcho-liberal", "Cominformist", "Rankovicite", "Counter-revolutionary", "Nationalist linked to bourgeouis decadent emigré centers" and so forth. (used in rhetoric between the USSR and Yugoslavia or within Yugoslavia).
[354] Under the leadership of Savka Dabčevik-Kučar and supported by Miko Tripalo and Pero Pirker
[355] Denitsch, B (1976): 195

demonstrations, the displaying of nationalist symbols, rallies, various inter-ethnic provocations, a wide-ranging student strike and student demonstrations, and various extremist claims. The numbers were many, the students who went on strike alone numbered 30 000, and the popular demonstrations could on occasion number up to 100 000.[356] However, although attempts were made at homogenisation, and claims that "nation" and "class" were the same (a Marxist heresy), the trade union and the broader stratum of industrial workers did not participate. Instead it was from this group that the strongest protests against the political strategy of the leadership were made. The nationalist mobilisation was comprised of the cultural organisation Hrvatska Matica, which expanded its scope and generated numerous sub-branches to the extent that it started to look like a party-organisation, together with various intellectuals, students, and middle or lower party officials. The party leadership had moved itself into a stalemate position.[357] The whole situation was brought under control with a small display of force (but little violence) and a threat of using the army, the arrest of several hundred students as well as the leaders of the Matica, followed by the "voluntary" resignation of the republican party leadership.[358] In the culmination of it all, one must further add Tito's incontestable personal authority. His authority did not only come from the power of his office, but equally in his person. He was the *leader,* the grandfather of Yugoslavia, master-man of the revolution, and the respected international statesman.

With some of the old, previously marginalised, moderates now reinstalled as the new republican leadership, the situation in Croatia slowly calmed down. The Matica and its various newspaper-publications were banned. The party was filtered and several thousand members were expelled from membership. In effect it was a clean sweep of the party branch in Croatia. The purge of reformists, or so called liberals, was not limited to Croatia, but affected Serbia too. Here, the reform-oriented party officials could hardly be accused of nationalism. In a kind of "cultural revolution", which affected several republics, Tito effectively regained control and did away with party officials, directors, and even university professors. In Croatia the process lingered on for another two years, but in parallel the Croatian republic was met with concessions to most of their initial economic claims and the re-negotiation of the new constitutional formula could begin. As if the republic had been

---

[356] Cf. Ramet. S (1992/1984): 127-129

[357] A situation/position within chess in which the King cannot move. but still is not checkmate.

[358] In the 1970s there were also demonstrations in other parts of Yugoslavia, including Montenegro and Slovenia. The response from the central federal authorities to these upheavals varied from compromises and system reforms to repression. There were political trials all over the country, and especially in Croatia the students received harsh treatment and prison sentences of up to four years.

rescued from itself it was back as a partner in Yugoslavia. Three features stand out as important consequences. After the explicit threat to bring in the army, this very institution would slowly come to increase its position in Yugoslav politics, especially after Tito's death in May 1980. A second feature is that the LCY now had clear evidence that the workers and trade union had not been brought to fervour in the nationalist crisis that had developed over more than a year (except in some areas in Slavonia). This strongly indicated a political legitimacy that went all the way down to the factory floor. As a consequence the party was going to rely further on those institutions, which indeed materialised from the early 1970s and became constitutionalised in 1974. Thirdly, as the inter-republican framework inevitably moved to even further federalisation (or confederalisation), there was a need for some integrative structure, which was to become the LCY. Through an increased party discipline and through increased focus on self-management the republican centrifugation could be allowed, and fulfilled, with Yugoslavia still remaining *one* country. The emphasis on refurbishing self-management was a necessity. It was not only the Yugoslavs grand innovation within political theory;[359] it was also at the core of the Yugoslav idea. Re-emphasising self-management meant that the disputes within the political economy, that is, the economic concentration to banks, import-export firms, and various technocrats, could be attacked from a political economic and socialist position rather than from a republic-national position. With the more condensed LCY and with a revived self-management, one could afford a confederalisation, and indeed both have the cake and eat it. If the 1950s had been the decade of "statism", the late 1960s of liberal and eventually inter-republican stalemate, then this formula was the logical extension of the Yugoslav idea. It was upon this formula that new political alliances could be formed.

---

[359] Or, rather *one* of their many innovations as various constitutional and political-representational obscurities and art-works should not to be resented.

CHAPTER 5

RE-FRAMING YUGOSLAVIA: FROM A RE-NEGOTIATED STATE TO ITS BREAKDOWN

The new federal Constitution of 1974 was both the result of extensive bargaining and compromises between various regional political and economic interests, and a logical extension of the reform process related to self-management. In the new Constitution Yugoslavia was formally and thoroughly federalised with full autonomy for the six republics (Slovenia, Croatia, Serbia, Bosnia-Hercegovina, Montenegro, Macedonia) and the two autonomous provinces within Serbia (Vojvodina and Kosovo). The new constitutional framework provided the domestic architecture in which political and economic processes were shaped during the 1970s and 1980s, both in terms of how Yugoslavia's interaction within the global political economy was mediated at the national and regional levels, and in terms of how the national question and regional relations were reorganised.

Bureaucratisation and fragmentation after 1974, global-local strictures, political economy, and the crisis of the 1980s

In various analyses of the breakdown of the Yugoslav state, the 1974 Constitution has occasionally been identified as the organisational architecture for breakdown.[360] Still, this was only partly the case. We have also seen how there was a new impetus to self-management from the reforms of the early 1970s, of which the Constitution was only the formal culmination. At the same time, however, the new drive for self-management propelled an explosion in bureaucracy.

The bureaucratisation of the 1970s took place mainly at the level of the republics and provinces, where all social relations in turn were bureaucratised on a local level. The economy became fragmented into separate feudalities, governed through a political-bureaucratic structure, which was pervaded by informal networks and clientelist relations.

---

[360] For example: Dimitrijevic, V (1995) "The 1974 Constitution and Constitutional Process as a Factor in the Collapse of Yugoslavia", in Akhavan, P & R. Howse (Eds) (1995) "Yugoslavia, the Former and the Future: Reflections by Scholars from the Region" United Nations Research Institute for Social Development, Geneva: 45-74

Informal networks had presumably always played a considerable role in the operation and governing process through various segments of society, whether enterprise or commune, but it was the manner in which informal networks and formal institutions were combined, rather than the existence of the former *per se*, which provided for successes or failures. Initially the informal structures simply provided the necessary personal networks to operate the system. Such networks, often (but not only) of a traditional kind, based upon kin, ethnicity, and with regard to Albanians upon clan as well, translated into the formal institutions of self-management and provided for clientelist relationships and separate track channels within and between those institutions. The Croatian sociologist Josip Županov has shown how various attempts to eliminate informal networks within particular enterprises, through the replacement of people, merely resulted in the enterprises becoming unstable or even dysfunctional, and able to operate fully again only when a whole new informal network had replaced the previous one.[361] Županov describes different strategies that a Director could use in order to control and exercise governing of the enterprise in which he worked, and concludes that the only successful avenue would be to introduce or develop his own informal circle, which had to occupy key positions. In several cases of the reorganisation of enterprises, observed by Županov, the sole purpose of the reorganisation was to replace one informal network with another. Such strategies could require considerable time, and in one case it was necessary to undertake three consequent reorganisations before the old informal network had been eliminated and replaced with a new one. For this reason Županov concluded that the introduction in the early 1970s of mobility of directors (on a four-year basis), which aimed to overcome the problem of clientelism, created more problems than it solved. Although clientelism, and the offering of favours, such as allocating flats and so forth in return for loyalty, might have been a disturbing element from a socialist ideological point of view, and a threat to self-management rights as well as subversive to organisational goals, it was the connecting social tissue in the whole working organisation, Županov writes.[362] Similarly, a study of Veljko Rus and Frane Adam on enterprise in Slovenia noted how a hidden coalition between different heads of units protected each other and their respective interests, as well as other 'patrons', and maintained a network within which favours were distributed, including irregularities in the allocation of flats and the upholding of fictive working positions for

---

[361] Županov, J (1977) "Sociologija i samoupravljanje" Školjska knjiga, Zagreb: 202-214; Županov's studies were conducted in the 1970s.
[362] Županov, J (1977): 211 (my summary).

clients.[363] Rus and Adam further describe how various units within the same enterprise communicated their problems via the municipality, rather than directly to the leadership of their own enterprise, and they noted a peculiar case where an individual who had been formally removed simply remained in his working position, while all colleagues, including the lawyer of the firm, continued to accept his signatures on official documents.[364]

The persistence of such traditional ties, informal networks and clientelism, permeated society and its institutions, and increasingly threatened the whole fabric of society after the considerable decentralisation of the state and economy and the accompanying empowerment of the regional and local institutions.[365]

In order to maintain a social contract, support, and legitimacy at the local level, various particularistic interests were defended by the local elite, which guaranteed work and social security in return for loyalty, while there was no governing authority above to connect or co-ordinate the economy. The overall effect came to be a highly inefficient economy, where small enterprise or regions were exposed to market forces, without taking measures to achieve economies of scale, efficient allocation, or coordination. Moreover, a considerable informal economic sector developed aside from the social and private ones.

As analysed by Carl-Ulrik Schierup, the intermarriage of the market reforms of the 1960s and the constitutional reform of 1974 had an effect of fragmentation upon Yugoslav economy as well as society and in the economic decline that followed, there came about a retraditionalisation of society and an accentuation of clientelist networks rooting themselves in the whole economy.[366] The combination of the market reforms of the 1960s and the political compromises and constitutional reforms in 1974 was in fact going to create a climate unfavourable to development instead of promoting it.

Moreover, in the 1970s the federal political-administrative elite started to dissolve and after the 1974 Constitution, the further decentralisation of the federation resulted in political space effectively being split up according to republic and province borders, which was particularly

---

[363] Rus, V & F. Adam (1986) "Moć i Nemoć samoupravljanja" Globus, Zagreb: 159-163; Rus' and Adam's studies are from the 1980's.
[364] Rus, V & F. Adam (1986): 159-163
[365] This has also been discussed by for example Schierup, C-U (1990)
[366] Schierup, C-U (1990) and (1999) "Memorandum for Modernity" in Schierup, C-U (Ed)(1999) "Scramble for the Balkans" MacMillan: 32-61

prevalent since the party itself had been divided into eight separate regional branches and an additional separate branch organisation for the army.

The combination of the political and economic reforms created a Yugoslavia where the republics looked increasingly like separate national states (albeit very heterogeneous). The new republican bureaucratic elites were led by particularistic motives pursuing protectionist measures against the others, with similar features existing on a regional and sub-regional level as well.[367] The long-term concepts of development were lost in the process, and macroeconomic policy became increasingly difficult to manage. A major problem was the uneven regional development in Yugoslavia, where differences between the more developed republics and the underdeveloped republics, especially Kosovo, continued to grow.[368] In Kosovo itself the high demographic growth was 'eating up' all developmental gains.[369] Unemployment was unevenly distributed over the Yugoslav republics. By the turn of the 1980s official unemployment generally was towards 14 %, but it was much higher in Kosovo where up to 80% of the population, and an even larger proportion among ethnic Albanians, had to rely on the private sector or be registered as unemployed.[370] Thus, there was a structural pressure to rely on traditional ties (clientelist, kin and family), which were operational outside the public sector. In effect the Albanians largely relied on a political and economic network in extended families and the villages, resembling a parallel society alongside the formal economy of the Serbs.[371]

As long as the economy grew, and as long as there were still credits, the crisis was not acute, which was the case until the early 1980s. The Yugoslav economy continued to grow up until 1982, with an annual rate of growth for national income around or above 5 per cent.[372] Throughout most of the 1970s living standards could generally be maintained at a high level. The early '70s started with good indications of economic recovery, there was a general expansion in employment during the 1970s, and urbanisation gained further pace with people

---

[367] For example Schierup, C-U (1999); Goati, V (1997) "The Impact of parliamentary democracy on ethnic relations in Yugoslavia 1989-1995" in Janjić, D (Ed)(1995) "Ethnic Conflict Management" Longo Editore, Ravenna: 53-93; Ramet, S (1992/1984) *in passim*

[368] This will be discussed below, but for some figures see for example Bogosavljević, S (1994) "A Statistical Picture of Serbian-Albanian Relations" in Janjić, D & S. Maliqi (Eds) (1994) "Conflict or Dialogue" Open University, Subotica: 17-29

[369] Cf. Bogosavljević, S (1994)

[370] Woodward, S (1995): p. 347 and 342

[371] Woodward, S (1995): 342

[372] Dyker, D (1990): 91

coming in from the countryside to the urban centres for job-opportunities or university education. But at the same time the structural problems within the Yugoslav economy (such as increasing energy use per production unit, the structural foreign dependence on production and the deteriorating value of exports relative to the imports needed for export) coupled with slackening markets abroad, soon forced Yugoslav leaders to scale down domestic development goals and focus energy on coping with the problems in foreign trade balance.[373] After 1979 employment stagnated. The second oil crisis had a direct impact on Yugoslavia's terms of trade and from 1980 onwards there may even have been a substantial amount of export at a loss.[374] Let us qualify the international circumstances for this.

Although there were considerable economic-structural problems inside Yugoslavia, the rapidly accumulating economic crisis was largely conditioned by a deteriorating opportunity structure following the restructuring in the international political economy. In fact Yugoslavia, just on its way to integration in the international division of labour, opted for a reorganisation of the state and political economy at the time when global economic conditions were redesigned. A fundamental change in the international monetary system came with the US strategy to restore its global dominance over capital by abandoning the US dollar's linkage to gold and turning to a pure dollar-standard international regime (in 1971), and then by promoting the first oil crisis in autumn 1973.[375] As shown by Peter Gowan, the first oil crisis was not an anti-American and anti-Israeli response by Saudi Arabia in reaction to the Yom Kippur war, but a US promoted oil price shock (with quadrupled prices in oil), directed against Japan and Western Europe.[376] The rationale was that, since the oil price was fixed in dollars, there would be a sudden influx of dollars to the oil rich Arab states, which they could not reinvest domestically but had to place in (primarily) the American financial system (American banks and Wall Street), thus boosting the latter. This was followed, in 1974, by a strategy to release capital control and to allow private banks and capital to move to the centre of international finance.[377] The inflow of petrodollars to the private banks had to be reinvested and a round of extensive borrowing to less developed countries (and others) was promoted. The first oil shock had only a limited and indirect effect on countries like Yugoslavia, but it constituted the first phase in the coming debt trap. For Yugoslavia, and

[373] D'Andrea Tyson, L (1980) "The Yugoslav Economic System and Its Performance in the 1970's" Institute of International Studies, University of California at Berkeley: 87
[374] Dyker, D (1990): 125
[375] Gowan, P (1999) : 20-22, Ch. 3 and *in passim*
[376] Gowan, P (1999): 21
[377] Gowan, P (1999): 21-24 and, Ch. 3 and 4 *en bloc*

many countries in the periphery, it was, for several reasons, *economically rational to borrow* money for their industrialisation programmes: first, the new terms for international finance appeared to function reasonably well; second, the strategy of indebted industrialisation provided a route for development as well as integration into the world economy; third, the loans and credits from banks were given with interest rates that were favourable in light of current and expected inflation.[378] The blow came with the second oil crisis (induced by the revolution in Iran in 1979). First, because the US switched strategy to a restrictive monetary policy, and from maintaining a low dollar currency (which had been favoured by the Carter-administration in order to stimulate industrial investment) to suddenly raising interest rates, and thereby changing the conditions for the loans, which led to a direct debt crisis for many countries.[379] Second, because it created a global economic recession, which directly affected exports (and thereby trade balance and credit worthiness) for many peripheral countries, including Yugoslavia.

The deterioration in terms of trade and the increasing interest rates from foreign debts had to be financed at the cost of the workers.[380] The drop in wages and living standards in the 1980s (particularly 1989-91) led to fear of poverty and to mass frustrations. The fall in living standards culminated to around 30 % by 1984.[381]

Now unemployment came to change qualitatively. While unemployment was a problem for the new generation in the 1970s, it became in the 1980s an acute problem for the urban middle class and also for the industrial working class. For the latter group the countryside had usually offered a retreat, but with the modernisation of the country the agricultural sector decreased and soon there was no possibility to absorb workers here either. Moreover, the possibility to migrate and work as *gastarbeiter* abroad decreased significantly after the second half of the 1970s as Western European markets became more protective, while the industry there underwent restructuring. Unemployment, as well as social services and housing were generally a local responsibility. The rising unemployment pressure eventually strengthened an increasing closeness of the localities towards people from the outside. As has been discussed by Woodward, unemployment was increasing, but made invisible through strategies of relying

---

[378] Gilpin, R (1987): 318; and Gowan, P (1999): 48
[379] Cf. Giplin, R (1987): 318
[380] Cf. Babić, M & E. Primorac (1986) "Some Causes of the Growth of the Yugoslav External Debt" Soviet Studies, Vol XXXVIII, No 1, January 1986: 69-88 (especially p. 70); and Woodward, S (1995) *in passim*; Dyker, D (1990)
[381] Dyker, D (1990): 125

on the private sector and on traditional ties, such as the family and connections to land.[382] This meant than in terms of redundancy *women* who where married had to leave first (as they were expected to be supported by their husbands), and people who had private land were expected to be able to rely on it, and so on. Unemployment meant exclusion from some political rights connected to the production centres and the social sector, and thereby essentially a form of combined social and political exclusion.[383] From the 1970s onwards the self-management units became more exclusive (instead of inclusive), and there followed an increasing reliance on the private and traditional sector to cover for the public sector, and consequently a segregation of the political world of the employed from the unemployed.[384] What followed was in effect the increasing segmentation and atomisation of society along the very premises of those local and functional units of self-management that the Yugoslav system had promoted. Consequently a large part of the Yugoslav working class was marginalised.

Yugoslavia was now confronted with a number of structural problems. On the one hand, in the various negotiations to liberalise its political economy, and to address national and regional issues, it had produced an internal feudal-like architecture for its whole economy, and on the other hand, it had for reasons of its independence, and very form of political economy, a heavy international dependence on the whole industrialisation project. It needed the global market, foreign credits, and technology imports and licences in order to integrate into a global division of labour, which was the essence of its development project. But with increased protectionism in the wake of a global recession and crisis, the world prices of their manufactured goods decreased. Now, the generally increasing prices of spare parts and components needed for the exporting industry (mainly light manufacture) resulted in increased production costs and less competitive Yugoslav exports on the world market. From

---

[382] Woodward, S (1995): 320-22, and generally chapter 9 *en bloc*

[383] Woodward, S (1995): 320-327, to be read in the context of Ch. 5. Woodward provides a detailed analysis of this issue, which can only be briefly summarized here. Since the political system was structured around the economic system, certain political rights (participation in economic and policy issues) were linked to employment in the social sector. It was collective units of property holders, such as republics and enterprises, which had bargaining power over credit and money (with a division between such units rather than between employers and workers). Social ownership tied the employed persons' interests in higher wages and secure jobs to the economic results of the employers. Political rights of participation in economic decisions and policy were connected to the value produced in the public sector. The party depended on the support from the managers, and the employed had an influence in the election of managers (with some exceptions), which in turn created a patron-client relationship between, especially, those on election committees and the managers. Unemployed people or workers in the private sector were outside this system and could be represented politically only in local and neighbourhood assemblies of voters.

[384] Woodward, S (1995): 320-327

1974 - 80 the price for imported raw materials and components amounted to 8 billion US dollars. In 1980 the price paid for imported materials was 18 % higher than the total amount obtained for exports in that year.[385] Moreover, interest on the loans was rising, while the price on exported products could not keep up. As a result Yugoslavia was trapped in a vicious circle.

Foreign debt had increased steadily from the mid-'70s reaching some 20 billion US $ in 1981; it continued to remain at this high level, and accompanied with deteriorating terms of trade, the translation in the domestic economy was stagnation in the levels of aggregate production.[386]

In order to overcome the problems and move further in developing its newly industrialized economy, Yugoslavia had to reschedule international loans and obtain new loans for investment. But, as discussed in chapter 2, the policy in the World Bank and the IMF was now directed by a new paradigm. The same paradigm that fuelled Yugoslavia's debt crisis, with a consequent economic and social crisis, underpinned international aid from the 1980s onwards (albeit, as discussed in the Introduction, with some changing contours).

With the new neo-liberal, Reagan-Thatcher, policy in the World Bank, Yugoslavia was pressed to carry out structural adjustment/stabilization reforms and an export-led development strategy for which both the international economy and Yugoslavia's economy were highly unsuitable, and which came to accentuate the foreign debt crisis further.[387]

The structural adjustment loans that Yugoslavia received from the World Bank in the early 1980s were heavily conditioned for its exporting sector. For 1983 *all* the credits had to be used for importing material to the export industries and Yugoslavia was pushed to reform its policies as well as having direct foreign control in the development bank handling the loans.[388] While Yugoslavia had deep internal regional differences, foreign capital had to be invested in the already industrial regions where they were expected to give the best results.[389] The reforms Yugoslavia was pushed to pursue included massive direction of resources away

---

[385] Chepulis, R (1984): 6.
[386] Cf. further Dyker, D (1990): 124-125
[387] Chepulis, R (1984); Compare Young, B (1999); for a good discussion on the role of foreign creditors and the consequent economic policy debates: Likić-Brborić, B (2003): Ch. 4
[388] Chepulis, R (1984)
[389] Ibid

from domestic capital investment, currency devaluation, removal of subsidies for salaries and operating costs, freeing interest rates and similar reforms.[390] Tighter restrictions on international credit forced the country to import less reproduction material, with the result of stagnation and decline in productivity.[391] Moreover, in the huge debt crisis the government was forced to pursue restrictive policies and reduce the import of technology, while the western world was in the midst of an information technology revolution. The policy of the international creditors forced a devaluation of the dinar, first in 1983 and then again in 1988, down to the black market value, at which the dinar had remained well below the official price for several years.[392] This was accompanied by escalating inflation. The difference between production costs and export prices was compensated at the expense of workers income and by raising prices on the domestic market. Those who could manage best in this situation were the peasant-workers, who had land to fall back on, and who could supplement their living costs by trading directly and informally with the fruits of the land. The urban population, which had to rely only on wages, faced the hardest decline in living standards. By the 1990s the economic situation was even worse. All the major trading partners of Yugoslavia during the 1980s – Eastern Europe, the Soviet Union, Iraq, and Kuwait – disappeared, while facing the prospect of a protectionist European Union.[393] The sanctions imposed on Iraq left Yugoslavia uncompensated (while some other states received compensation).[394]

Hence, unemployment, social exclusion from protective clientelistic bureaucratically governed social-economic entities, and restrictions in consumption, created a social crisis in the 1980s, at which time national tensions also generated severe concerns over the future of Serbian-Albanian relations in Kosovo, as will be discussed below. The economic and social crisis was the result of the combination of the domestic fragmented governing structure that had been formed and the new global market and financial conditions to which Yugoslavia had to abide, as well as the direct development policy pressures forced upon it.

The 1980s further saw a change in the political leadership. Within a few years three of the most prominent leaders died. Tito died in 1980, Edvard Kardelj in 1979 and Vladimir Bakarić

---

[390] Young, B (1999): 153
[391] Cf. Babić, M & E. Primorac (1986); Dyker, D (1990)
[392] Cf. Dyker, D (1990): 128-131 and Ch. 7 *in passim*
[393] Young, B (1999): 153
[394] The loss in trade may have amounted to some 5 % of the GNP

in 1983, which considerably eroded the inherited political authority of the centre.[395] After Tito's death the regional and local elites consolidated their power-base in their respective republics and party branches. Within the Yugoslav political elite strong divisions developed which, in the struggle for political constituencies, were transferred to other sectors, as the republican and political elites looked for allies among the emerging nationalist political opposition in their respective environments, and thereby transformed inter-party political conflicts into inter-ethnic ones.[396] As the chief interpreters of social and economic events, they could manipulate their power base by interpreting all social problems as national or ethnic issues. In this manner, the new type of alliances that were formed on the local level transformed, through the 1980s, into broader populist-nationalist movements.

The federal government was no longer able to offer much to the localities and at the same time the remains of federal resources were questioned. On top of this came a number of strategic concerns. In the mid 1980s, after the Reagan-drive towards an arms build-up of US forces, followed by high military spending in the NATO countries and increased NATO activity in the Mediterranean, Yugoslavia was forced to sustain resources for military and security purposes. In Europe the integration of the EC, in the west, and Gorbachev's *perestroika*, in the east, meant that Yugoslavia's strategic position and identity started to be questioned domestically. What relation could it have to an increasingly integrated EC and what middle-position if Gorbachev could offer a closer relationship between the Soviet Union and Western Europe? As communist and socialist ideology was losing its credibility the most feasible ideology to replace it was nationalism.[397] Thus the ideological legitimation was increasingly nationalist, as the socialist project crumbled and more basic economic survival links strengthened. By the late 1980s the Yugoslav economy had become so fragmented that the republics traded less with each other than they respectively did with foreign countries.[398] The various republics became increasingly dependent on economic power centres in the

---

[395] Tito died on 4 May 1980, Edvard Kardelj on 10 February 1979, and Vladimir Bakarić on 15 January 1983. Tito had an uncontestable personal authority attached to his person, but Kardelj and Bakarić were also important figures of the Yugoslav revolution with important political positions. Although Vladimir Bakarić, due to his illness from TBC, did not occupy any of the most central positions, he nevertheless had an important informal role in the party. The importance of the loss of such leadership should not be neglected, when looking at the power struggle that followed between elite fractions in the 1980s.

[396] For example Goati, V (1997)

[397] Compare: Puhovski, Ž (1995)) "Yugoslav Origins for the Post-Yugoslav Situation and the Bleak Prospects for Civil Society" in Akhavan, P & R. Howse (1995) "Yugoslavia the Former and Future" Brookings Institution & UNRISD, Geneva: 121-138

[398] For some figures on the deteriorating inter-republican relations see for example Tomc, G (1988): 72

west.[399] Even on a regional level, competition took highly protectionist forms, which eliminated all benefits of a larger domestic market or resource allocation. In 1989 the last Prime Minister of Yugoslavia, Ante Marković, was elected on promises of market reform measures to revitalise the economy. These were, however, not realisable due to political and structural problems, because it was impossible to pursue a macroeconomic policy in the decentralised environment, where local bureaucratic elites safeguarded their positions against federal threats, and earlier market reforms (imposed in the 1980s) had seemingly just created increased social sufferings.[400]

Social changes in Kosovo, the development of a new Albanian elite, and Serbian-Albanian relations

Kosovo had gradually received extensive autonomy in constitutional amendments between 1969-1971, but the 1974 Constitution enshrined it to the same level, *de facto*, as that of the republics in everything but name (except the right to secession).[401] After the reduced Serbian influence in Kosovo and the promotion of Albanian institutions, including university faculties, an Albanian change in attitude towards the state can be noted, and an increasing acceptance that they could express their cultural specificities in terms of participation in modern institutions.[402] In obtaining control over the institutions in Kosovo, including courts, these could be coloured by specific Albanian informal institutions. In terms of the legal system, elements of Albanian customary law (*Kanun*) could thereby be respected and in practice partly merged with Yugoslav law.[403] Hence, the new era that had started in Kosovo in the late

[399] In addition to dependency on foreign loans and foreign influence over economic policies, licensed production and subcontracting was widely spread.

[400] Marković's programme would have required a degree of re-centralisation and federal control, which the republican leaderships did not accept. This went to the core of the conflict over different conceptions of the state ('statist' versus 'non-statist', as discussed earlier) and the programme of Marković represented *one* of the centralisation attempts at the end of the 1980s, while another was that of Slobodan Milošević.

[401] A difference was that 'statehood' of the province was not recognised, and Albanians were not considered a 'constituent nation' of Yugoslavia. Therefore the province did not formally have the right to secession, which the republics judicially had after agreement with the other republics. Relevant excerpts of the Constitution of 1974 are reprinted in Trifunovska, S (Ed) (1994) "Yugoslavia Through Documents From its creation to its dissolution", Martinus Nijhoff Publishers, Dordrecht: 224-233

[402] Backer, B (2003): 136

[403] There was a considerable problem with ethnic discrimination, and informal networks, in the whole legal system in Kosovo, whereas following *Kanun* often implied regulations *outside* the court system. With regard to problems in court practice compare: Magnusson, K (1981) "Nationalitetsproblem i Jugoslavien: Krisen i Kosovo", Bidrag till Öststatsforskningen Vol 9, Nr 2, 1981, Nordiska kommittén för öststatsforskning: 110-112 and *in passim*; Čavoski, K (1986) "Why there is more free speech in Belgrade than in Zagreb" Index on Censorship, No 8, 1986: 22-23; Petrović, R & M. Blagojević (1992) "The Migration of Serbs and Montenegrins from Kosovo and Metohija: Results of the survey conducted in 1985-1986" Demographic Studies Vol III, Serbian Academy of Sciences and Arts, Department of Social Sciences, Beograd: especially pp. 169-173. On the

1960s was consolidated, which for the Albanians was further facilitated by the normalisation in relations between Yugoslavia and Albania in 1971; a diplomatic move long overdue, but partly spurred on by a shared anxiety of a Soviet threat following the 1968 intervention in Czechoslovakia.[404]

The constitutional decentralisation ensured that all decisions could be taken on a republican or provincial level, leaving only foreign policy, defence and security, and some macro-economic elements to maintain the functioning of a common market at the federal level. Hence, the influence from Belgrade in Kosovo was effectively abolished, although this had been the case *de facto* already for several years. Kosovo was now governed by Albanians, and Belgrade had very little insight into the affairs of the province, and still less of a say in them. At the sam time, the University of Prishtina started to produce a new Albanian elite. Since the late 1960s, and especially after the normalisation of relations with Albania in 1971, textbooks were imported from Tirana, and academic and cultural contacts fostered, which resulted in a growing Albanian influence in Kosovo. In the late 1960s the Albanian state adopted the *Tosk* version as the Albanian standard language, which consequently spread to the *Gheg* Albanians in Kosovo as well, gradually resulting in an increasing distance between the Slavic and the Albanian population.[405] The cultural affirmation among the Albanians was fostered at the University of Prishtina, as well as outside it, and an Albanian movement in quest of a republican status within Yugoslavia took deep root. The ideological legitimacy within this movement was increasingly Marxist-Leninist with the Albanian variant 'Enverism' becoming prevalent.[406]

---

role of *Kanun* see also Backer, B (2003) A translation of the *Kanun of Lek Dukagjini* is Gjeqov, S (Ed) (1989) "The Code of Lekë Dukagjini" Gjonlekaj Publishing Company, New York.

[404] After the gradual normalisation in diplomatic relations between Yugoslavia and the Soviet Union, after Stalins death, the Albanian state (under Enver Hoxha) had been the hardest critic of Yugoslavia. Following the Soviet intervention in Czechoslovakia in 1968, Albania isolated itself from the Soviet Union. The eventual changes in the communist / real-socialist world, in the triad between the Soviet Union, China, Yugoslavia, created a new dynamics enabling Yugo–Albanian relations to improve. The ground for improved relations between Yugoslavia and Albania had already been laid by Tito in the mid-1960s, with the attitude shift towards the minorities, that they could be bridge-builders with their fellow nations in other states, and the empowerment of local authorities on various levels in Kosovo.

[405] Compare for example Vickers, M (1998): 176-177

[406] Maliqi, S (1998) From the late 1960s "Enverism", the Albanian variant of Marxist-Leninism, became prevalent, such as for example in the "Revolutionary Movement for Albanian Unification" which was founded by Adem Demaqi. In the 1980s the Albanian Movement had two parallel courses, an underground (illegal) headed by Marxist-Leninist groups, and another semi-legal, semi-public, through the activity of intellectual associations, management bodies in the administration subsequently also in the administration, parliament and so on. In the late 1980s there was a merge between the so-called "Enverists" and "Titoists" into a single front against the Serbs. The ideological commitment to communism did, however, become an obstacle for the Albanian Movement to develop into a prominent force, since the ideology was increasingly losing prestige.

The University of Prishtina had an over-representation within the social sciences and especially the humanities, and enrolment of students was systematically used as a measure to hide unemployment in the province.[407] By 1980 the university had 26 000 students and the number steadily grew. Although there was a mushrooming of higher education institutions in the whole of Yugoslavia during this period, and an increasing number of young people with academic degrees, the conditions in Kosovo were particular. On the one hand the University of Prishtina was widely considered a second best alternative and rated below the academic institutions in Zagreb, Belgrade, Ljubljana and elsewhere, and on the other hand many Albanian students in the generations from the 1980s onwards did not learn to write Serbo-Croatian, which would have been necessary for work mobility.[408] As the Yugoslav economy started to stagnate in the late 1970s and in the 1980s, it was unable to absorb the new stratum of young academics. In Kosovo, which was the poorest region, this problem became particularly accentuated, both because of the high proportion of humanities degrees and because of the language barrier that developed. In this context, the humanities over-represented University of Prishtina increasingly became a breeding ground for Albanian nationalism. With the university, a new Albanian elite of academics and educated professionals developed alongside the traditional elite of clan leaders and elders, which had formulated and mediated interests among, and between, Albanians, since the Ottoman period, and it was the new elite which came to populate the formal structures of the state and the party in the now greatly empowered province.[409] The new Albanian elite would during the course of the 1970s and 1980s, as representatives of the communist party in Kosovo, come to articulate the interests of the autonomous province within the league of communists of Yugoslavia (LCY), but there were also off-shoots of much more radical elements outside the party. In 1974 there were further demonstrations in Kosovo, calling for the unification of the Albanian lands inside Yugoslavia, and in the mid 1970s two underground organisations were uncovered and several students arrested for subversive operations and propaganda calling for unification of all Albanian lands with Albania.[410] Among the non-students being arrested were the novelist Adem Demaqi, who was charged for being the founder of the 'National

---

[407] Cf. Reuter, J (1984): 259-264
[408] On the University of Prishtina cf. Reuter, J (1984)
[409] Cf. Vickers, M (1998): 173-174. But the recruitment in the party in Kosovo seems largely to have been an adaptation to traditional clan structures, cf. Magnusson, K (1987) "The Serbian Reaction: Kosovo and Ethnic Mobilization among the Serbs", Nordic Journal of Soviet and East European Studies, Vol 4:3, 1987: 3-30 (pp. 11-12 and footnote 38); Vuković, I (1985) "Autonomaštvo i separatizam na Kosovu" Nova Knjiga, Beograd: 10
[410] Cf. Vickers, M (1998): 180-181

Liberation Movement of Kosovo'. A new wave of nationalist demonstrations took place in 1978, at the Albanian celebrations of the anniversary of the League of Prizren, which was followed by more arrests to stifle elements of Albanian irredentism.

Although there were no serious disturbances in inter-ethnic relations during most of the 1970s in Yugoslavia generally, and especially not on an inter-republican level, the situation was slightly different in Kosovo. Where the Albanians previously had been discriminated in a Serbian-dominated and Slavic oriented state, it was now the Serbs who complained about discrimination from Albanians. Serbs and Montenegrins were systematically discriminated against in work-places, institutions, and courts, as well as experiencing discrimination or intimidation in social life as such.[411] In a study from the early 1980s, Marina Blagojević reported that such discrimination was experienced as particularly difficult among women and children, often for example in terms of intimidation, beatings in school or threats of rape, but that it also concerned pressure on Serbs to sell their property below actual value within a generally corrupt system.[412] The pressure was especially high on agricultural land, as whole *Zadrugas*, within the growing Albanian population, sought to obtain new land.

From the 1960s until the 1980s such discrimination, and the direct competition for land and property, resulted in considerable emigration of Serbs and Montenegrins from Kosovo in the range of every third Serbian family, and almost half of the Montenegrins, leaving for Serbia proper mainly.[413] In 1977 a working group in the Serbian branch of the party compiled a list of concerns over the situation in Kosovo and argued for changes in its autonomy. It became known as the 'Blue book', but did not receive any support outside limited circles in Serbia. The whole issue of the situation for the Serbs and Montenegrins in Kosovo, and their emigration from the province was, until the mid 1980s, largely taboo in Yugoslavia, and it

---

[411] Cf. Magnusson, K (1981): 110-113; Petrović, R & M. Blagojević (1992): 162-173; Janjić, D (1994): 117-176 (especially p. 138)

[412] See further: Blagojević, M (1997) "The Other Side of the Truth: Migrations of Serbs from Kosovo" in Duijzings, G et al (Eds) (1997) "Kosovo-Kosova: Confrontation or Coexistence", Peace Research Centre, University of Nijmegen: 70-81. It should be noted that Blagojević's study was conducted during the first half of the 1980s and consequently at a time before the 'nationalist fervor' in Serbia, when the issue of the situation for Serbs in Kosovo was still a taboo in Yugoslavia. It was then published only in 1989, when it was instead received rather as an act of Serbian patriotism. See also Petrović, R & M. Blagojević (1992) "The Migration of Serbs and Montenegrins from Kosovo and Metohija", Demographic Studies, Vol III, Serbian Academy of Sciences and Arts, Beograd.

[413] Blagojević, M (1997); Bogosavljević, S (1994). In actual figures the amount exceeds 100 000 Serbs who left, contributing to further changes in demographic composition in Kosovo. Other minorities experienced discrimination as well, but did not necessarily have anywhere else to go to.

was politically incorrect to voice it, but around 1986, as we shall see in the next chapter, it would move to the centre of political discourse in Serbia.

From a statistical point of view, Kosovo had periods of remarkably high economic growth, since the point of reference is an initial low level of development, but although the province had special treatment with inter-republican financial transfer systems through the 'Special Fund for Development of Underdeveloped Areas' or the 'Special Fund for Economic Development', the asymmetric development in Yugoslavia was not reduced.[414] Instead the gap in economic development and in living standards continuously increased and high Albanian demographic growth considerably reduced the development gains which were achieved.[415] The province never managed to accumulate any large resources for reinvestment of its own and the vast majority of capital for regional development in Kosovo came from the other republics and was mainly invested in the mining (coal and minerals) and power (electricity) industry. In Yugoslavia it was widely assumed that the traditional social structure, and customs, among Albanians would be eroded in the process of modernisation, and in the 1970s it was believed that further industrialization and especially urbanization, would have a particular effect and even reduce irredentism.[416] However, this was not the case. With the social crisis and accompanying mobility in the 1980s a large number of people moved from their agricultural base and settled in the towns, but in Kosovo the main trend was that whole *Zadrugas* simply moved into an urban neighbourhood and settled there, thus maintaining the traditional connections of the social structure although there was a visible change in demographic and working structure.[417] The links to the rural base were typically preserved and in the cases where individuals or couples worked in town they would maintain the link to their *Zadruga* and use part of the generated income to send back to the relatives in the country. A similar form of urban-rural symbiosis existed throughout Yugoslavia, but among the Albanians in Kosovo, the traditional extended family structures were largely maintained in the urbanisation process, unlike what had been the case among the Slavs, when they had been

---

[414] For example Bogosavljević, S (1994). In 1981 Kosovo had a 5.9 % real GNP rate, while Serbia had 0.1 %, in 1986: Kosovo 8.1 %, Serbia 0.2 %, on the whole up through the 1980s Kosovo had twice the growth of Serbia (Bogosavljević 1994: 24) noting the lower initial development level of Kosovo.

[415] Cf. Bogosavljević, S (1994); Islami, H (1994) "Demographic Reality of Kosovo" in Janjić, D & S. Maliqi (1994) "Conflict or Dialogue": 30-53. It should be noted that there are (partly nationally coloured) disputes over the reason for underdevelopment in Kosovo and an Albanian claim (here represented by Hizvi Islami) is that there was a deliberate strategy to neglect Kosovo in the development policy, where natural resources were extracted but the accompanying industry that could produce capital accumulation lay elsewhere.

[416] The reliance on 'social forces' has been discussed above, cf. Vickers, M (1998): 173

[417] Cf. Vickers, M (1998): 223-224

exposed to market-economy and capitalism a century or less earlier, or exposed to urbanisation and industrialisation processes in various periods during the twentieth century.[418] Certainly the increased mobility and social changes affected the clan-system in some manner, provided new forms of economy, and new contacts, but the social networks, customary rules, and traditional loyalty structure never eroded, even though it may have been 'renegotiated', and a large part of the Albanian population continued to live outside the formal economic system, with most people surviving either from subsistence farming or various jobs in the private sector.[419]

In seeking new economic opportunities some clans developed, or expanded previously existing, illegal activities, such as trade in heroin, gold, and weapons. Albanians living in Turkey could apparently obtain heroin at cheap prices, and then through networks in Kosovo and Albania proper, open up trade into Western Europe and the United States.[420] According to Miranda Vickers, heroin trade was established in some Albanian *emigré* communities in Western Europe and the United States, where narcotics were sold under the control of, or in collusion with, the Albanian intelligence service, with part of the revenues being used for buying land and property from Serbs in Kosovo.[421] The specialisation in such economic activities during the 1980s, and perhaps earlier, was linked to some of the Albanian separatist and terrorist organisations that existed in Europe, such as the 'Red National Front', the 'Kosovar Union', and others.[422]

National tensions existed continuously in Kosovo, but a real crisis came in 1981 when large-scale rallies led to direct intervention by the federal government and the declaration of a state of emergency. It started out as student protests in March 1981, initially with demands for better food in the canteens, but after two weeks it had evolved into political and nationalist demands for an elevated status of Kosovo to a republic. The demonstrators attacked the police who tried to disperse them, and in April the demonstrations reached a peak in the whole

---

[418] For the urban-rural symbiosis see Schierup, C-U (1990): *in passim*; Simić, A (1973) "The Peasant Urbanites: A Study of Rural-Urban Mobility in Serbia", Seminar Press, New York & London. For Kosovo see: Vickers, M (1998): Ch. 9 *in passim*; St. Erlich, V (1976): 244-251. For transformations in family structures generally see: St. Erlich, V (1966) "Family in Transition: A Study of 300 Yugoslav Villages", Princeton University Press.
[419] For example: Vickers, M (1998): 223-224
[420] Vickers, M (1998): 225
[421] Vickers, M (1998): 225
[422] At least it seems safe to assume that there were considerable links between several of these networks, if they were not the same operating in different fields. There existed several different organisations, of which some were involved in assassinations and kidnappings of Yugoslav diplomats.

province leaving at least nine people dead and 260 injured.[423] The demonstrations were not confined to Kosovo, but spread among Albanians in other areas as well, primarily in western Macedonia. The federal government then introduced a state of emergency, a ban on travel, and prohibited public meetings, and the demonstrations were condemned throughout Yugoslavia as being counter-revolutionary and nationalist. Special police and militia units were sent to the province to repress the mobilization and by July the situation was under the control of the Yugoslav government, but at the cost of several people killed (estimates range from the official dozen to unofficial claims closer to a thousand) and many arrests.[424] The head of the Kosovo party branch of the League of Communists, Mahmud Bakalli, resigned as a consequence of the demonstrations. In July the immediate state of emergency ended, but the ban on public meetings remained in force, and the province was in effect continuously treated with special measures. Trials against Albanian nationalists continued throughout 1982 and 1983 and several party officials were expelled from the party (Mahmud Bakalli was expelled from the party in 1983). Albanians accused the federation of terrorising Albanians and in the Serbian republic the news media devoted increasing attention to Albanian attacks on Serbs and their property, to the burning of Yugoslav flags and desecrations of Serbian graves. In June 1983 the emergency measures from 1981 were abandoned, but tensions remained high, and among Albanian football supporters there were regular exclamations of their allegiance to Enver Hoxha.[425] In the first half of 1984 some 1800 Serbs and Montenegrins emigrated from Kosovo, which was followed by a resolution from the Presidency of Kosovo to stop the Serbs from leaving.[426]

In 1985 a conspicuous court case, the Martinović-case, started, which eventually evolved into a symbol for the Serbs about their situation in Kosovo.[427] The case concerned a Serbian farmer, Đorđe Martinović, who claimed that two Albanian men attacked him, while he was working on his land, and that he was tortured and had a bottle forced up his anus. The local court dismissed the case and ruled that he had inflicted the damages upon himself, but the case was then taken to Belgrade where court proceedings continued until 1990. In the same

[423] Chronology of the Kosovo Crisis, in "Europe" No 4, Jan-Feb 1996, The European Movement in Serbia, Europe Press Ltd, Belgrade: 29
[424] Cf: Cohen, L (2001) "Serpent in the Bosom: The Rise and Fall of Slobodan Milošević" Westview Press: Ch 1
[425] For tensions during this period see for example: Vickers, M (1998): Ch. 10 & 11; Clark, H (2000): 41-45
[426] Chronology of the Kosovo Crisis, in "Europe" No 4, Jan-Feb 1996, The European Movement in Serbia, Europe Press Ltd, Belgrade: 30
[427] For details of this case see Mertus, J (1999) "Kosovo: how myths and truths started a war", University of California Press: Ch 2; Cf. Chronology of the Kosovo Crisis, in "Europe" No 4, Jan-Feb 1996, The European Movement in Serbia, Europe Press Ltd, Belgrade: 30-31

year a media campaign started in Serbia, about the discrimination of Serbs in Kosovo.[428] In the following year, 1986, a law was introduced in Kosovo, which prohibited Serbs from selling their property.[429] The purpose of the law was to stop the Serbian exodus from the province. The Albanian movement seemed to have calmed down by 1986, but it had by then given impetus to the much more explosive force of Serbian nationalism.

Endgame: Serbian Nationalism and the loss of autonomy for Kosovo

Serbian nationalism in the 1980s took different forms, with one stream seeing the future in a disintegrated Yugoslavia and a Serbia created along ethnic borders.[430] In 1986 the Serbian Academy of Sciences and Arts (SANU) produced a draft Memorandum, which has received considerable attention. The Memorandum as such is an inconsistent document, with one part of it being an analysis of the Yugoslav crisis, primarily in economic terms, and another part being more traditionalistic, elaborating on Serbia's options in case Yugoslavia should disintegrate.[431] The second part comprises some purely nationalist ideas, and when excerpts were 'leaked' and published in the newspaper *Večernje novisti*, they immediately stirred up reactions against it, eventually leading to a Croatian response.[432] In Serbia the memorandum prepared the ideological ground for public manifestation of the nationalist view, and served as a bridge between what has been called official and unofficial nationalism.[433] The memorandum came at a time when the local communist Serbian and Montenegrin elite in

[428] See for example Matić, J (1996) "The Media and Ethnic Mobilization: The formula for Kosovo", in Bianchini, S & D. Janjić (Eds) (1996) "Ethnicity in Postcommunism", Institute of Social Sciences, Forum for Ethnic Relations, and International Network Europe and the Balkans, Belgrade: 231-236. The matter will be discussed further in chapter 6.

[429] Chronology of the Kosovo Crisis, in "Europe", No 4, Jan-Feb 1996, The European Movement in Serbia, Europe Press Ltd, Belgrade: 31

[430] Janjić, D (1997) "Serbia between an Identity Crisis and the Challenge of Modernization (1987-1994) in Janjić, D (Ed) (1997) "Serbia between the past and the future" Institute of Social Sciences & Forum for Ethnic Relations, Belgrade: 19-54. It should be noted that at least a quarter of the Serbian nation lived outside the territory of Serbia and that 34 % of the population in Serbia itself (Kosovo included) is ethnically non-Serb.

[431] Memorandum SANU (1989) "Memorandum SANU Grupa akademika Srpske akademije nauka i umetnosti o aktuelnim društvenim pitanjima u našoj zemlji", Naše Teme, 33, 1-2: 128-163. The Memorandum is widely mentioned in the propaganda and literature on the Yugoslav crisis. A part of the Memorandum was translated into English by the Belgrade magazine 'Vreme' and it was later issued in English by the Serbian Academy of Sciences and Arts, with a commentary to the criticism against it: Pantić, M (Ed) (1995) "Memorandum of the Serbian Academy of Sciences and Arts: Answer to Criticisms", Serbian Academy of Sciences and Arts, Belgrade. It was also issued in German and French.

[432] The Memorandum was *not* an officially sanctioned document from the Serbian Academy, but a draft version or 'work-in-progress'. Selected parts were first published in *Večernje novosti* in September 1986, which created a highly heated debate. A Croatian standpoint on the Memorandum was published in the United States in 1987. The full version of the Memorandum was only published in 1989 in the journal *Naše Teme*. In the heated debate the focus was on its nationalist aspects.

[433] Janjic, D (1997)

Kosovo increased their protests and pressure (over the situation in Kosovo) at the federal level. They did so by organizing political protests directly in Belgrade, where they would get the best attention.

This movement became a useful tool for Slobodan Milošević, who discovered that he could use the Serbs outside Serbia, instrumentalise nationalism and manipulate the social crisis, to achieve power in Serbia itself.[434] During the late 1980s a growing number of reports about Albanian discrimination and abuse of Serbs living in Kosovo came from various stances, including from independent scholars, from the Orthodox Church, as well as from some human rights organizations, such as Amnesty. Although the problem was very real and actual, and there was a steady flow of Serbs who left Kosovo after perceived or direct threats and pressure, the issue was now deliberately manipulated (and further exaggerated) in Belgrade. It was now presented in an image that it would be impossible for Serbs to continue to live in Kosovo, and that Albanians attempted to create an ethnically clean Albanian Kosovo. The emerging protests by the Kosovo Serbs coincided with the growth of the social crisis, which existed all over Yugoslavia.

The latter popular frustration, which grew with the economic and social crisis portrayed above, spurred demands for social reforms, but without as such being particularly nationalistic. At the same time, a third issue was increasingly politically mobilised in Serbia. The latter concerned the 1974 Constitution, which was considered to be unjust to the Serbs. It was unjust, they argued, because the Serbs were the only nation without full control over any republic, since Vojvodina and Kosovo had representation in the Serbian parliament in addition to having their respective provincial parliaments, and since all other republics and provinces did not have any such interference.[435] The mobilisation in Serbia took more nationalistic forms because it merged with the protests from the Kosovo Serbs and in this manner the issue of the position of Serbs in Yugoslavia was reactivated.

Hence, three parallel issues were emerging and being politically mobilised. Under Slobodan Milošević's leadership they were strategically merged into a wider popular mobilisation of the Serbian national issue, by wooing the working class through claims that a change in power was essential in order to achieve economic and social change, to restore confidence in self-

---

[434] Cf. Cohen. L. J (2001): Ch. 2
[435] Which was also discussed in the SANU Memorandum of 1986.

management and to de-bureaucratise Yugoslavia. The general social unrest would thereby be given a cause and be channeled into a nationalist mobilisation, rather than any other form of social mobilisation. All matters could be dealt with in one package.

By proclaiming the need for reforms - including that of the bureaucracy - as well as proclaiming that the Serbian 'national issue' must be addressed, as well as the issue of the Serbian minority in Kosovo, Milošević was in a way perceived as a *"new* Tito" (a new strong leader), for the Serbs.[436] Namely, part of the message he offered could be perceived as quite modern; not only did he become the 'great reformer', but he was also addressing the sensitive issue of Kosovo.

The pressure of the movement from Kosovo came to contribute largely to Miloševićs victory, by radicalising the political climate over the issue of how constitutional changes should be undertaken in order to protect Serbian interests. The movement of the Kosovo Serbs was in this manner instrumentalised by Milošević, who at a speech in Kosovo in 1987 addressed the problem in Kosovo as one of an ethnic nature. By this time favourable preconditions existed for political reactivation of Serbian national-romantic myths about the Serbian defense of Christianity against Ottoman Muslims, and their consequent defeat by the Turks, in Kosovo Polje in 1389, and quite generally for the political mobilisation of nationalism. The issue of the position of Serbs in Kosovo was incorporated into protests of 'loyalty with the Serbs in Kosovo' and so called 'meetings of the truth', throughout Serbia in 1988.[437] The political conflicts between republican communist leaders were further transferred to the public through an inter-republican propaganda war in the republican-controlled media, which took on a larger scale during and after 1988.[438]

In 1988 the Kosovo party branch of the League of Communists was annexed by the Serbian party. In November the leadership of the Albanian province organised large demonstrations in

[436] His attempt to position himself *with the people (as their leader), but against the bureaucracy,* was a replication of Tito's tactic of placing bureaucracy between himself and the people, and - with Kardelj – put the priority of the party in a struggle against bureaucracy (during the 1960s), see Jović, D (2003): 169, and footnote 19.

[437] In this euphoria demands were raised to remove all hindrances for the unification of the Serbs, and to mark a break with the existing social order. This was later to receive the label "the anti-bureaucratic revolution".

[438] Matić, J (1996) "The Media and Ethnic Mobilization: The formula for Kosovo", in Bianchini, S & D. Janjić (Eds) (1996) "Ethnicity in Postcommunism" Institute of Social Sciences, Forum for Ethnic Relations, and International Network Europe and the Balkans, Belgrade: 231-236; In chapter 6 we shall look closer at the discursive strategies in Serbia.

reaction to the replacement of the Kosovo communist leader Azem Vlassi. These protests continued through the winter and in February and March the federal government sent the army to repress the unrest in Kosovo. The confrontations that followed resulted in 24 dead and hundreds of arrested.[439] The distrust between the Serbs and Albanians increased further when several Albanian leaders, including Azem Vlassi, were sentenced for 'counter-revolutionary undermining of the social order'.[440] Although they were released later, this had established a new practice in dealing with the Albanian issue, and from now on separate political organisation became the only form of political organisation.

Among the Serbian public the mobilisation around 'loyalty with the Kosovo Serbs', and the Kosovo myth, served to prepare the ground for introducing a series of legal and constitutional changes, which in effect would abolish the autonomy of Kosovo (and Vojvodina). A peak was reached on St. Vitus Day on the 29 June 1989, when the Orthodox Church, with the support of the republican authorities, celebrated the Battle of Kosovo and Slobodan Milošević addressed a rally, which was organised for that purpose.[441] From this point, the regime of Milošević treated the province with pure administrative-repressive measures and used tensions and insecurity in Kosovo as an instrument to keep Serbia out of federal control, and for nationalist activation of the Serbs in the other republics.[442] Thus, for example, it supported the fear among the Serbs in Croatia of becoming a minority in a new independent Croatian state, which in turn had started engineering mono-ethnicity and engaged in systematic discrimination of its Serbian minority.[443]

Through the political mobilisation of nationalism the Milošević-regime created a sort of proto-ideology, which sought to legitimise the regime on the assumption that 'Serbia is the first in the socialist world to have carried out a revolution against the existing order'[444], with so-called non-party pluralism. After certain pressures the regime had to renounce this ideology and instead opted for the legalisation of a multi-party political life. The League of

---

[439] Cf. Clark, H (2000): Ch. 3; Vickers, M (1998): Ch. 11; Chronicle of the Kosovo Crisis, in "Europe" No 4, Jan-Feb 1996, The European Movement in Serbia. Europe Press Ltd. Belgrade: 31-33

[440] In fact Azem Vlassi was never sentenced but arrested and held in prison for quite some time.

[441] Compare for example: Janjić, D (1994); Kostovičova, D (1997) "Parallel Worlds: Response of Kosovo Albanians to loss of autonomy in Serbia 1986-1996" Keele European Research Centre

[442] Janjić, D (1994)

[443] The Kosovo myth was thus a tool for also reinforcing the nationalist paranoia of Serbs in Croatia (or in Bosnia-Hercegovina), although there certainly was a real basis for fear of that minority as the policy of HDZ and Franjo Tudman was ultra-nationalist and directly anti-Serbian.

[444] Janjic, D (1994)

Communists in Serbia attempted to build an image of itself as a party of national unity, and used nationalist interpretations in relation to Serbia's position in Yugoslavia, as well as the status of the two autonomous provinces in Serbia. In the constitutional revisions of 1989 both Kosovo and Vojvodina lost attributes of their autonomy, such as the constitutional veto and parts of the administrative and judicial functions. This was taken even further in July 1990 when a decision was made to adopt a new constitution (in effect from 28 September 1990), in which Kosovo and Vojvodina finally lost their autonomy.[445] While this immediately provoked strong reactions among the Albanians it also affected other republics as it altered the existing constitutional balance of Yugoslavia.[446] In effect it was a confirmation that all the national (and republican) issues in Yugoslavia were interconnected, and that a disturbance at one level would affect the others.

As will be discussed further in chapter 7, unrest in Kosovo grew rapidly along with Albanian resistance and secession claims, and on 19 October 1991 the Kosovo Albanian parliament amended the Kačanik Constitution and formally declared Kosovo independent.[447]

As we have seen, there were a great number of structural, constitutional, political, economic and social issues, which in combination provided for a particular explosive climate in Yugoslavia by the turn of the 1990s. In addition there were important geopolitical and international factors. In 1989 the Soviet client states throughout Eastern Europe regained their political independence, and soon after the entire Soviet Union collapsed (1991). The real-socialist project was thereby dead, and the whole geopolitical order of Europe, as well as of the world, was to be redrawn. No matter what political strategies were fostered in Yugoslavia,

---

[445] Dušan Janjić has characterized this Constitution as a normative expression of authoritarian-nationalist populism. and suggested that constitutional democracy merely was simulated, all symptomatic of a Serbian identity crisis in the context of the crisis: Janjić, D (1997)

[446] By establishing control over the two autonomous provinces as well as of Serbia and Montenegro, Milošević could control four out of eight votes at the highest federal level (the other four being: BiH, Slovenia, Macedonia, Croatia). This disturbed the federal balance and created fear in the leadership of the other republics, that Serbia would dominate the federation. Slovenia was the first repulic to protest, opting already in September 1989 for independence.

[447] Dr Bujar Bukoshi was named Prime Minister after having been Secretary General in the LDK. which he was a co-founder of. On 23 December 1991 Kosovo applied to the European Union for recognition as an independent state. but was rejected. Through German pressures the EU came to use the territorial republican borders as a basis for recognising states. thereby ignoring the minorities within those borders. Macedonia was not recognised due to pressure from Greece. Germany wished to have Slovenia and Croatia recognised as independent and pressured other EU-members consequently resulting in a deal made during the Maastricht discussions in December 1991. where there should be EU-unity towards recognitions. Greece accepted to recognise Slovenia and Croatia under the conditions that Macedonia was rejected. The UK accepted the approach in exchange for exceptions from the Social Charter. while southern EU-states received elements in the structural funds during the negotiations.

in Serbia or elsewhere, this constituted a dramatic change of incalculable consequences. It certainly also contributed to challenging the existing state framework of Yugoslavia. By June 1991 Slovenia and Croatia opted for independence. In October the same year Germany pushed the EU to recognize them as independent states and, despite warnings over the consequences with regard to minority issues, Germany effectively moved ahead with unilateral *de facto* recognitions. But if any republic left the Yugoslav federation (such as Slovenia), then the whole structure would crumble. The federal framework provided for a careful balance in which several republics combined could counter-balance others, but without one of them Serbia would become too dominant. Moreover, inside several republics, those with large minorities, it would almost certainly lead to war. For Slovenia, which was more than 90 % ethnically homogeneous, it was fairly unproblematic, but for the 10-15 % Serbian minority in Croatia it was unthinkable to suddenly become a minority in a new Croatian state with a strong ethno-nationalist ideology, and the Serbs who lived in Krajina immediately declared secession for a state of their own. Blockades and fighting had already started over territories there. In Bosnia and Macedonia the situation was even more complex. Bosnia did not have any national majority but was comprised of 44 % Muslims, 33 % Serbs, 18 % Croats, and some smaller minorities. The elected president Alija Izetbegović managed to balance Serbian, Muslim, and Croatian claims for nine months, but when the EU invited Bosnia to hold a referendum for a secession of their own, the republic was rapidly pushed towards the rift of war.[448] The Serbs wanted to remain a part of a Serbia-dominated Yugoslavia, or become part or Serbia, while the Croats wished to become a part of Croatia. For the Muslims it was a choice over whether they should have a war against the Serbs or against the Croats. When Bosnia was recognized on 6 April in 1992 (unintentionally, but symbolically, the 51 year anniversary of Hitler's attack on Yugoslavia), the answer was given: they should have war with both. War spread rapidly in Bosnia immediately after the recognition, and in Croatia it was already ongoing since 1991. Here, at the bloody secession of these republics and the miraculously (initially) peaceful secession of Macedonia, we separate from their respective trajectories in order to focus our attention on Serbia proper and Kosovo. To a large extent the cornerstone of the Yugoslav crisis lay in Kosovo, although a much wider dynamic was set in motion. However, although we have all structural preconditions, including international factors, and various political advocates, for the crisis in

---

[448] For example Sörensen, J. S (1996) "Bosnien-Hercegovina mellan demokrati och etnokrati: påtvingad majoritetsmodell som krigsprovocerande faktor" i Milivojević, N et al (Eds) (1996) "Bortom Kriget" Carlssons, Stockholm: 130-138

Serbia, we cannot be completely satisfied with them in order to understand the political mobilization of nationalism there, because other forms of mobilization might have been possible. We need a complementary picture of which concrete discursive strategies were applied, and which type of economy was fostered, in order to understand the new political project, and to this we shall turn in the next chapter.

CHAPTER 6

HEGEMONY AND THE POLITICAL ECONOMY OF POPULISM: The Emergence of the Miloševic Regime and the transformation of Serbian society

---

Introduction

As discussed in the previous chapter the rise of Slobodan Milošević and his regime was based upon the merging of three different political hot-issues where the objectives (although originally different in character, origin and expression) came to be articulated and discursively formulated into a single framework along ethno-nationalist principles. The fusion of these forces around Slobodan Milošević, together with his faction within the Serbian League of Communists, and the support he enjoyed within the Army, made up an 'alliance of forces' forming a 'social bloc' in a new hegemonic project.[449] This alliance spanned both segments within the Party, supporters within the Army leadership, groups of intellectuals, and the wider popular movements described earlier. Through its position within the Serbian state (and the Party), in addition to personal links, it further had control of the state media. The socialist hegemony was thereby replaced with a new 'ethno-nationalist' hegemonic formation. It was essentially populist and originally thrived on the widespread popular euphoria which was the base for the legitimation of the elite which had come to power in the 1980s.

While, according to state-organisational criteria, it makes sense to distinguish the final disintegration of the Socialist Federative Republic of Yugoslavia in 1991, as a major historical break, Slobodan Milošević's hegemonic project took off a few years earlier.[450] The earlier discussed protest movements co-inciding in the mid-1980s were a symptom of a legitimacy crisis for Yugoslav state ideology and of an identity crisis in society.[451] Its manifestation was seen in the social consequences of what was perceived as a result of both the constitutional and political-economic form of governing The idea of real-socialism was well rooted and supported, but the manifest economic crisis strongly indicated that reform

---

[449] The terms are from Antonio Gramsci.

[450] By 'project' I simply mean the profound re-organisation of the political agenda.

[451] Studies indicating this by: Golubović, Zagorka (1988) "Kriza identiteta savremenog Jugoslovenskog Društva" Filip Višnjić. Beograd. Compare: Matić, Jovanka (1996) "The Media and Ethnic Mobiliyation: The Formula for Kosovo" in Janjić, D & S. Bianchini (1996) "Ethnicity in Post-Communism" Institute of Social Sciences & Forum For Ethnic Relations & Europe and the Balkans. Beograd: 231-236

measures had gone wrong. The convergence of 'reactive nationalism' in Serbia towards the mid-80s, following the Albanian crisis in Kosovo of 1981, with the mobilisation of the Constitutional issue, and the wider general social protests, was coupled with the emerging cleavage within the elites of the League of Communists. We have here the economic and structural raw material for the coming crisis, but although these are constituent parts it is not sufficient to analyse them separately and simply combine them in order to arrive at the trajectory of the 1990s. The global, political-economic, constitutional and social critical conditions merely provided for a particular narrowing opportunity structure within which several historical paths might have been open, and there is no immediate determination of agency inherent within them. The above-mentioned crisis issues were merged in a specific way, with certain strategies involved to create the new interpretative framework through which the new practices could make sense. This chapter therefore focuses on the analytical level of political and discursive strategies, before moving on to the character of the political economy of the state transformation. The particular changes in Serbia proper are intermarried with, and are absolute preconditions in order to understand, the trajectory in Kosovo which is discussed in the coming chapters.

The concept of 'hegemony' here places attention on the agency involved in social change, the discursive strategies of a group in order to form alliances with other groups and involve them in a new interpretive scheme, new way of looking at social problems and relations and thereby achieving support for a new political project working at multiple levels in society.[452] While the term is associated primarily with analysis of change in capitalist societies (with class divisions, and as a framework to avoid determinism) it is applicable to real-socialist societies as well, where conceptions of 'transition' (to liberal market democracy) or 'social breakdown' otherwise dominate. The focus on agency does not preclude 'structural conditions' because, as discussed above, these set limits to the freedom of choice, but it does emphasises that structural conditions do not carry any strict limited given trajectories within them. Through the concept of hegemony we further emphasise that there is no single dictatorial agency involved (by a monolithic leadership relying on force, for example), but

---

[452] Originally formulated among Russian intellectuals in the 1880s the term is associated with Antonio Gramsci, who developed it to analyse capitalist society and strategies for the working class. The strong association with class has since been disconnected in order to include other groups (including 'ethnic'). The different applications and orientations cannot be discussed here, but generally hegemony theory is connected to analysis of capitalist societies, such as for example Stuart Hall's analysis of Thatcherism. Writers like Nicos Poulantzas and Bob Jessop have placed more emphasis on structuralist aspects, while Ernesto Laclau and Chantal Mouffe reject 'essences' inscribed to concepts. Anna Maria Smith has applied Žižek and Lacanian ideas in her analysis of Thatcherism in Britain.

that the redefinition of the political agenda involves strategies for mobilising support among several groups so as to create an alliance. Furthermore, the strong nationalist fervour in Serbia, and other post-Yugoslav republics, was not a re-awakening of 'dorment' nationalism repressed by the real-socialist order, although they – and the new projects – grew out of it. While conflicts which crystallise along ethnic lines fairly soon achieve an 'inter-reactive' dynamic of their own, the idea of ethnic nation-states had to be formulated and implanted among the wider population, or among strategic groups, through the application of discursive strategies and instruments. As has been expressed by Anna Maria Smith, a hegemonic project does not need the support of the majority, but operates by transforming specific political demands into a broader social imagery.[453] It redefines claims and incorporates them into a single framework, which - although it may seem inconsistent – promotes itself as the sole alternative to a social order.[454]

The political project of Slobodan Milošević incorporated different group interests and protests, from the intellectuals in SANU (Serbian Academy of Sciences and Arts), whose Memorandum it drew upon, to the Kosovo Serbs and the marginalised workers in Serbia, and defined, (re)formulated and (re)articulated their different interests so as to create a single movement, which came to constitute the political power-base for the leadership. The idea of reviving the nation-state ideal was the 'ideology' that connected the factions, and the socialist message was reinforced through the perspective shift from a 'universalist' Yugoslavia towards a Serbian framework.[455] There need not be a 'planned' strategy behind this. It is even unlikely that there was any possibility at a given time to calculate in detail the consequences of a particular move. It is more probable that Slobodan Milošević himself at some point in 1987 realised the impact he had upon Kosovo Serbs as a speaker, that the crowd needed a leader, and that this opened new possibilities for a popular base in his own ambitions. By reformulating the Kosovo issue from that of a constitutional conflict, to that of a national-ethnic conflict and that republican state measures were necessary in order to hamper it – a process taking place in 1987 – it could be directly linked to the constitutional issue and reorganisation of the state. All social problems were eventually incorporated into this scheme with the revival of the idea of 'nation-state' as a new legitimising principle. This project

---

[453] Smith, A. M (1994) "New Right Discourse on race and sexuality" Cambridge University Press, Cambridge: Ch 1 *in passim*

[454] Ibid

[455] Actually the SANU Memorandum discussed different options and supported a 'universalist' Yugoslavia (as they saw it), but in case this was not possible it opted for a strong Serbian state.

eventually implied war and ethnic clensing, generally having some homogenising effects on society, but it was more radically enhancing the identity crisis in Serbian society. This crisis was further perpetuated by the deep social and economic transformation of Serbian society following the illiberal economic order (or disorder), which accompanyed the new project. The hegemony was therefore not long-lasting and other means were necessary to remain in power. In this chapter we shall further discuss the discursive practice at work in this process, the electoral legitimation of the regime following the introduction of multi-party elections in 1990, the subsequent erosion of hegemony and the protracted legitimacy crisis, and finally the changes in political economy – and economic base – under this project. The form of economy which emerged may be characterised as cleptocratic and illiberal, and it encompassed a transformation in ownership structure. Following the use of state institutions for cleptocratic purposes by certain networks in power – and 'subcontacted' bands -, the economy developed a trajectory of informalisation, traditionalisation and criminalisation. The effect was a profound re-stratification of Serbian society. While, as discussed in the introduction chapter, the two concepts 'transition' and 'breakdown' have dominated in the literature of Eastern Europe and the Balkans, the process may be better interpreted from the perspective of 'social transformation'. This avoids the linear assumptions of developments towards liberal democracy, as implied in the term 'transition', and of 'straight-forward' 'reconstruction' of a 'broken down' state and society which is implicit in the term 'break-down'. The term 'transformation' intends to conceptualise both state and society as having changed to a certain degree, and that this includes agents who have developed new relationships, strategies, and projects in the course of this proces.

This constitutes the two dimensions I wish to emphasise here: the 'ideology' and legitimation of the (new) state and its regime, and the governing of the political economy within this new (political, governmental, territorial) framework. The next chapter will then turn to the 'resistance', adaptation and opposition to this, which took place in Kosovo.

Nationalist Discourse strategies, Symbol Language, and the introduction of multi-party elections

The most important factor behind the nationalist wave in Serbia was the issue of Kosovo, because both the constitutional 'movement' and the protests of the Kosovo Serbs could be expressed in it. The wider social and economic crisis, and accompanying frustration, could

186

further be re-worked into it through the idea of a 'common solution' for all Serbs. Kosovo, and the crisis of 1981 concerning Albanian nationalism, was both the nodal point for 'reactive' Serbian nationalism, as well as it 'provided' much of the mythical material in the 'new-old' (Serbian) nationalist discourse. In line with socialist dogma, the Kosovo crisis was initially defined in ideological terms, but from 1987 onwards it was reformulated as a conflict between two ethnic / national groups. Following this new position taken by the Serbian League of Communists – and originally raised in the SANU Memorandum of 1986 -, the issue was now re-articulated in the Serbian press. Jovanka Matić has shown this by analysing the changes in reporting and articles in the important Serbian daily newspaper *Politika*, which from 1988 increasingly portrayed events in Kosovo from a strongly nationalist and chauvinist perspective and supported Milošević's programme within the party.[456] Once the issue had been cast in these new terms the ground was prepared for the activation of the Kosovo myth and other folk-lore material in order to boost national identification. The mythical dimension is often, if not always, central to nationalism, and the 'common descent' of a nation or the idea of its 'collective destiny' requires some form of bonding which draws upon mythical material. It is not important here whether the myths have some basis in real history or not (they may often have), but that myth is a central form for the social and cultural presentation of ideas and as such a powerful system for collective identity formation and for social integration.[457] As expressed by Jelena Đurić, the myth of the nation-state has, during the past centuries integrated all aspects of social life – ethics, politics and culture – as the collective participation in the common destiny of the nation.[458] Further, modernity and colonial expansion has exported the ideal of the nation-state to the whole world.[459] The Yugoslav idea and communist-socialist ideology had also incorporated such mythical material. As discussed in previous chapters, the idea of self-determination and independence was a major driving force, and the idea of the 'liberation struggle' and revolution by the Yugoslavs themselves was a powerful element in the legitimacy of the regime as well as the state. The old slogans and ideas of 'brotherhood and unity', 'egalitarianism', and so on, only needed a minor reworking into a narrower circle with the ethnic nation as the basis. Although the myths cultivated along the Yugoslav idea had carried the same folk-lore material as the latter ethno-

---

[456] Matić, Jovanka (1996). To cover the whole media landscape, see also the references to other media analysis in the discussion below.
[457] Compare Đurić, Jelena (2000) "The Use of Myths for Creating and Destroying a Society" in Skoplanac Brunner, N et al (Eds) (2000) "Media and War" Agency Argument, Belgrade: 153-176.
[458] Đurić, Jelena (2000) "The Use of Myths for Creating and Destroying a Society" in Skoplanac Brunner, N et al (Eds) (2000) "Media and War" Agency Argument, Belgrade: 155
[459] Ibid

nationalist discourse replacing it, they were now stripped of the earlier universalistic and inclusivist (Yugoslav) framework, in which they had been embedded, and were reworked in an exclusivist ethnic-nationalist framework. As has been repeatedly noted the communist and nationalist ideologies had many elements in common, including the collectivist idea, the element of 'struggle', a division of 'us' and 'other' and of absolute 'enemies' (class substituted with nation).[460] This closeness enabled core continuities within the discursive shift, with the replacement only of some crucial elements in order to arrive at a completely different framework of ideas. The idea of the project of the socialist oriented political economy could be maintained, but (supposedly) 'better' realised within the new cultural homogenous frame, and through its mobilisation. In other words it was the idea of the 'nation-state', which was renewed, and as such a part of an essentially modern phenomenon.

Ivan Čolović has provided an extensive analysis of Serbian ethno-nationalistic myths, and the political symbolism, upon which the new nationalist discourse in Serbia drew.[461] The renewal of the 'nation-state' idea drew on folk-lore and mediaeval tales where the plots above all are concerned with the nation as the long-lost and re-found happy units of ethnos, blood, state, territory, faith, culture and language.[462] The myth of the Battle of Kosovo Polje on Vidovdan in 1389 where Prince Lazar dies in defending Christianity against the Turks places the Serbian nation in a connection to the distant past. But, following Čolović, events in the mythical are located outside the co-ordinates of time. The discourse of warlike ethnic nationalism offers a mythic, anti-historical perception of time, with eternal presence and/or return to the same, and with temporality imagined this way the political and military leaders and the wars of today are the reincarnated forebears of the past.[463]

Symbolic language and expressions play an important role in communication in public life and in the way individuals identify and position themselves in public space. In socialist society public space was more directly regulated than in liberal societies, and the most important instrument through which symbol language and coded messages were transmitted

---

[460] For example: Puhovski, Z (1995); Goati, V (1997); and Đurić, J (2000)
[461] Čolović, I (1997/2000) "Politika Simbola" Biblioteka, Beograd.
[462] Following Čolović, I (1997/2000): Ch. 1
[463] Following Čolović, I (1997/2000): Ch. 2. On the myths of the battle of Kosovo Polje, see for example the collection of translations by Locke, G. N. W (1997) "The Serbian Epic Ballads: An Anthology", Nolit, Belgrade; See also Jakupi, A (1999) "The Origin and Motives of Serbian Myths on Kosova", Eurobalkans, No 34-35, Spring-Summer 1999, Athens: 21-27

was electronic media.[464] Access to media was to become a major problem for the new political parties that were formed in Serbia with the introduction of the multi-party system and the call for free elections in 1990. These new parties had a double problem. First, given the social structure of the socialist society – a fairly large peasant worker and worker stratum, with a small middle class of professionals, managers, white-collar employees, and so forth, and an even smaller upper stratum of the party elite and functionaries - the parties were not 'rooted' in society in the sense that they had any particular connection to a social stratum, class or interest group. Therefore they were 'socially unbonded'. Second, they were difficult to identify and position along the liberal european political spectrum. For many of them Western Europe appeared as a role model in liberal democracy, but the society out of which they came did not resemble that of Western Europe to the degree that the ideological division and party structure could be imitated.[465] The regionally bonded party elite which struggled for control over the political entities managed to take over the symbolic language and as they alredy controlled the main instrument for disseminating it – the mass media - the groups and parties which were without resources (including financial) or influence in the existing power apparatus had great difficulties in transmitting their message. Apart from being 'socially unbonded' they were essentially 'crowded out' in the public space, both in terms of symbol language and the instruments for disseminating it.

The role of the media as an instrument in nationalist and war propaganda, has been extensively noted by both local analysts and external observers, and one of the early budget posts among western donor agencies in their support for democratisation in the region was also allocated to support 'independent media'.[466] The 'propaganda war' in the media started at least three years before the 'real' wars, and control over much of the Serbian media was secured by Slobodan Milošević, as President of the Serbian League of Communists, already in

---

[464] A small Serbian art and design magazine named "KVADART" had an interesting discussion of political symbols in a special issue in 1996. I would like to thank the author and editor, Radomir Vuković- a graphic design artist from Belgrade – for sharing and discussing with me his insight into political party symbols in Serbia, on 3 November 2001.

[465] The problem was similar in other post-communist countries, but with the difference that they did not have a divided elite regionally anchored in separate 'national republics' (even in the federations like the Soviet Union, the party was not divided into separate branches and the conflict was rather between society and the party instead of between separate branches of the party).

[466] For example Sida (Swedish Development Co-Operation Agency) had special budgets since approximately 1994; the private 'Soros Foundation' had large budgets for this in the early 1990s; the EU followed somewhat later.

1987.[467] From then on the most important media supported "Slobo" and were, throughout the following decade, engaged in systematic propaganda campaigns, manipulation, false information, hate-speech, campaigns against 'dissidents' - individuals as well as groups -, and capitulation to political interests and nationalist fervour.[468] In Serbia proper non co-operative editors and journalists were dismissed or resigned of their own accord, and in Kosovo there was a crackdown on the whole media landscape with an effective closing of the Rilindja Publishing House.

While the most important media - such as 'RTS' (Radio-Television Serbia), 'Radio Belgrade', and daily newspapers like *Politika, Večernje Novosti, Borba* - were instrumental in nationalist and war propaganda, the regime from time to time had a fairly liberal approach to so called 'independent media' in Belgrade and in some other urban centres as long as the circulation of transmission space was limited (although there were indeed many cases of intimidation, confiscation of equipment, and arrests especially in Kosovo). The reason for this was that the supporting base of Slobodan Milošević was not reliant on Belgrade in any case. As a capital it had always been the locus of opposition and as long as local radio stations or especially periodicals did not reach too far outside Belgrade they posed no real danger to the regime. Television was generally superior to newspapers as an instrument, both by its more direct impact through 'images' and because economic hardships were an obstacle to the purchasing of newspapers. In addition many private stations became instrumental in propaganda by following the 'political correctness' of local/national discourse, and what may be called negative self-censorship.

Nationalist symbol language and iconography came to penetrate public space and popular culture through music also, with one of the most conspicuous examples found in the Serbian '*technofolk*' and '*turbofolk*', a local form of intermarriage between folk and techno music. Eric Gordy has analysed messages and scenes from this aspect of popular culture, which

[467] Compare Luković, P "Media and War: Yugoslavia, the Mirror of Hatred" in Biserko, Sonja (1993) "Yugoslavia Collapse War Crimes" Centar za Antiratni Akcija, Beograd: pp. 73-78

[468] Luković, Petar (op. cit). Further studies of the role of the media can be found in: Thompson, Mark (1994) "Forging War: The Media in Serbia, Croatia, and Bosnia-Hercegovina" Article 19; and: Skopljanac Brunner, Nena et al al (Eds) (2000) "Media and War" Agency Argument, Belgrade. Oppositional parties in Serbia regularly complained about lack of access to, and distortions in, the media (and this was further noted in the international community, including for example the OSCE), for example: CeSID (2000) "Guide through Electoral Controversies in Serbia" CeSID (Centar za Slobodne Izbore i Demokratiju), Beograd.
For a non-region specific account of the topic for example: Carruthers, S. L (2000) "The Media at War – Communication and Conflict in the Twentieth Century" St. Martins Press, New York. A classic remains: Knightley, P (1975/2000) "The First Casualty" Prion Books, London.

among the urban-oriented youth population was considered the 'regimes' battle against them and their values.[469] Gordy describes the regime strategy as a 'destruction of alternatives', with one of the fields where this was played out being popular culture, and a 'rural' versus 'urban' values confrontation.[470] This conflict between urban-rural, or in perhaps the better metaphors 'gemeinschaft' and 'gesellschaft', remains a noted dimension within all the former Yugoslav Republics.[471] Nationalist iconography spread throughout all spheres of society. Locally well known symbols like four S in a matrix (C in Cyrillic) on a shield or just painted on a wall expressed the message for Serbian unity (only unity can save the Serbs), just as a peace sign came to express opposition. The urban-oriented, democratic-oriented and anti-war oriented, were outflanked to small newspapers and periodicals, limited-reach radio stations (and some TV, like Studio B), underground movements or finding their expressions in rock music and blues. In this way musical preference simply became a symbol for individual political orientation.

The formation of new (nation-state) ideology expressed, as well as created, a deep identity crisis in Serbia and within the Serbian population through the 1990s. As has been discussed by Dušan Janjić, the question of how the new state should be defined created contradictions; constitutionally it was defined as a 'civil state', but the development was towards a 'national state' along ethnic principles.[472] Moreover, aside from the fact that a third of the population in Serbia are non-ethnic Serbs (apart from Kosovo there are minority concentrations in South Serbia, the Sandžak, and Vojvodina), the principle of historical rights was applied to Kosovo and the internal organisation of the state. Following Janjić's discussion there were two 'programmes' to the national question, one of them regarding the question as one of state territory and demanding the expansion of the mother-state to the envisaged ethnic borders (i.e. 'unification of all Serbs in a single state'), while the other opposed this idea and instead opted for a 'unity of people' and a more universal approach.[473] This ideological division was

---

[469] Gordy, Eric D (1999) "The Culture of Power in Serbia – Nationalism and the Destruction of Alternatives" The Pennsylvania State University Press: *en bloc* and Ch. 4
[470] Ibid
[471] These concepts were introduced by Ferdinand Tönnies and will be discussed further in Chapter 8.
[472] Janjić, Dušan (1998) "National identity Building Processes in Post-Communist Society: Serbian Case 1989-1996" in Bianchini, S & G. Schöpflin (Eds) (1998) "State-Building in the Balkans – Dilemmas on the Eve of the 21st Century" Europe and the Balkans & Longo Editore, Ravenna: 339-362. See also: Janjić, D (1995) "Serbia Between the Past and the Future" in Bianchini, S & P. Shoup (Eds) (1995) "The Yugoslav War, Europe and the Balkans: How to Achieve Security" Europe and the Balkans & Longo Editore, Ravenna: 63-71. The term in the constitution is *Država Gradana*, which should actually be translated *citizens state*.
[473] This follows Janjić, D (1997) and (1998) "National identity Building Processes in Post-Communist Society: Serbian Case 1989-1996" in Bianchini, S & G. Schöpflin (Eds) (1998) "State-Building in the Balkans –

complicated by the cultural and political differences between Serbs from different parts of former Yugoslavia - Serbs in Bosnia, Croatia, Serbia proper and so on - and between rural (for example the Krajina area) and urban. Bosnian and Croatian Serbs who found themselves as a minority in the newly created Croatian (1991) and Bosnian (1992) state, for example, generally tended to opt for the former programme seeking protection in the 'mother-state', but the division was also present within the Serbian diaspora outside the territories of the former Yugoslavia. Janjić uses the allegories 'the two Serbias' and 'highlander Serbs' to describe this difference in political culture and cultural orientation. While the 'highlander Serbs', Serbs in Krajinas (here the Croatian area bordering Bosnia), and in Bosnia tend to see the state as a protector or 'mother-state' with an organic conception of the state (i.e. the state as a 'body' and part of the nation), Serbs in Serbia proper see the state as a collector of taxes and apparatus of organised violence (army, police, conscription etc.) and something to be avoided by the individual as much as possible.[474] The organic conception of the state is however a typical feature of the post-Yugoslav state, although this may be more emphasised in Croatia and Slovenia.[475] The regime supported the first programme until summer 1994 and could, according to Janjić, thereby obtain a statist and authoritarian political order.[476] The idea was then abandoned, as became evident to the Bosnian and Croatian Krajina Serbs in 1995 when they had no support to count on. It had served its purpose in the late 1980s, when public rallies were organised in Kosovo, so called 'meetings of the truth' in Belgrade, and politically orchestrated demonstrations, as well as in the early 1990s when populism reached a peak and the regime was firmly consolidated; for the newly secured regime in Belgrade it was not worth the cost of engaging in an even wider all-Yugoslav war.

Dilemmas on the Eve of the 21st Century" Europe and the Balkans & Longo Editore, Ravenna: 339-362 (especially 1998: 343-45).

[474] Developed in Janjić. D (1998): 345. Dušan Janjić would ascribe this difference to historical variations where Serbia proper was under Ottoman rule for centuries, while the Serbs in Croatia – and Bosnia after 1878 – were under Habsburg rule, and that the different relations to the state under these conditions created variations in political culture (personal communication). While I believe there are elements of this, another interpretation could be that the 'atomisation' of Serbia and the perpetuated crisis in the 1990s has created a deep mistrust in the state and its institutions, which were not present during the Tito-period. Studies from Serbia showing the support for self-management socialism, and the egalitarian orientation, can be taken to suggest that the socialist period has created a strong belief in the state institutions – although coupled with a clientelist system. However, the egalitarian aspect of this has a longer historical tradition from the *Zadruga* and village community, which was widespread until the second half of the nineteenth century and survived into the twentieth century in some areas.
[475] Due to the Serbian crisis in the 1990s the organic view of the state may not be strong in Serbia proper (but among Serbs outside it). By 'organic' we here mean an understanding of the state as a protector – and something to be loyal to-, its territory being a part of its 'body' and the 'nation' connected to it. This has been discussed by Stefano Bianchini (1998) "The Idea of State in Post-Communist Balkan Societies" in Bianchini. S & P. Shoup (Eds) (1998) "State Building in the Balkans – Dilemmas on the Eve of the 21st Century" Europe and the Balkans and Longo Editore, Ravenna: 53-80.
[476] Janjić. D (1998): 344-45

Elections

The discursive shift towards ethnic nationalist definitions of all problems prepared the way for a victory of the nationalist parties at the first multi-party elections in most Yugoslav republics in 1990. In contrast to the rhetoric of the extreme nationalist parties which came to power in Croatia and Slovenia in spring 1990 opting for secession and rejecting the Yugoslav real-socialist ideology the nationalist parties in Serbia lost, in favour of the Socialist Party which was maintaining a socialist (as well as nationalist) orientation.[477] One reason for this was that there was a very strong support for, and legitimacy of, self-management socialism and egalitarianism, which this party could utilize. While in Croatia and Slovenia the road out of the economic and social crisis was interpreted as leading *out* of Yugoslavia and towards further liberalisation (and privatisation) accompanied by national reaffirmation and homogenisation, the solution to the social crisis in Serbia was seen in fulfilment of the egalitarian and real-socialist development (and their national goals). The Bosnian, as well as Macedonian, position was here much closer to Serbia, but Bosnia was forced out of the Yugoslav federation once Croatia and Slovenia had opted for secession and definitely after the EU pushed a referendum upon them. The Bosnjak / Muslim population was squeezed between Serbian and Croatian nationalism and although the Government of Alija Izetbegović, himself a Muslim nationalist, managed to balance between them for nine months, nationalist logic soon took on its own dynamic where they had to come along as well. In effect they could choose either a war with the Serbs or a war with the Croats, and eventually they were invited to have both. The Macedonian case was in a way similar, but internationally they were ignored after the stalemate with the Greek position (formally over the name Macedonia). But in Serbia there was neither the possibility to leave Yugoslavia nor did they reject socialism. The popular support for real-socialism is indicated by research conducted by the Institute for Political Studies in Belgrade in 1990, and by research at the Institute for Social Sciences.[478]

The political message of Milošević was therefore both nationalist and socialist and as such appealed to the populus. This explains why the nationalist parties did not win the first elections in Serbia despite the nationalist turmoil which had developed over a few years, and

---

[477] The 'Socialist Party' was simply the renamed 'Serbian League of Communists'.
[478] Goati, V (2000) "Elections in FRY from 1990 to 1998" CeSID - Centar za Slobodne Izbore i Demokratiju, Beograd: 28

despite the fact that nationalist parties had already won in Croatia and Slovenia.[479] The nationalist parties in Serbia lost the elections because their political space was already occupied by the SPS (Socialist Party) and had a strong and charismatic leader in Milošević, and the other parties therefore had to move in an even more extreme nationalist position in order to profile themselves.[480] The same was the case with the Social Democratic opposition, since the SPS already had a socialist message as well as the socialist iconography in form of the red rose (an internationally known symbol for the Social Democrats). The early adoption of a nationalist programme incorporated to the socialist orientation made the SPS the most attractive party on both these positions, since they (in addition) had a legitimacy inherited from the *ancien regime*, but added a 'modernisation' attitude of correcting all the mistakes derived from it (as epitomised in the term 'anti-bureaucratic revolution'). Following the work of Vladimir Goati, this merge is central, since the real-socialist project had strong support in all the 'least developed' republics of the former Yugoslavia, but socialist parties only won if they had adopted the national programme early enough as in Serbia and Montenegro.[481] In Macedonia this adoption came too late and, just as in the more developed Slovenia and Croatia, it was instead the new opposition parties which came to be considered most credible in representing the 'national interest' (Bosnia was special since the party here was too ethno-plural). This development shows the switch between the socialist and nationalist orientation. Whereas the nationalist affiliation had been only secondary priority earlier (in Tito's Yugoslavia) it was now first, and the socialist degraded to a good second position. Or rather, the idea of recreating the nation-state promised new opportunities for self-determination and the realisation of a socialist egalitarianism, which had come off course in the Yugoslav framework. In this manner, Milošević and his party had therefore at the same time incorporated nationalist and socialist sentiments in Serbia and blocked the political space for the two most important alternatives, leaving only liberal-oriented parties (mainly the Democratic Party) in a clear opposition. However, since liberalism had never become strongly rooted in Yugoslavia (hardly even before the communist-socialist revolution or inter-war period) such parties had weak chances even for purely ideological reasons.[482] The position of the SPS was at the centre of a new hegemonic project building partly on ideological-political continuity with the past, but reformulated in populist-nationalist terms to cover several interests. This was a skilful opportunistic platform in itself, but it was still not enough to win a

---

[479] Goati, V (2000): 31-40
[480] Goati, V (2000): 33
[481] Goati, V (2000): 38-40
[482] Generally liberalism does however seem to have wider spread in the 1990s.

majority of the votes. First, it could gain power only if the Albanian population rejected and boycotted the elections, as they did, and second, it managed to get a majority in Parliament only through the fortune of the (majority vote) electoral system. The majority vote system ensured that they needed only 46 % of the total votes (first round) to achieve an impressive 77.6 % of the mandates in Parliament. At the presidential elections (for Serbia) Slobodan Miloševic also attracted the voters from the nationalist parties and gained an even stronger support than his party had done in the Presidency, with 65 % of the votes (although just 47% of the total electoral body).[483]

Already in a central position within the state-party and with an early transgression of one of the *ancien regimes* core ideological foundations Slobodan Milošević was able to use the legitimacy of existing institutions (the Party, self-management, *et cetera*) to further his consolidation of power in the late 1980s and at the turn of the 1990s. As will be discussed below he - and his party - was however going to drain the legitimacy from those institutions and destroy them during the course of the 1990s. The political message was socialist-nationalist populist (the mobilisation of the Serbian cultural force for modernisation) and the discourse oriented to foster the idea of the nation-state drew on the most perverse forms of nationalist and folklore sources. This utilisation of folk-lore and mythical material, of heroes defending the land, had earlier been incorporated into the communist framework and provided a rich source from which to reformulate symbolic language. Few areas in Europe (apart from the Scandinavian/Icelandic sagas) have as rich folklore material as this area of the Balkans. .

If we screen off the nationalist discourse for a while and focus on the socialist oriented platform and political message, this promised a reformation of the real-socialist form of society along the developmental angle which had been particular to the less developed republics.[484] As such it also drew on the analysis (that had been made by various intellectuals throughout Yugoslavia) of the errors self-management socialism had contained or developed, especially since the 1970s (as for example identified in the first part of the SANU Memorandum). In their political programme the SPS put emphasis on completing the industrialisation process in the country, with renewal of obsolete technology, further

---

[483] For the figures in the elections see Goati, V (2000): documentary appendix.
[484] Compare Susan Woodward's "Foča model" as discussed in the previous chapter.

automation and computerisation, as well as revitalising the rural areas.[485] It opted for development programmes, job-security, reduced working hours and limited overtime, a minimum wage of 100 Dinars, the stimulation of small-scale business, as well as transformation of funds to especially support agriculture.[486] In its developmental and egalitarian orientation it opted for a more effective state, but with a clear regulatory role. The emphasis on rural and agricultural areas was very important since rural voters were central to Milošević, and they constituted a very large part of the electorate. The political programme had egalitarian, socialist, and developmental aspirations, and although it may have been internally contradictory and incoherent, it could appeal to the wider population. It had the essentials to attract workers, farmers, socialists or nationalists, including socialist-nationalist oriented middle class intellectuals. From the vantage point of Milošević's later career it is difficult to estimate whether there ever were real intentions behind this (it is quite probable that his personal ideology was purely 'Machiavellian'), but there is no reason to assume that the SPS leadership otherwise was less genuine in their ideological conviction than other parties.

The socialist dimension enabled both continuity with the *ancien regime* and an appeal to the wider population in Serbia, which was in favour of the egalitarianism and security provided by that order. If we now add back the actual nationalist rhetoric and propaganda to the picture we arrive at a bridge to other values and a truly populist orientation in vogue with the *zeitgeist* that had developed in Serbia since the second half of the 1980s.

After the elections, in early 1991, the ruling SPS party adopted an even stronger nationalist position and sharpened its attitude towards neighbouring republics with Serb minorities (Croatia, Bosnia). In doing so they forced the other extreme 'ultra-nationalist' opposition parties to support them and thereby incorporated them into their project so that these opposition parties gave legitimacy to the government's policy.[487]

Further elections were held to the Federal Assembly (the Federation now reduced to consist of Serbia and Montenegro) in May 1992 and again in December 1992, to the National Assembly

---

[485] For a comparative analysis of Economic Party Programmes see: Minić, Jelica (1997) "Economic Programmes of Political Parties in Serbia – Possibilities of a European Option" in Janjić, D (Ed) (1997) "Serbia between the past and the future" Institute for Social Sciences & Forum for Ethnic Relations, Beograd: 129-152.
[486] Ibid
[487] Goati, V (2000): 49

of Serbia in 1993 and in 1997, and for the Presidency in 1992 and 1997. Municipal elections were held in 1992 and 1996. The established hegemony was however short-lived when it came to support for Slobodan Milošević and SPS. Only the strong 'nationalist' 'ideology' lived on. A reason for this is that once established there was no return to Yugoslavia – which had disintegrated under this ideology -, and 'ethno-nationalism' received a dynamic of its own after hostile inter-ethnic and inter-republican relations had come between republics and national groups. Furthermore the demonisation of Serbs in the west, and the economic sanctions imposed on Serbia, created a feeling of being exposed to external hostility and a need for unity. However, the support for the regime was already in decline from the early 1990s, and after the 1992 elections the SPS had to form a minority government with support from the extreme ultra-nationalist Serbian Radical Party (SRP). In 1993 the SPS entered a coalition with smaller parties and after the 1997 elections it shared power with SRP, backed by other coalition partners 'JUL' (Left), created by Mirjana Marković (the wife of Slobodan Milošević), and 'ND' (New Democracy). None of these coalitions prevented the SPS from maintaining a dominant position within the state apparatus, but it expressed the decline in its support, which eventually was only about a fifth of the population.

The SPS maintained its power through these elections by a number of manipulative means. The rules for elections were unilaterally changed in some instances, as was the number of electoral districts along with other manipulations of electoral geometry. Double-voting en masse occurred, voting ballots were planted into polling boxes, election results were altered for example.[488] The SPS was assisted by a weak and divided opposition, who at times only came together temporarily. In the May election 1992 the 'democratic-oriented' opposition boycotted the elections, but they were held anyway since other parties participated (Vuk Drašković's party SPO). These elections were held when war was ongoing or recently ended in Croatia and had just started in Bosnia-Hercegovina, and a day prior to them the UN Security Council decided to impose economic sanctions against Serbia and Montenegro. In the municipal elections of 1996 the opposition gained a victory, which the SPS was eventually forced to recognise in February 1997. Resistance and opposition to the regime existed, although it was weak and disunited, and a notable feature to mention here is the rapid drop in electoral participation from around 70 % in the earlier elections to around 60 % in the

---

[488] For example: CeSID (2000) "Guide through Electoral Controversies in Serbia" CeSID (Centar za Slobodne Izbore i Demokratiju) Beograd.

latter.[489] General erosion in the confidence of the ritual of elections and in politics developed within a wide section of the population in Serbia, especially after 1996. According to a number of surveys the confidence in all institutions - with the exception of the Army, education, and the Church - decreased through the 1990s indicating an extended legitimacy crisis from early on and throughout the decade.[490] In a study from 1999 Zoran Slavujević characterised the whole political system of Serbia as dysfunctional, and that its institutions acted as disintegrative factors.[491]

The regime had successfully created a new outlook on all aspects of social and political life in the late 1980s, but while doing so it utilised the institutions of society and the state, eventually draining them of legitimacy. While the regime embodied continuity with the *ancien regime* - the Party was the same (only renamed) and had the same leadership, and preserved elements of the earlier ideology - the discursive formation was indeed new, and a break with the Yugoslav past. This new discourse, or ideology, was necessary to legitimise the new political project – the nation-state. In the span of a few years this legitimacy was effectively eroded. The regime managed to stay in power partly relying on a submissive political culture, through the manipulation of crises, external threats - including the sanctions imposed by the UN in 1992 which had a supporting effect for those in power - a general fear of instability in the population, and a general atomisation of society.[492] Srečko Mihailović suggests the term 'virtual legitimation'; when the ethnic principle of 'blood and soil' had reached a peak in 1993 and started to decline, there was a manouvering to find new formulas of legitimation.[493] They included that, in 1995, after Milošević and SPS had abandoned the support to Serbs in neigbouring republics (Croatia, Bosnia-Hercegovina) and signed the Dayton Agreement, the ethnic nationalist principle was replaced with a message of 'peace', where Milošević came

---

[489] See documentary appendices by various elections in: Goati, V (2000). It should further be noted that the Serb's confidence in their political system had deteriorated to such an extent that in several of the elections held after 2000 less than 50 % of the electorate voted, forcing the redrafting of the law so that a parliament could be constituted anyway and a president elected.

[490] See a collection of opinion studies in: Mihailović, S (Ed) (1997) "Izmedu Osporavanja i Podrške – Javno mnenje o legitimitetu treće Jugoslavije" Friedrich Ebert Stiftung & Institut Društvenih Nauka, Beograd. Also: Slavujević, Zoran, Đ & S. Mihailović (1999) "Dva Ogleda o Legitimitetu – Javno mnenje o legitimitetu treće Jugoslavije" Friedrich Ebert Stiftung & Institut Društvenih Nauka, Beograd. Compare a study of despair and hope in: Mihailović, S et al (2000) "Javno Mnenje Srbije" Centar za Proučavanje Alternativa, UGS, Nezavisnost, and Udruženje za Unapredivanje Empirijskih Istraživanja, Beograd.

[491] Slavujević, Z (1999) "Delegitimizacija Sistema i Njegovih Institucija" in Slavujević, Z & S. Mihailović (1999) "Dva Ogleda..."

[492] For 'political culture' there are a number of studies, see for example above-mentioned studies on attitudes and value orientations. For the effects of UN Sanctions see: Dimitrijević, V & V. Pesić (1994) "The Effects of UN Sanctions on F. R Yugoslavia" Centre for Human Rights, Beograd.

[493] Mihailović, S (1999) "Virtuelna Legitimacija Treće Jugoslavije" in Slavujević, Z & S. Mihailović (1999)

back from Dayton as a peace-maker. In 1998 and 1999, and especially with the NATO aggression on Yugoslavia (spring 1999), nationalism was replaced by 'patriotism' and the defense of the country.

Political alternatives were *de facto* very weak. Although the democratic oriented opposition received increasing support they were deeply divided and incapable of coming up with a long-term response to the regime.[494] They boycotted one election, in another they had the strategy to focus on winning in the municipalities, some of the parties shifted positions (for example the SPO) or were split in two, and, to borrow a term from Michael Mann, they were strategically 'out-flanked' on the political arena.[495] The hegemonic project was thus not long lasting, but it resulted in a deep crisis of state-disintegration, international isolation, war, and dysfunctional institutions and political system. In this environment new techniques of domination were applied including elements of coercion. More repressive measures were applied after 1998 including a crack down on oppositional 'independent media' and activists. In order to understand this 'chaotic' and 'fragmenting' development we need to look at the political economy produced under, and which in turn was reproducing, this order. Due to the character of 'governance' and how the economy operated it is, however, more appropriate to use the term 'illiberal' economy. This term intends to capture the informalisation of the economy, an economy functioning without contractual relations, outside the normal operation of institutions, and the criminalisation of the economy. The term 'parallel economy' is here less apt for two reasons. First, the term 'parallel' may be misconceived as if there were no contacts with the formal economy, which would be misleading. Second, in the case of Serbia it may be confused with the 'parallel economy' and 'parallel society', which developed in Kosovo among the Albanians from 1990 when they boycotted all (Serbian) state institutions. Another term, 'shadow economy', would tend to give the impression of something operating in the shadows, at the margins of a formal economy, whereas this was not really the case here.

Under this new 'order' (or disorder) Serbian society came to change profoundly. From the informal networks and structures in real-socialist Yugoslavia, and as an adaptation to

---

[494] For a study of the various political parties see for example Thomas, R (1999) "Serbia under Milošević: Politics in the 1990s" Hurst & Company, London.

[495] Mann has suggested that a reason why groups do not rebel is not because they consent, but because they are strategically 'outflanked': Mann, M (1986) "The Sources of Social Power Vol 1 – A History of power from the beginning to A.D. 1760" Cambridge University Press.

marginalisation and eventually complete isolation within the global economy, an illiberal economy was consolidated in Serbia.

The Political Economy of Populism: Illiberal economy and the re-stratification of Serbian society

Although there were no reforms, such as liberalisation or privatisation (with few specific or dubious exceptions), and although employment guarantees, which had always been important for political inclusion through the self-management system of representation, were formally preserved the nexus of the Serbian economy in the 1990s made it everything but socialist.[496] The *nomenklatura* transformed the state into an instrument for cleptocracy, through which a small percentage of the population grew very rich. In reality most of the industry was bankrupt. Salaries were kept at a low level and were sometimes not paid for months. This condition could be attributed to economic sanctions and war, thereby materially strengthening the idea that Serbia and the whole nation was under threat from external enemies. Despite poor conditions employees would rather stay in their workplace than leave it for uncertain prospects. Self-management received critique, along with the messages of the 'anti-bureaucratic revolution', ceased to function, and industrial relations collapsed.

The combination of war, state disintegration and economic sanctions put severe strains on the economy. However, rather than mere social breakdown, and break down of institutions, the process can be viewed from the perspective of social transformation. Economic sanctions, economic decline, and war provided opportunities as well as it created restrictions. The general picture of re-stratification of Serbian society is one of pauperization of the huge majority of the population and the enrichment of a small group of 1-2 per cent at the very top. There was a widening gap between the top and bottom, but decreased inequalities at all the lower levels. Rather than the elimination of the old middle class however, it was a sinking of the hierarchies to lower levels, while the previously homogeneous peasant stratum at the bottom started to differentiate.[497] Whereas the old middle stratum, professionals and others,

---

[496] There were some reforms, but they were very specific. For example, already in 1989-90, several federal laws were initiated with the intention of making employees in former self-management organisations become shareholders, and by 1992 about one third of the social enterprises had undergone ownership transformation. See further Bolzić, S (2005) "Blocked Transition and Post-Socialist Transformation: Serbia in the 1990s" University of Belgrade (unpublished manuscript).

[497] Studies and surveys by Mladen Lazić and others during the 1990s suggest this picture: see Lazić, M (Ed) (1995) "Society in Crisis: Yugoslavia in the Early 1990s" Filip Višnjić, Beograd: various chapters, especially

moved downwards, there emerged a new middle stratum of private entrepreneurs. This new middle stratum of non-professionals was composed of people who managed to find themselves in a good economic position in the new economic climate under sanctions and war. While local researchers have conducted surveys and studies on social structure, during the 1990s and after, the empirical evidence for the economy is much poorer.[498] Most further estimates could only be made on poor statistical evidence. Even the census of 1991, which gives a picture for the period before the war, was only reliable for parts of Yugoslavia. While fairly reliable for Serbia proper, it is for example completely irrelevant for Kosovo (Albanians boycotted it and had already started the formation of the parallel society in response to the withdrawal of Kosovo's autonomy). Moreover, development in the grey or black economy escapes the researcher partly as much as it does the tax collector. The problem of method should however not restrain us from acknowledging the importance of this part of the economy. Through the use of 'soft material', including newspapers, and some studies and estimates by local researchers, it is possible to provide a discussion.

The political economy of war and sanctions: Illiberal economy

All macro-economic indicators show that the formal economy in Serbia in the 1990s was facing disaster. The only exceptions may be agricultural production and production of electricity. The formal economic performance of Yugoslavia declined during the 1990's. The GNP for the initial years, for example, show an index: 1990/89 = 92; 1991/90 = 92; 1992/91 = 74; 1993/92 = 70 (in 1990 prices).[499] The GDP as well as GDP per capita show a similar decrease, as does industrial production, which fell continuously between 1987 and 2000. Consumption per capita declined (reaching its minimum in 1993), tourism was stalled, cattle-stock went down, mortality increased and birth-rate decreased, the total number of employed decreased and the ratio of number of employed per pensioner in the country went down, the ratio of unemployment and number of unemployed increased (with official unemployment

---

Ch. 2, 3,and 5; Lazić, M (Ed) (2000) "Račji Hod", Filip Višnjić, Beograd: Lazić, M & S. Cvejić (2005) "Stratification Changes in Serbian Society: A Case of Blocked Post-Socialist Transformation" in Milić, A (Ed) (2005) "Transformation and Strategies: Everyday Life in Serbia at the Beginning of the 3rd Millennium, Institute for Sociological Research, Faculty of Philosophy, Belgrade: 35-59

[498] On social stratification and change see Lazić, M (1995) "Transformation of the Economic Elite": pp. 127-159; Vujović, S (1995) "Changes in Living Standards and Way of Life among Social Strata": 85-125, *both* in Lazić, M (Ed) (1995); Lazić, M (Ed) (2000) "Račji Hod", Filip Višnjić, Beograd: Lazić, M & S. Cvejić (2005). Concerning the economy, especially the black and grey sectors, there have been some estimates by local researchers, as referred to below.

[499] Mrkšić, D (1995) "The Dual Economy and Social Stratification" in Lazić, M (Ed) (1995): 23-84. This citation refers to p. 37

figures around 22 % in 1992 and just below 28 % in 1999).[500] The transport on roads decreased, and the building of flats decreased.[501]

The economic decline was accompanied by a drop in real wages and the spread of poverty in the country. In the mid -1990s it was estimated that 50-70 % of the population was below the poverty line.[502] While the formal economy was in a state of collapse, and the country under sanctions, there were other means of providing resources however. Formal economic collapse therefore does not necessarily mean that there was a shortage of money (although its distribution changed). In fact the new Yugoslavia, and Serbia, to a large extent became a 'cash-economy' in the 1990s. It has been estimated that some 9 billion Deutschmarks were traded in for Euros, in Serbia alone, when the Euro was formally introduced in 2002.[503] For a country with just 8 million inhabitants, this estimation would indicate that there was no scarcity of money in circulation in Serbia. There are three dimensions of the economy that need to be discussed:

- the economy of inflation
- survival strategies through delayed payment of debts and the rural-urban symbiosis
- the grey economy and the criminal economy

These dimensions or elements of the economy may be treated separately in order to understand the transformation of Yugoslav society in the 1990s. As categories, they are however arbitrary, and there is no possibility of clearly singling out 'criminal economy'. I would like to differentiate between small-scale activities or 'survival strategies' by 'ordinary people', and economic activities of officials or organized groups (namely 'Mafia-type' activities). Traditionally a separation could be made between 'grey economy' and 'black economy'. The 'grey economy' would then for example include all economic activities that evade the tax collector or the official statistics, while the 'black economy' typically involves production and trade of illegal goods or services (narcotics, trafficking and so on.). Traditional (statistical, legal and fiscal) criteria might also use distinctions between official-unofficial, legal-illegal, economic activities (thus there can be unofficial legal economic

---

[500] Bela Knjiga, Miloševićeve Vladavine, G-17 Plus, Beograd 2000.
[501] Ibid
[502] Mrkšić, D (1995): 38
[503] Estimations by the SMRI (Strategic Marketing and Media Research Institute), given by Srdjan Bogosavlevic (Professor of Statistics and Chief Executive of SMRI), 26 July 2002.

activities or unofficial illegal activities for example). Methodologically there are similar problems for the researcher as for the tax collector or law enforcer, when studying the grey or black economy. For the present purpose however, I am primarily interested in understanding the various forms of illiberal economic activities, which expanded while the formal economy declined. This interest is directly in connection with understanding social transformation and the material base of power in a 'war economy' or in the politics of state breakdown. Activities such as trans-border trade in legal and illegal goods, for example the smuggling of petrol, pharmaceuticals, cigarettes, stolen vehicles, weapons, narcotics and human trafficking mostly belong to the black economy. But, under the pressure of economic sanctions some activities are simply necessary to maintain the functioning of society, while others are of a more 'alternative' economic nature. That is, they are 'alternative' in the sense that they seek specialization in purely illegal activities as a means of provision and as an alternative to formal economic development (where the collapsed industry can offer no competition anyway).

The definition of what is illegal and legal is not strictly delineated here. A clear definition would be needed if 'data' were to be assessed, but since there are no clear 'data', only estimations and educated guesses, we can settle here with a pragmatic and arbitrary separation. There have been some estimations of 'grey economy' in Yugoslavia during the 1990s, using different criteria, but with the common feature that all of them exclude the illegal goods (narcotics, stolen vehicles, weapon smuggling, human trafficking, etc). For our analysis here we use these estimates as *examples* of the changes in the economy. The 'black economy' is also important, and due to methodological problems I have had to settle for creating a picture from newspaper articles (in primarily Croatian, Serbian, and Montenegrin newspapers), some interviews, and a single study based on the work of teams of researchers in various republics.

The Economy of Inflation – or "The Nutty Ride"

In the years of 1993 and 1994 Yugoslavia (and Serbia) experienced hyperinflation of a magnitude competing for world record. In January 1994 inflation had reached above 313 million per cent per month.[504] Inflation was an effective instrument of redistribution within

---

[504] Dinkić, M (2000) "Ekonomija Destrukcije" Stubovi Kulture, Beograd: 42–43. Cf. Doko Stojicic, in Radojko Mrljes & Milomir Kragovic "The History of Serbian Culture" Mrljes Publishing, Beograd 1999: 344. I

the economy. Technically it would function so that a bank's minimum reserve (as ordered by the National Bank) would be left uncontrolled for a period of time, during which it could trade out some of the reserve to local dealers who would exchange Dinars for Deutschmarks (or other currencies), give some of the cash return as payment to the dealers, and then later trade it back to Dinars after a period (a few weeks for example) when inflation would have eroded and balanced out the 'rent'. The purely technical aspect is not at issue here. The question is where the money came from and where it went. In the Tito period there was a large inflow of foreign cash to Yugoslavia. During the breakdown of the country the pension funds were a key factor for cash inflow. This cash inflow was itself necessary for creating a demand in the grey and black market. The cash money came from particularly three sources:

- Gastarbeiters coming back to Serbia and remittances from the diaspora (especially pensions)
- Residents in Serbia working for foreign companies (especially pensions)
- Foreign based branch offices of Yugoslav companies registered as private companies or on individual persons
- Sale of private property

Due to the large proportion of the population who had been either in the diaspora, for example as gastarbeiters, or who had worked in other republics in the former Yugoslavia, pension funds were a key factor in the inflow of money to Serbia. Many people in Serbia had either worked in Western Europe or in Russia (for example as gastarbeiters in Germany) or had worked for companies in other republics of the old Yugoslavia. Taking Slovenia alone as an example there were approximately 20 000 people in Belgrade who had worked for Slovenian enterprises in Belgrade. With an average pension in Slovenia amounting to 500 Euros, this created an influx of some 10 million Euros per month from Slovenia alone (to this one can add all the other republics and countries, such as for example Germany).[505] This indicates that pensions were of considerable importance as a source. Another source of cash flow would be foreign-based branches of Yugoslav companies, which were eithere registred as private companies in the foreign country or registred on an individual person, although in reality they were part of a socially-owned enterprise. The cash accounts of these allegedly private

---

personally remember exchanging money by the hour in summer 1993 when exchange rates moved rapidly, and a Coca Cola cost 250 million dinars (inflation was then still below 2000 per cent per month). The cultural magazine "Republika" had the price "equivalent of one egg" on one of its issues.
[505] Estimates by SMRI, Srdjan Bogosavljevic (personal communication)

companies, or of those registered on individuals, were not immobilised with the introduction of sanctions and therefore money from these companies abroad could be used inside Yugoslavia. There are no statistics or documented evidence for the existence of the latter, but it can be assumed to have played a significant role in the economy during the 1990s.[506] Many import-export firms had branch offices, often as joint ventures with foreign companies, and the rent from these firms could be transferred (under-cover) into Serbia. In addition to these sources, there were the people in Serbia who had houses in other republics (for example summerhouses on the Croatian coast), and could not return there. Many tried to get the legal procedure for selling their houses (unless they were confiscated) and every week somebody would be successful and receive a sudden inflow of cash. Finally, a large diaspora, sending cash to relatives, or coming on visits in Serbia, exchanging foreign currency for Dinars or buying things in Serbia (including food during the stay) provided an important contribution.

These sources created a necessary level of cash flow inside Serbia that could be either sucked into inflation and thereby transferred, or that could provide the necessary basis for a market in the grey and black sector of the economy.

Inflation was a chief instrument in the economy for extracting cash money from the population and transfering it, through the banks, to the state and government. From these resources payouts could be made to loyal associates as well as to finance activities (for example the police and special forces). This also meant that large amounts of cash money could circulate without documentation or written evidence (as was shown to be a problem with evidence for various activities in the Hague-tribunal against Slobodan Milosevic). Thus inflation came to work as a gigantic machine for transforming wealth in Serbia, and concentrating it in the hands of the few. The Grey economy, by contrast, was rather a survival strategy among the population. This is another point in distinguishing between the 'grey' and 'black' economy, where the black economy is more typically illegal and also involved better organisation and links to the state. A distinction should be drawn between the purely 'illiberal' forms of economy, the economic basis of the new power elite, and that of 'survival

---

[506] All this would be operating illegally, violating sanctions as well as occasionally constituting 'creative registration' and there is no evidence for it. However, it seems highly plausible that such accounts played a considerable role in the payout of salaries during the Milošević-period and much cash would probably be transferred in suitcases over the borders, without any documentation. It would help explain how companies that formally had no activities could still pay salaries. I would like to thank Silvano Bolzić for bringing my attention to the scope of this phenomenon.

strategies' for the population (while the latter may include illegal activities tolerated by the state for the functioning of the system).

Survival strategies through delayed payment of debts and the rural-urban symbiosis

An important factor in pacifying the population was that the authorities never insisted on payment of bills. Thus, for example telephone bills and electricity could be delayed for several months without sanction. In the period of hyperinflation the actual cost of a bill that was paid with a few months delay had been severely inflated. In this manner people could keep using resources and escape payment. While for the government this was a deliberate strategy in order to avoid serious social unrest, the ordinary man would have a feeling of 'getting off the hook' or of deluding the authorities.

Another important survival strategy lies in the rural character of Serbian society, with approximately a quarter of the population living in rural areas as farmers (depending on year and definition). Still more people had weekend houses, inherited land, or relatives on farms, and worked in temporary farming.[507] Many families could therefore get immediate foodstuffs from relatives or trade foodstuff for other services. In addition many people had relatives in the diaspora who would send cash back to Serbia. These connections provided for a considerable amount of individual survival during the harshest economic periods.
About 40 % of the households in Serbia are mixed or purely agricultural households. The 'peasant-worker' phenomenon in Serbia, with farmers taking extra work in industry or non-farmers occasionally cultivating land (on week-ends and seasonal farming), has remained fairly wide-spread. About a quarter of the urban house-holds own land, and just as many are additionally engaged in agriculture, half of them working their own land and about a fifth helping relatives to do so.[508] The size of the land-holdings (weekend houses, inherited land and so on) are predominantly fairly small, three quarters are less than 2 hectares, and most additional agricultural activity was for home needs and reducing high food costs.[509] The peasant-worker phenomenon was not typical for this period but existed widely in Yugoslavia, as in many other east European countries. However this element was additionally

---

[507] The strong urban-rural connection has been analysed by for example Schierup, C-U (1990) See also Mrkšić, D (1995)
[508] Mrkšic, D (1995): 48-49
[509] Ibid

strengthened through the 1990s and many households would revive their previously unused land.

The worst off section of society in the period was those urban dwellers, especially pensioners, unskilled workers and the unemployed with little connections in the countryside or diaspora, as well as part of the rural population. The peasant stratum, which previously had been fairly homogeneous at the bottom of society, started to differentiate with approximately half of the peasants remaining in the lowest income categories, whereas about one quarter rose to a relatively high income and were able to enrich themselves.[510] As a category the peasants' material position was generally improved, since the reduction of all needs to the elementary and most basic resulted in the increased value of resources for food production.[511] For a small part of the urban middle class especially, one of the few possibilities for good income came from working in, or creating, NGOs that could receive support from the Foreign Development Assistance Agencies and Donors.

Criminalisation of the Economy

In a situation of economic sanctions (imposed on Yugoslavia by the U.N in 1992), alternative ways of provision have to be developed. The effects of economic sanctions have been discussed generally in several studies elsewhere and also particularly for Yugoslavia.[512] The effects of the sanctions on Yugoslavia were to strengthen Milošević politically and to produce a 'criminalisation' of the economy. In effect it created a quite new opportunity structure for trans-border trade and monopoly goods. While the inflation can be treated as an instrument used by the regime to extract rent from the population (particularly pension funds and savings), there are two aspects or elements of the economy that should be viewed separately: the so-called 'grey economy' and the 'black economy'. While definitions may vary, the estimates from the sources used here typically classify untaxed and unregistered activities within the 'grey economy'. They are with few exceptions legal goods and services, but illegal (and unofficial) as activities. In the category of 'black economy' we would then count all illegal goods and services (narcotics, petrol smuggling, human trafficking, cigarette

---

[510] Mrkšić, D (1995): 60-61; Lazić, M (1995): 262-264; Cf. Lazić, M & S. Cvejić (2005). Surveys have been presented in Lazić, M (Ed) (1995); and Lazić, M (Ed) (2000) "Račji Hod" Filip Višnjić, Beograd
[511] Lazić, M (1995): 263
[512] For example: Wallensteen, P (1971) "Ekonomiska sanktioner" Prisma, Stockholm; Baldwin, D (1985) "Economic Statecraft" Princeton University Press; and Dimitrijevic, V & V. Pejic (1994) "The Effects of UN Sanctions against Yugoslavia (Serbia and Montenegro)" Centre for Human Rights, Belgrade

207

smuggling and so forth). Here some of the goods are legal, but the production or distribution systems are violating laws or licenses, and usually require and belong to the business of more organized groups and networks, and can be classified as organized crime.

Without making clear definitions, the grey economy - with smaller-scale black elements in it - would include the small-scale transfer of public goods to private (for example selling public goods from work places) in a less-organized manner, and all forms of services and transactions which evaded the tax system (that is trade *within* Serbia). In fact, under economic sanctions a very large portion of the economy could be classified as such (perhaps with the exception of agriculture). The bulk of this sector was pure trade (while some belonged to crafts). Due to the lack of instruments and problems in methodology there have been various estimates for the size of this sector. Some estimates indicate that its scope between 1991-95 was approximately 5 billion Deutschmarks for the total period, or 1 billion per year.[513] Estimates from the Economic Institute were that the grey economy in 1997 constituted 34 % of the GDP.[514] Estimates from the G 17+ organisation of economists are that the grey economy increased from constituting 10 % of GDP in the early 1990s to some 80% of GDP towards the end of the Milošević-regime, and then decreasing again to some 30 % of GDP in the post-Milošević period.[515] For a comparison the percentage of the grey economy in the SFR Yugoslavia has been estimated at 4.4-6.6 % in 1961, 12.2-18.2 % in 1971, and 16.6-24.9 % in 1981.[516] Other estimates state that the share of the grey economy in registered GNP was 20 % in 1981, 24.6 % in 1986, and 41.7 % in 1992.[517] This is high compared to estimates from the late 1970s of some western countries: USA, 5.8-13.5 %; Great Britain, 0.7-15 %; Sweden, 8-15 %; West Germany, 8-12 %; Italy, 10-30 %; Japan 3.9 %; Denmark 11.8 %; Switzerland 4.5 %; Belgium 11.5 %.[518]

The grey economy typically has an inverse ratio to formal economic development and before the war it was most widespread in the least developed areas, Kosovo, Macedonia,

---

[513] Estimates from a research project at the Economic Institute in Belrade, interview in Beograd with Gorana Krstic, Economic Institute, 6 November 2001.
[514] Estimates from a research project at the Economic Institute in Belrade, interview in Beograd with Gorana Krstic. Economic Institute, 6 November 2001.
[515] The G 17+ started as an organisation of 17 liberal economists, and then developed into also forming a research institute. The estimates were given by the G 17+ Director, Predrag Marković, interviewed in Beograd 2nd November 2001.
[516] Mrkšić, D (1995): 34
[517] Ibid
[518] Mrkšić, D (1995) 33 (taken from Glas. 1991), and 33-35.

Montenegro, Serbia, and least in Slovenia and Croatia. The expansion of this sector in the 1990s further produced uneven regional development as a typical effect of the grey economy. The people forming the work force of the grey economy was very heterogeneous and were recruited from various strata, regions, and were of different sex and education. They included peasants, students, unemployed, unskilled workers, skilled workers, refugees, as well as both men and women.[519] The activities also varied: peasants were more represented in trade, unskilled workers in resale of cigarettes, petrol and alcohol, and smuggling foreign exchange, skilled workers were more represented in trade in food-stuffs, for example.[520]

A small-scale example of personal entrepreneurship within what may be called a mixture between grey and black economy (illegally produced legal goods, but often officially 'taxed' for inside Serbia)[521] was the big market in pirate copied CDs existing on the streets of Belgrade. Some of the CDs were produced on a small-scale inside Serbia, while an even larger portion was smuggled from the bigger pirate copy producers in Ukraine and Bulgaria and transported to Serbia by car or train. The sale of these goods took place openly, and the sellers paid tax for their kiosks (some also escaped this, but would then not be able to have a fixed place for their business). The financial police only controlled that the taxes for the kiosks were paid, but showed no interest in the goods. The exception was local musicians, whose CDs were more than double the price of those of the foreign musicians (or pornographic CDs).[522] In 2002 there was some decrease, and a stricter control, in this market since negotiations started between foreign record companies and local distributors to sell CDs legally, but at much lower cost than in Western Europe (there would be no market if the prices were not heavily reduced).[523]

Apart from the manipulation of currency and inflation, the large-scale trade in goods and services was the aspect of the parallel economy with closest links to the state and 'nomenklatura'. The smuggling of petrol for example, which was necessary during the sanctions, had to rely on contacts with customs control, and paid tributes or 'customs' to the

---

[519] Mrkšić, D (1995): 52-55
[520] Ibid
[521] Sometimes the "taxation" was rather a matter of bribing the right people as corruption is wide-spread in Serbia. For an analysis of corruption see: Boris Bregović & Bosko Mijatovic (eds) "Corruption in Serbia" CLDS (Centre for Liberal Democratic Studies). Beograd 2002
[522] This is quite well known in Belgrade and I base this information on informal talks with several individual sellers outside and inside the SKC (Student Cultural Centre) on various occasions in Belgrade in the period 1994-2002.
[523] Ibid

Serbian state (that is, the structure around President Milošević). The larger enterprises, such as the smuggling of cigarettes, pharmaceuticals, narcotics, and human trafficking relied on such links as well. While the typical socialist state structure never had a clear separation between the political and economic elite, there was a direct merge between the political elite and organised crime in the whole Yugoslav area during the 1990s. Again it should be noted that the most inaccessible activities from a methodological standpoint are the organized crime activities within the black sector of the economy. Pieces of information can be put together from interviews with police investigators and criminals involved, witness statements, and from articles in local newspapers over the last several years. Needless to say that there is no direct evidence for the following picture of the 'black market' and its links to various state structures, only fragments here and there. For the purpose of analysing the changes in the economy and social structure, this area can however not be ignored and research should not be daunted as long as these methodological difficulties are noted and transparent.

The control of the revenues from customs, or tributes from the trans-border goods, were under the control of the chief of the state security (before November 1998 Jovica Stanišić, who was then replaced with Rado Marković). The head of customs control (Mihajl Kertes) kept the incomes from the revenues of these goods in his office, and was then instructed how the money should be spent.[524] Thus, instead of transferring the incomes to the federal government the money would go directly to the head of customs and then to the State Security Police. These resources could then be used for pay-outs, or for financing activities without any official record. The chain of command in the state security organisation was from the President (Slobodan Milošević) to the head of the security police (Jovica Stanišić) via a mediator (Franko Simatović, alias "Frankie") to the special units JSO or "Red Berets" (headed by Milorad Ulemik-Luković, alias "Legija"). This was the direct security link for the power of the President, and they were the most reliable and best equipped forces. These units, formed by Franko Simatović in the early 1990s, were to a large extent composed of criminals, and were used for some of the more covert and unorthodox operations (including ethnic cleansing in Kosovo and political assassinations in Belgrade). The incomes from trans-border

---

[524] The information for the command structure mentioned here and for the channelling of money comes from witness statements by Rado Marković (in Haag in July 2002) and interviews with journalist Jovan Dulović at the Belgrade magazine *Vreme*, who has done research on this topic (interviewed at *Vreme*, Beograd, 26 and 29 July 2002). See also various news reports covering the Haag-tribunal that week, for example Radio Free Europe: www.rferl.org/nca/features/2002/07/26072002164641.asp (entered 8 August 2002).

trade tributes stayed within this structure of command, under the control of the President, without being officially recorded or transferred to the federal government.

According to a series of investigations by the Croatian newspaper *Nacional* (involving dozens of reporters), the tobacco industry or cigarette smuggling appears to have been one of the most profitable sectors, even exceeding oil-petrol smuggling.[525] The market for smuggled cigarettes existed in the former Yugoslav republics, in Eastern Europe and in Western Europe (for example Italy, Germany, Scandinavia). Here the links went directly from the syndicates to the top officials of the post-Yugoslav states.

In 1996 and 1997 conflicts emerged among factions in Belgrade under Milošević, possibly on the division of assets from smuggling and loot from areas in Croatia and Bosnia. Conflicts in Montenegro divided Bulatović (President of Montenegro until 1997) and Đukanović (President of Montenegro after 1997), who also became political opponents between the so called "greens" - the Montenegrin separatist union, and the "whites" in favour of a unified Serbian-Montenegrin nation.

With regard to the oil-petrol, cigarette, and other smuggling through the 1990s, the links between the parallel economy and the top officials in several former Yugoslav republics (such as Croatia, Serbia, Montenegro) appear to have been very strong, and sometimes under the direct control of the state.

During the years of direct war and ethnic cleansing large scale looting of property of other ethnic groups, and in some cases the own ethnic group, took place. Such looting was typically undertaken by paramilitary groups to supply themselves and their patrons with resources (in some cases these groups were simply paid off in this way, and occasionally operated autonomously). In Bosnia, for example, as has been noted by Hugh Griffiths, the ethno-

---

[525] The information given here is collected from newspaper articles in newspapers from Serbia and Croatia. Primarily from the Croatian newspaper *Nacional*, which in the period 2001-2 has published dozens of articles on the subject (dozens of them retold in the Montenegrin newspaper *DAN* which published some 60 articles on the topic). The director of *Nacional* has received death threats from Montenegrin special police for the magazines investigation into this, and gave a lengthy topic-related interview on Croatian TV in mid-November 2001. Articles used here have been published in *Nacional*: Issue 287 17/5 2001; Issue 288 24/5 2001; Issue 289 31/5 2001; Issue 290 7/6 2001; Issue 291 14/6 2001; Issue 292 21/6 2001; Issue 294 5/7 2001; Issue 297 26/7 2001; Issue 298 2/8 2001; Issue 299 9/8 2001; Issue 300 16/8 2001; Issue 302 30/8 2001; Issue 306 27/9 2001; Issue 307 4/10 2001; Issue 318 20/12 2001; Issue 331 21/3 2002. There have also been articles in Bosnian and Serbian newspapers (for example *DANI, Nedeljni Telegraph* and others).

nationalist elite not only exploited and robbed the local population in their own area of control, but in addition used displaced persons and refugees as an instrument for maintaining the instability necessary for preserving and recreating patron-client relationships.[526] Since paramilitary units, bands of criminals as well as regulars from Serbia sometimes operated in the wars in Croatia and Bosnia (just as Croatian troops operated in Bosnia), the entire former Yugoslav area has to be taken into consideration when discussing resources from looting.[527]

The New Entrepreneurs

Serbian society in the 1990s, under hyperinflation, war and sanctions witnessed a large-scale breakdown of the legal system. In the collapse of the legal system the state led the way, and the economy was severely criminalised. In a society where the rule of law has collapsed, individuals typically have to rely on alternative forms of protection.

As discussed in the previous chapter, existing patron-client relationships were recreated all over Yugoslavia during the 1970s and 1980s, and networks of nepotism were rooted in enterprises as well as in the underground economy. This process was even further strengthened and fuelled by the disintegration of the "real-socialist" structure and the deterioration of the self-management system. As there was no other structure replacing it, this left a vacuum in which masses of working population inevitably looked for any type of protection.[528]

In this economic and social environment a considerable space was opened for private initiatives. During the Milošević-period some 270 000 new private enterprises were registered (95 000 being shops), out of which 60 000 were sucessful (in 2002 some 100 000 registered enterprises remained).[529] Those who were developing business activities in this economic space slowly formed a new economic middle stratum (here I exclude criminals, who might also be included into this stratum). This new economic group, or stratum, which may

---

[526] Hugh Griffiths, "A Political Economy of Ethnic Conflict, Ethno-nationalism and Organised Crime" in *Journal of Civil Wars*, Vol 2, No 2 (Summer 1999): 56-73. Frank Cass, London (pp. 67-70)

[527] Looting was also undertaken on an individual basis. In the Knin area in Croatia, where I lived for a year in 1996-97, I regularly observed how Croats from Bosnia looted, and often confiscated, Serbian houses. Looting was also undertaken by Croatian soldiers.

[528] Stanojević, M (1992) "Regulation of Industrial Relations in Post-selfmanagement Society" in Kuzmanić, T & A. Truger (1992) "Yugoslavia War" Peace Institute Ljubljana: 53-59

[529] Estimations from SMRI (Strategic Marketing and Media Research Institute) Belgrade, Interview with Srdjan Bogosavljević, 26 July 2002.

encompass some 700 000 people, was formed in parallel as the old middle class sunk as a hierarchy (although there was a small, but marginal, recovery in the latter group in the period 2000-2). The 'new entrepreneurs' are not a homogeneous group. There were also different phases of entering into the 'private business', some of which started in the late 1980s and early 1990s, while others appeared during the period of the sanctions and war. Within this section there was also business ranging from the larger scale to the small private shop, as well as activities benefiting from sanctions to those of a more typical entrepreneurial nature (that would do good without sanctions). A study from the early 1990s shows that the group largely consists of individuals without university education, and they generally come from three different types of backgrounds:[530]

- people coming from lower worker or clerical positions and then moving into the private sector
- from positions in the middle class moving to elite entrepreneurial positions
- or people from varied background who after having established command positions in public companies established their own firms

For the successful establishment of a private firm of some size it is important to have good connections, or links to some patron, for example in a public company or within the state-structure. In the group of new entrepreneurs some 10 % have spouses in command positions, either political or public managerial.[531] The lower educational profile of the whole stratum of entrepreneurs, as has been pointed out by Mladen Lazic, probably means that the present private business elite is not the elite of the future.[532]

It is important to note that the new middle stratum of business-oriented is almost completely absent from the NGO-scene in Serbia. The local NGOs by contrast are largely made up of individuals from the old middle class. The typical local NGO activist (there are 3,000 registered NGOs in Serbia) is urban and university educated. Almost 60 % of the activists in NGOs are university graduates, while 5 % have MA degrees, and almost 5 % Ph.D. degrees.[533] The NGOs, to a large extent, survive from foreign aid support. Foreign support is

---

[530] Lazić, M (1995)
[531] Lazić, M (1995): 139
[532] Lazić, M (1995): 136
[533] Cf. NGO Policy Group (2001) "Third Sector in Serbia – Status and Prospects" Center for the Development of Non-Profit Sector. Belgrade, 2001: 25-27

however uneven among the NGOs and there are typically a small number of NGOs receiving a large amount of financial support. The primary effect of this support has also been to preserve living conditions among this group, and to make a small number of them relatively well off.

The emergence of a new group of entrepreneurs does not necessarily constitute a transformation of the system to a market economy. Rather the entrepreneurs have occurred in the opportunities given in the new social, legal, and economic environment.

The Restratification of Serbian society

In a period of some fifteen years or so Serbian society transformed dramatically. The most forceful transformation took place under the conditions of economic sanctions and war. The typical socialist structure gave way, aided by the sanctions and war, to a drastic class distinction and the formation of a narrow stratum of the very rich. As discussed above a large portion of Serbian society was re-traditionalised in the sense that they had to rely on land and traditional ties, impoverished (officially a large group even lived below the poverty line), and/or pushed into the grey or black sectors of the economy. A large number of people emigrated, probably several hundred thousand only in the 1990s. Serbia also received an influx of between 600 000 and one million refugees from Bosnia, Croatia, and Kosovo, which due to their uncertain situation provided a further recruiting base for cheap labour in the black-market sector. The deterioration in social standard and material life for the wider sections of society damaged all ethnic groups, including the third of the population which is non-ethnic Serb (Kosovo excluded, the larger minorities particularly include Albanians in south Serbia, Muslims or Bosnjaks in Sandžak, Hungarians in Vojvodina, Croats in parts of Vojvodina, Roma throughout, and others).

The old professional elite partly vanished as a middle class during the 1990s (only with some marginal recovery after 2001). In their place a new economic elite of entrepreneurs appeared, probably comprising more than half a million people (700 000 estimated). The old (socialist/communist) political elite survived through the 1990s, mainly transformed to a "national elite", and managed to consolidate its positions and hold on to command positions it had before also over different sectors of the economy (for example through the nationalisation

214

of firms).[534] In this manner the collective owner hierarchy continued in the 1990s. This was therefore also the case for the managers of public companies who remained in their positions. Another stratum of the elite may be categorised as those who had formed private firms and operated in the favourable conditions provided by UN sanctions and breakdown of the legal order. Within this group many acquired their wealth through illegal or semi-legal means.[535] This latter group includes some of the "new entrepreneurs", but not all since many of the "new entrepreneurs" are simply small-scale firm or shop keepers. Finally a small group of people created their wealth through purely illegal activities, as discussed above, through looting in the war-zones or smuggling for instance. Here, as discussed above, there have been strong links between the Mafia and the state. Generally we can conclude that there has been a wide redistribution of wealth during the Milošević-period, 1986/87-2000, and the period of war and sanctions. As the larger sections of society were impoverished, a small segment of the population (comprising perhaps 2 %) received great wealth, primarily through illiberal means, while other segments were "reshuffled" and survived more or less successfully.

War as Social Transformation: Concluding remarks

The concept of 'transition' has remained dominant in the literature and analyses of Eastern Europe as well as the Balkans. Although having undergone a number of changes in the 1990s, from 'shock therapy' towards more 'gradualist' approaches, it nevertheless maintains an implicit, and often explicit, linear and evolutionist assumption of a trajectory towards 'liberal democracy and market economy'. A similar tendency is accommodated within the concept of 'social breakdown', which is more often applied to regions experiencing war and conflict (post-conflict areas). True, the latter is often connected to a macro-structural framework with a focus on the processes of 'marginalisation' and 'exclusion' inherent in the global political economy, where 'marginalised' areas within global capitalism experience 'break-down'.[536] However, it nevertheless implies an understanding that 'broken down' states and societies can be 're-constructed' according to a pre-scheduled vision of liberal democratic market order. As such it fails to capture the actually existing political projects which may be in place as a form of adjustment or adaptation to marginalisation.

---

[534] There has been some change in the post-Milošević period (after 2000), but this will not concern us here. See continuous survey projects by Mladen Lazić and others, thus far for example: Lazić, M & S. Cvejić (2005); Bolzić. S (2005)
[535] Lazić, M (1995): 131
[536] For example: Kaldor, M (1999)

By conceptualising the Yugoslav - and Serbian - case as a process of social transformation we avoid expectations of a schematic evolution towards market economy and liberal democracy, and draw attention to actually existing trends, political projects and political economy in Serbia within which current political and socio-economic struggles are taking place. In this chapter I have discussed the formation of such a new political project, its form of economy and the accompanied reshaping of society during the 1990s. I have argued that it must be understood in connection with the global political economic marginalisation, as well as macro-scope systemic changes, and thereby essentially as an adaptive project. I have further argued that the character of such adaptation is never straightforwardly inferred from global or systemic change, but must be analysed in relation to specific local conditions, prerequisites, and agency at the local political and social level *and* in terms of concrete strategies. In this context I have argued that the political project of Slobodan Milošević originated as a hegemonic formation in the late 1980s, prior to the introduction of multi-party competition and elections, but that 'hegemonic erosion' followed after a few years and that other techniques of maintaining the domination of the regime were then utilised. The contention has been that the profound social and economic changes were undertaken under a specific political formation within the context of a specific opportunity structure, and that opposition to the project was disunited and outflanked. Certainly there would be more to say about opposition and resistance in Serbia during the 1990s, as expressed through political parties, strikes and demonstrations, non-governmental organisations or independent media. However, such opposition and resistance in Serbia do not directly concern the main arguments of this thesis, which will now turn strictly to Kosovo. In the next chapter we shall look at resistance and opposition to this project with a focus on Kosovo only. Essentially ethnic nationalist in character, the wider context of Serbia provided the necessary frame of reference. The regime of Slobodan Milošević was eventually overthrown in 2000, and we shall give a brief account of this early in the next chapter, but the little more than a decade of his regime had a profound impact in all spheres of society and social life and the same fundamental problems which faced Serbia and Kosovo a little more than a decade ago, remain with a substantial number of issues added to the list.

CHAPTER 7

ADAPTATION AND RESISTANCE IN A NEW SOCIAL FORMATION - Aspects of cohesion and fragmentation in Serbia proper and in Kosovo

---

Introduction

We have discussed in chapter 6 how the political economy, or illiberal economy, in Serbia in the 1990s brought a rapid social transformation of Serbian society. The advantages inherent in the self-management system eroded and with the formal economic decline privileges previously enjoyed by workers became even more difficult to fulfil than they had been during the economic crisis of the 1980s. The social contract and the old order eroded, while the new alliances between 'elite networks' and the workers brought no social security. With the rule of law and the social security system breaking down, reliance on clientelist and traditionalist forms of social relations came to completely outplay the role of institutions. However, where such networks earlier had been embedded in a functioning institutional and political economic framework (which to a large extent had functioned through such networks) society was now effectively atomized. Individual survival strategies prevailed over any previously existing solidarity. This pattern was however mainly characteristic of Serbia proper. Among the Albanian population in Kosovo (and among Albanians in South Serbia and Montenegro) the strategies of adaptation and resistance were expressed as a direct ethnic clash with Serbian society. The persistence of clan-based social solidarity, rather than the comparatively looser form of clientelism existing among the Slavic population (perhaps with the exception of Montenegro where clan-based loyalties may have survived), constituted the social institution through which security was provided. Although Albanian opposition to the Serbian state did not originate under the Milošević-regime (but rather the other way around - it preceded it and provided the fuel for Serbian nationalism to be instrumentalised by the regime) it was consolidated during the clash with that regime. Throughout the 1990s the ethnic dynamics of the conflicts in Yugoslavia took on a life of their own and this was particularly severe between Serbs and Albanians where the ethnic distance was the farthest (religion, language and social structure were all different). For the Albanians the struggle against the Serbs now became a homogenizing factor and Albanianess was partly defined in opposition to what was Serb. Although the process of institutional break-down, national chauvinism and socio-

economic crisis was the same throughout the region, effecting Serbs and Albanians alike, it is useful to highlight a contrast between resistance and adaptation in Serbia proper on the one side and among the Albanians in Kosovo on the other. Such a contrast enables us to see local variations in adaptation and resistance due to specific cultural and historical heritage, social structure and ethno-regional concentration. It further provides the several layers of reflections and adjustments to the political project and economy of marginalisation and isolation.

In Serbia proper, one expression of this is material survival strategies, new forms of entrepreneurship and illiberal forms of economy. Another reflection and adjustment is the responses to the regime that were manifested (by those who were not advantaged in the new society) through workers protests, trade union resistance, political parties, and NGOs. Some of these 'oppositional' forces received financial and moral support from abroad. Foreign aid agencies sought leverage for 'democracy assistance' and so forth in the local NGOs, oppositional media, and the independent trade union confederation 'Nezavisnost' as support for so called 'civil society'. In Serbia proper the emphasis was often on what was perceived as 'democratic-oriented' and 'non-nationalist' (anti-war) opposition to Milosevic. In Kosovo, where the whole ethnic Albanian community was in opposition, not only to Milosevic but to the Serbian state, foreign aid came to support the very ethnic community in opposition to the state. The conception of 'civil society' (discussed further in chapter 9), which once in the Greek sense had indicated a peaceful order governed by law, has in the twentieth century aid conception become a 'thing' or realm of life institutionally separated from state institutions with the expectation of promoting democracy.[537] The experience of Serbia and Kosovo provides a particularly clear picture of a process where what was meant to be the (re)birth of civil society turned out to be the renaissance of the ethno-national community.[538] The destruction of the basic socialist production models in the whole European east, post-Yugoslavia included, and the rapid social transformation in Serbia in the 1990s clearly indicate a dimension of discontinuity. However, this is coupled with elements of continuity of the *ancien regime*, including its social values, thus emphasising that while there is no return to the self-management political economy or political ideology of Yugoslavia, there was also no rapid break with its social, instututional, and political heritage, but rather a new configuration

---

[537] Compare: Keane, J (1999) "Old Images, New Visions" in Skenderović Ćuk, N & M. Podunavac (Eds) (1999) "Civil Society in the Countries in Transition" Open University and Agency of Local Democracy Subotica. Subotica: p. 13.

[538] Puhovski, Ž (1995): 123. Puhovski refers to this generally as a problem with the concept of "Civil Society" in a "post-socialist" order. I wish here to contrast the 'degrees' of ethno-nationalist organisation and its 'institutional' formation in what has been perceived as 'civil society' within Serbia and Kosovo.

with many of the old elements maintained. Nevertheless, this configuration of nationalist ideology and illiberal economy must be labelled a 'new order'.

The social, political and economic climate of this new order and the crisis constitute a very complex situation with complex processes. New resistance and opposition to the regime was bred in it, and it itself constitutes a part of the new social formation, but social disintegration and economic depravation and transformation also provides an explanation as to why the regime could remain in power for so long despite the catasptrophic consequences of its performance. In Serbia the opposition at the political level was fragmented, weak and organisationally outflanked although there were considerable social protests and unrest at times. Tendencies towards a more united opposition came in 1998, and the regime responded with increased pressure on independent media and NGOs, but efforts were interupted by the NATO bombings in spring 1999 (March-June), which had the initial effect of strengthening Milošević politically and allying people in a patriotic unity against the common enemy (western aggression). Towards the end of summer 1999 opposition efforts were again reactivated and a growing alliance of opposition parties organised mass meetings (August-September) with the demand for free and fair elections. In January 2000 the majority of opposition parties signed a 'Platform for Democratic Opposition in Serbia'. There were a number of domestic complex factors drawing these parties together, and in addition it was now clear that the west no longer supported Milošević (as had been the perception with the introduction of sanctions, with the negotiations for the Dayton Agreement, and with the eventual revival of diplomatic relations after 1995). Outside the political party scene there was a growing opposition as well, with the initially very small but rapidly growing student movement 'OTPOR' (Resistance), the increasingly influential independent trade union confederation 'Nezavisnost' (Independence), and the NGO think-tank of market-liberal economists G-17 and its offshoots.[539] A parliamentary opportunity for the opposition came with elections to be held in autumn that year. The processes of uniting the opposition and the combined *putsch*/revolution in October 2000 are complex and will not be dealt with further here, but it should be noted that the sole unifying aim in the whole opposition movement, party as well as non-party, was to oust Milošević from office. The eventual voter turnout at the elections was over 70 %, which marked a break from earlier elections as well as elections

---

[539] Eventually 'G-17 Plus' (the number of original members was seventeen).

held subsequently to date.[540] The united opposition won the elections on 24 September 2000 with just over 50 % for the Presidency (with Vojislav Koštunica as candidate) and 43 % for the Federal Assembly. The regime immediately contested the results. The united opposition ('DOS') moved on cautiously, and held secret meetings with the special units of the police in order to ensure that these would not intervene as the opposition planned to take over parliament. Moreover, General Perišić, who had been dismissed after an open disagreement with Milošević in 1998, secretly organised a military unit that could fight against any police or army units if they intervened against the opposition.[541] The climate had now considerably changed and the mass gathering of people on the streets, and their readiness to fight for their parliamentary victory, was stronger than it had been ever before, bordering on the threat of civil war.

In Kosovo, resistance was instead ethnically based against the entire Yugoslav / Serbian (Slavic) state as such, and the Albanians developed a completely parallel society, social and political life, throughout the 1990s, as response to the withdrawal of autonomy for that province. Albanian interaction with political and social life in Serbia proper was virtually absent. The development of a parallel society and parallel economy among the Albanians in Kosovo was, however local in appearance, a project with intimate international and transnational connections. It expresses a local path, or trajectory, of 'globalisation' both in terms of the opportunity structure that it is embedded in, through (the neo-liberal) capitalisms break-down of the (Yugoslav) socialist model, *and* in terms of the alternative form of adjustment to this opportunity structure with regard to character of the economy and society it cultivated and in the transnational links it rested upon. Within this social formation the local power-struggle among the Albanians was higly affected through, and continguent upon, several international factors. These are here analysed together with the changes in internal Kosovo Albanian politics.

After having discussed the local forms of adjustment and resistance, the chapter continues with a brief commentary on the Rambouillet meeting, the so-called 'interim agreement', and

---

[540] The oppositions strategy, the various activities of the 'DOS' party alliance as well as the trade union confederation 'Nezavisnost' and oppositional organisations and movements, such as 'OTPOR' and 'G-17', and the entire prelude to the bringing down of the government merit a separate analysis. For some good accounts see the collection of articles in: Spasić, I & M. Subotić (2001) "R/evolution and Order: Serbia after October 2000", Institute for Philosophy and Social Theory, Belgrade. For a thrilling account of the 5 October *putsch*/revolution, see: Bujošević, D & I. Radovanović (2001) "October 5: A 24 – Hour Coup", Second Edition, Press Documents 10, Media Center, Belgrade.
[541] Cf. IWPR Tribunal Update No 396, 4 March 2005, Institute for War & Peace Reporting, London.

the NATO bombing of Yugoslavia. This process constitutes the immediate prelude to the establishment of an international protectorate in Kosovo, and the international diplomatic steps that took place here have had, and continue to have, an essential impact on the entire post-conflict reconstruction and governance operation in Kosovo.

Towards Separate lives in Kosovo: Parallel Society and Economy

As new political parties were formed throughout socialist Yugoslavia in 1990 and the years after, there emerged a number of new parties and organisations in Kosovo.[542] This apparent pluralism however, just as elsewhere in socialist Yugoslavia, came with a strong ethnic-national bent.[543] As ethnic polarisation increased between Serbs and Albanians, and the Serbian state pursued a policy of repression and strong ethnic discrimination in Kosovo, the whole political scene in Kosovo was forged and merged under the leadership of the Democratic League of Kosovo (LDK) led by Ibrahim Rugova.[544] Following Skelzhen Maliqi, the LDK was formed as a pan-Albanian party, on the ethnic model, to comprise under it all kinds of associations, such as youth and women groups.[545] It actually projected itself as a movement rather than as a party. Although the party originally was intended to have branches throughout Yugoslavia, the withdrawal of autonomy for Kosovo blocked this development and confined it to Kosovo (the Albanians in Macedonia, for example, soon organised their own party). In Kosovo the LDK became hegemonic and rejected suggestions from other groups in Kosovo to first opt for democratisation and only later pursue the issue of status for Kosovo. The LDK became the political umbrella for the Albanian movement and emerging parallel society. Just as with most other political parties in Serbia and other post-Yugoslav republics, it cannot be considered a political party in the western liberal sense, but rather as an authoritarian pyramid of power.[546] The LDK was, following Maliqi, modelled on the Socialist Alliance (the party front organisation of the League of Communists in Yugoslavia) and, in

---

[542] LDK (Democratic League of Kosova), The Agrarian Party of Kosova, The Social Democratic Party of Kosova, The Youth Parliament of Kosova, The Parliamentarian Party of Kosova, The Party of National Unity, The Liberal Party of Kosova, The National Democratic Party of Kosova, The Independent Trade Union of Kosova, The Albanian Christian-Democratic Party, Forum of Albanian Intellectuals, The Green Movement of Kosova.

[543] Maliqi, S (1998): 28

[544] The LDK (Democratic League of Kosovo) led by Ibrahim Rugova was established on 23 December 1989. Its founders mainly came from a background in the communist party. The formation of other parties in Kosovo came only after the LDK had established a dominant position. The majority of the opposition to LDK sprung from the Association of Yugoslav Democratic Initiative (AYDI or UJDI).

[545] Maliqi, S (1998): 30-34 and *in passim*

[546] Cf. Maliqi, S (1998): 34, 37, and 239

Kosovo, filled the gap of the disintegrated LCY. The LDK tended to concentrate on fighting political rivalry in Kosovo rather than taking on Belgrade. In the rapid ethnic polarisation the parallel society that developed must be considered an 'ethnic society' rather than 'civil society'. The vast support for the LDK was based on solidarity in opposition to the Serbs. In this way the ethnification of politics in Kosovo resembles that of the other republics of former Yugoslavia.

The Albanian movement gathered momentum at the end of the 1980s and even more so in the 1990s. The nationalist fervour in Serbia proper, and the campaigns under Milošević, spurred increasing ethnic unity among Albanians and an opposition to the state rather than just to the regime. Dušan Janić has suggested that a 'trigger' which generated emotional-political mobilisation of the Albanians and prepared them for the complete boycott of state institutions was the 'poisoning incident' in 1990.[547] This strange incident was the apparent poisoning of some 7000 schoolchildren in some 13 communities in Kosovo. No investigation was allowed by the Serbian authorities, who blamed it on a form of mass hysteria, but the Albanian perception was that Serbs were poisoning their children.[548] Some observers, including the federal president of the time, Stjepan (Stipe) Mesić (who became president of Croatia following Tuđmans death in 1999 and HDZ's loss of power), thought it might have been caused by the chemical agent Sarin, which has been used in chemical weapons.[549]

While the first half of 1990 saw violent demonstrations and brutal police countermeasures with the situation threatening to spiral out of control, in the course of that year the Albanian movement was to change its activity and embark on a new political strategy. In January 1990 some 40 000 demonstrators demanded abolishment of the state of emergency, the liberation of prisoners, and free elections. These demonstrations grew increasingly violent, with an equally violent response by the Serbian police forces. In February 27 demonstrators and one policeman were killed and 54 demonstrators and 43 policemen were wounded.[550] In March

---

[547] Janjić, D (1994): 156, also cited in Clark, H (2000) "Civil Resistance in Kosovo" Pluto Press: 58
[548] For a good account of how this incident, and others, have been perceived see Mertus, J (1999) "Kosovo – how myths and truths started a war" University of California Press.
[549] Clark, H (2000): 58
[550] For these events compare: Kostovičova, D (1997); Maliqi, S (1997) and (1998); Clark, H (2000): Ch. 3; "Chronology of the Kosovo Crisis", in "Europe", No 4, January-February 1996, The European Movement in Serbia. Belgrade: 34-35; Vickers, M (1998): especially Ch. 12. Names of the dead were listed in CDHRF Bulletin, October-December 1997, Council for Defence of Human Rights and Freedoms in Prishtina, see also Clark, H (2000): Ch. 3, *footnote 29.*

some 7000 people were arrested.[551] The situation was threatening to spiral out of control. However, in spring, the Albanians changed strategy and embarked on a practice of peaceful resistance in line with the philosophy of the peaceful protests initiated by the Albanian miners. Slowly the Albanians came to identify themselves in opposition to the Serbs - while Serbs were using violent-repressive measures the Albanians would use the opposite (non-violence). This change was not preceded by any public debate or decision, but imposed by circumstances, and was initially equally surprising both to Serbs and Albanians.[552] The new strategy was in effect the result of a series of pragmatic decisions through 1988-90. As the Albanians were not armed they could not engage in direct confrontation. The idea of a common enemy and a common goal became instrumental in unifying the Albanian fises. The phenomenon of blood-feud, still existing in Kosovo, was adressed in a campaign which started in 1990. Under the prominent figure Anton Qetta and with the support of around 500 students and intellectuals, this campaign included visits to villages where families were involved in blood feuds, in order to persuade families to reconcile, eventually resulting in reconciliation between some 2000 families and about 20 000 released from house confinement.[553] It involved the visit of 'elders' who had to give their *besa* to the reconciliation.

With the declarations of independence of Slovenia and Croatia, and the subsequent wars, the strategy was to keep Kosovo out of the conflict. Nevertheless the inter-republican conflicts between mainly Serbia and Croatia had a radicalising effect on the Albanian leadership. Being an autonomous province in Serbia would assume an entirely different meaning if the Yugoslav federation dissolved.[554] In response to the withdrawal of autonomy a session was held in Kačanik in September 1990. With a two third majority the representatives from the provincial Assembly passed the so-called Kačanik Constitution demanding an independent Republic of Kosovo. This was followed by a referendum for independence in September 1991 and elections for a parliament and president in May 1992.[555] These elections were however no

[551] Janjić, D (1994): 155
[552] Maliqi, S (1998): 100; Kostovičova, D (1997). Note that Kostovičova uses the same article by Maliqi as a source, but in an earlier published version.
[553] Maliqi, S (1994): 242; Clark, H (2000): 60-64; Vickers, M (1998): 248
[554] This is also why the stance of the international community of "returning the status of the 1974 Constitution to Kosovo" was so unrealistic. The status given in that constitution was from a completely different context than that of a Yugoslavia comprised of six republics and two autonomous provinces with internal political dynamics where the republics could balance each other out. In a disintegrated Yugoslavia it would obviously have a quite different meaning.
[555] The independent Kosovo would according to the official Albanian interpretation remain outside other Albanian territories. The request for unification, however, was common to all Albanian parties and groups. In

more democratic than any other electoral ritual that was performed in the Yugoslav successor states during the 1990s. Formally the Kosovo Albanian parliament amended the Kačanik Constitution and declared Kosovo independent on 19 October 1991.[556] In April that year (1991) the parliament elected a Presidency with seven members, headed by Ibrahim Rugova. The Serbian police immediately issued arrest orders for the initiators of "Republic" and the Albanian leaders fled the country to form an exile Government. Ibrahim Rugova was able to remain in Kosovo since the charges on him were dropped. The alternative political structure and government completely outside of the Serbian polity, was thereby build up. In December 1991 a "state treasury" of the Republic of Kosovo was established in Switzerland, which had an important Albanian Diaspora, and Albanians refused to pay any further taxes in Serbia.[557]

Parallel Society

Although many elements of the parallel society and its operation, in Kosovo during the 1990s, remain obscure, with little or no documentation or data, there are a few good accounts either by local writers or studies based upon them in combination with field-work.[558] Most figures, however, have to be based on estimations and educated guesswork, since there are no reliable statistics.[559]

The parallel system that developed through the 1990s, by the Albanians in Kosovo was largely built on institutions existing prior to 1990. They were, however, refined and extended as separate Albanian institutions completely parallel (or underground) to the state institutions in the course of the increased state-repressive measures and the Serbian clampdown on

1990 the activities of the Albanians in Western Macedonia and Kosovo were politically linked, and during demonstrations in Tetovo that year students demanded "Greater Albania" (further Janjić 1994).

[556] Dr Bujar Bukoshi was named Prime Minister after having been Secretary General in the LDK, which he was a co-founder of. On 23 December 1991 Kosovo applied to the European Union for recognition as an independent state, but was rejected. Through German pressure the EU came to use the territorial republican borders as a basis for recognising states, thereby ignoring the minorities within those borders. Macedonia was not recognised due to pressure from Greece. Germany wished to have Slovenia and Croatia recognised as independent and pressured other EU-members consequently resulting in a deal made during the Maastricht discussions in December 1991, where there should be EU-unity towards recognitions. Greece accepted to recognise Slovenia and Croatia with the conditions that Macedonia was rejected. The UK accepted the approach in exchange for exceptions from the Social Charter, while southern EU-states received elements in the structural funds during the negotiations.

[557] Cf. Chronology of the Kosovo Crisis, in "Europe" No 4, Jan-Feb 1996, The European Movement in Serbia, Europe Press Ltd. Belgrade: 38

[558] A most useful source coming from inside the Albanian community is the collection of essays, written throughout the 1990s, by the Albanian philosopher and publicist Skelzhen Maliqi, and collected in Maliqi. S (1998) "Kosova: Separate Worlds", Dukagjini Publishing House, Prishtina. Through these essays it is possible to trace the changes in perception and attitude within the Albanian community. The accounts given by external writers, even if ethnographic field-work has been conducted, often utilize these works, for example Kostovičova. D (1997), as well as interviews, for example Clark, H (2000).

[559] Statistical pictures have been elaborated by statisticians in Belgrade, such as Bogosavljević, S (1994) and by Albanians such as Islami, H (1994) and they do not always agree.

existing institutions. These state repressive measures included for example: the dismissal of journalists from the Rilindja Publishing House in Priština / Prishtina in 1989 (following their reporting from the miners strike); the dismissal of 220 journalists and 170 staff in 1990, and the closing of the Rilindja in 1990; the mass dismissal of thousands of Albanians from various institutions (including the teachers in schools and in the university); the storming and take-over of radio-television; a number of discriminatory laws such as the "Law on Trade in Real Estate", and the dismissal of workers in social-owned enterprises, including those in the Trepča mining complex.[560] In effect some 115-140 000 workers in various public institutions or socially owned enterprises were made unemployed.[561]

While the proclaimed independent Republic was symbolic (its territory was controlled by Serbian police) the Albanians in Kosovo in the early 1990s came to resemble an organised and independent society. Its development was a response to increased Serbian repression and discrimination in the period 1990-92 when the Serbian parliament passed several hundred laws that in effect ended the autonomy of Kosovo in all spheres of life.[562] The framework for the highly repressive and discriminatory policy was laid out in the "Programme for Attainment of Peace, Freedom, Equality and Prosperity of the SAP of Kosovo", adopted by the Serbian Assembly in March 1990.[563]

From the academic year 1991/92 Albanian students were expelled from the University of Priština/Prishtina, and a law was passed in Belgrade that all education would be pursued in Serbo-Croatian. In response the Albanians formed their parallel Albanian-language university, which was established in November 1991. They also build up a network of primary and secondary education. Some Albanian pupils stayed in the regular primary schools, because according to Serbian law attendance was obligatory, but various techniques for segregation, such as division into ethnic shifts, were applied.[564] Overall, the absolute majority of pupils

---

[560] Compare Vickers, M (1998): 246, and Ch. 12 *in passim*

[561] Estimates of these figures vary, Maliqi (1997): 279, suggests 115 000 constituting three quarters of the employed.

[562] Cf. Kostovičova, D (1997)

[563] This programme pledged that all means would be used to prevent any expression of (particularly Albanian) nationalism and it intended to stimulate the return of Serbs and Montenegrins to the province. This programme came to serve as an ideological-political framework for the following laws and the measures taken to dismiss Albanians from all public institutions. Cf. Kostovičova, D (1997); Judah, T (2000) "Kosovo: War and Revenge" Yale University Press: 62

[564] Cf. Kostovičova, D (2000) "Kosovo's Parallel Society: The Successes and Failures of Non-Violence" in Buckley, W. J (ed) (2000) "Kosovo: Contending Voices on Balkan Interventions" Cambridge: 142-148. In fact

and students were moved into the parallel education system. The education system would become the largest independent system (ranging from pre-school to university) in the parallel society. In addition to this, the Albanians developed complete or partial networks of social, political, union, health-care, sports, media and cultural associations. A kind of social welfare system of solidarity funds was established to aid the most endangered groups, such as jobless miners in Trepca / Mitrovica. These solidarity funds were established largely with diaspora money from Western Europe, the United States, as well as Albanians in Croatia and Macedonia, but they also received contributions from within Kosovo itself.[565] Albanian humanitarian organisations, such as the Mother Theresa Association, and the trade unions, distributed food and firewood as well as cash.

The parallel institutions were generally financed through a parallel tax-system. This was based on a three per cent income tax of all Albanians in Kosovo and those working abroad and additional funds were collected in Western Europe. There were also contributions from Albanians in Macedonia. The revenues from these sources financed the political elite and its activities as well as the social institutions. Based on media sources (Serbian 'AIM') Howard Clarke suggests that the bulk of the revenues were actually raised inside Kosovo and that only about a third of the contributions came from the diaspora in Western Europe.[566] The institutions of the parallel system also required great acts of solidarity including reduced salaries or unpaid services. For the first couple of years the teachers in the education system worked without payment, just receiving some union support but after 1993 they started to receive wages, which were then increased in 1997.[567] The education system was a corner stone in the parallel society and it took the greatest part of the entire budget. Shkelzen Maliqi made the estimation that the annual budget must have been at least 50 million US dollars, but that probably less than half of that money actually was collected.[568]

A number of problems existed within the education system. Maliqi has described how semi-professional teachers or professors could use the extreme situation to their own advantage and that conflicts between different groups resulted in among other things the publication of

the division into ethnic shifts had been applied in some areas during the socialist Yugoslav period due to shortage of school space and due to that pupils were taught in different languages (Albanian or Serbian).
[565] Maliqi, S (1998): 110
[566] Clark, H (2000): 103
[567] Clark, H (2000): 102
[568] Maliqi, S (1998): 115

parallel Albanian literature and history textbooks.[569] The quality of education certainly went down under these extreme conditions, but generally it was possible to maintain some form of education for Albanian youth and children, which constituted a considerable portion of the population.[570]

The parallel structures in Kosovo were also partly financed from aid-money coming from Western donor governments and NGOs, although these sources must have been marginal. Through budget posts for so called 'civil society', financial support was given to local media (for example Koha Ditore), as well as to local NGOs. Service providing NGOs could also obtain support from other budget posts in the western aid industry.

Because of the mass-dismissal of Albanians from various socially owned enterprises, the whole supply of goods and services became transferred to the informal sector (or alternatively the 'private sector'). The traditional structure of Albanian society facilitated everyday survival, which relied heavily on extended family and village community solidarity. The role of diaspora remittances played a crucial role. Several hundred thousand Albanians living in Western Europe and the United States sent money to relatives. The income they could receive in the West from any type of work or even social welfare was considerable compared to the opportunities available in Kosovo and at least 30 % of the Kosovo Albanians depended on direct support from their relatives abroad.[571] Many Albanians also worked seasonally in Eastern European countries including other ex-Yugoslav republics. Some Albanians worked in Croatia, for example in ice cream or pastry stands, during the season and then moved on elsewhere.[572] Even these remittances were a problematic source of income because after 1992 and the imposition of UN sanctions on Serbia, it was not possible to transfer any money via the banking systems. Money had to be brought, smuggled, or collected somehow. Travelling from Western Europe to Kosovo directly was not a good option, both for practical and political reasons (travellers had to avoid Serbia proper, and in case the individuals were asylum seekers in Western Europe they could hardly travel back where they fled from). Although diaspora remittances certainly provided an essential income for many families, they

[569] Maliqi. S (1998): 116

[570] The number of pupils and students – from primary school to university – was close to half a million. An estimation of the number of pupils in 1994 suggested around 274 000 in elementary school and 63 000 in secondary school (university not included): Ahmeti, S (1994) "Forms of Apartheid in Kosovo" in Janjić, D & S. Maliqi (eds) (1994) "Conflict or Dialogue" Subotica: 108-114

[571] Maliqi. S (1998): 109 and 241

[572] An Albanian friend of mine supported his family primarily from the incomes of selling ice cream at a seaside resort in Croatia during the holiday season and there were many Albanians who did similar work in Croatia.

were by no means regular or easy to count on and the longer the individual asylum seeker or illegal immigrant stayed abroad the larger became the probability that he had to put priority on supporting a family of his own in the West.

The parallel structures provided a lifeline for Albanians in Kosovo in a period of mass-dismissals, unemployment and general Serbian repression and discrimination and paradoxically there was even some apparent economic improvement in the first year. Fairly rapidly, however, the extreme conditions Kosovo Albanians were living under went from bad to worse. At least 20 % of the population needed humanitarian aid and probably another 20 % left Kosovo.[573] Most of the newborn children in Kosovo were delivered without professional medical assistance and there was a scarcity of medical and pharmaceutical supplies.[574] For every year that passed the social and economic disarray increased and with it, so was also the frustration.

The three per cent tax rate was applied to all kinds of business activity and even if the tax was voluntary there was considerable social loyalty and pressure to contribute by those who could. The social structure of Kosovo is one reason for this, but the external threat (from the Serbian state) and the common *cause* (independence) as well as the fact that tax collection was undertaken through a personal visit, all ensured a high or complete level of solidarity (*not* contributing would cause embarrassment).[575] Additional contributions above the three per cent were of course also welcome. Among the most lucrative business activity were the various forms of smuggling and organised crime. According to estimates by the 'Southeast European Legal Development Initiative' (SELDI) the income from smuggling of drugs was, together with remittances from the diaspora, the most important pillar for financing the parallel institutions in Kosovo through the 1990s.[576] Diaspora remittances as such provided a good opportunity for laundering money from criminal activity. We must therefore take a look

---

[573] These figures are estimates, and *no* figures in Kosovo for this period are certain. Compare Maliqi, S (1998): 241 and *in passim*

[574] Until 1990 over one third of the deliveries took place without medical assistance, but after 1990 the figure increased: see also Islami, H (1994) "Demographic Reality of Kosovo", in Janjić, D & S. Maliqi (Eds) (1994) "Conflict or Dialogue" Open University, Subotica: 30-53 (p. 38).

[575] Howard Clark has suggested that there were probably no direct threats or pressures involved, or at least that he did not find any evidence for it, but that there was considerable 'social pressure', see Clark, H (2000): 241, footnote 36.

[576] Southeast European Legal Development Initiative (2002) "Anti Corruption in Southeast Europe: First Steps and Policies" Center for the Study of Democracy, Sofia: p. 13. The SELDI brings together various government organisations and experts from the different countries of Southeast Europe. Reports can be obtained through www.csd.bg.

at the nature of organised crime, black market and smuggling activity. However widespread this became in the whole post-Yugoslav (and South-East European) region there are some local variations in its characteristics.

Black market and Albanian Mafia

Organised crime and black market activity expanded considerably through the 1990s and further after 2000. A condition that should be made transparent from the outset is that the nature of this sector provides particular methodological problems for anyone who wishes to study it.[577] The sources used for the activities discussed here are primarily various European and international criminal intelligence services, NATO reports, the United Nations Office on Drugs and Crime, as well as a number of 'soft sources'.[578] Taken together these sources probably provide a fairly reliable picture, or at least a plausible outline, of Kosovo Albanian and Albanian mafia, black market activity and organised crime.

The heroin trade established in the 1980s expanded considerably through the 1990s and further after 2000. The heroin primarily originates in Central Asia. After the US invasion of Afghanistan, the opium/heroin production in this country was revived and it is estimated that it stands for three quarters of world production.[579] The main transit route to Europe is via Turkey and then either through the northern route (Tajikistan, Kazakhstan, Russia, Ukraine,

---

[577] Anthropological work is typically not possible as access to the networks is highly restricted. Neither is it possible to conduct interviews (these methods may even be dangerous). Witness statements are very rare with regard to the Albanian mafia since the networks are tightly knit and based on kinship and follow certain codes of silence. In addition to various criminal intelligence reports (often based on police work which included confiscations, surveillance, raids) I believe that 'soft sources' such as local media can be used. Local journalists have a continuous contact with, and insight into, the society in which they work. Occasionally I have also referred to articles in international newspapers, but wherever it has been possible I have tracked the original source or otherwise checked other sources for the same information. Used with care (and complementing different sources) it is possible to arrive at a fairly plausible picture of the sector. In any case the value of these sources may not be of any poorer quality than documents for an early historical event where some sources may have been destroyed on purpose, evidence distorted et cetera: Compare the argument on similar type of sources by Walston, J (1988) "The Mafia and Clientelism: Roads to Rome in Post-War Calabria" Routledge, London & New York.

[578] Especially reports from: DIA (The Italian Anti-Mafia Directorate), from Bundeskriminalamt (the German Criminal Intelligence Agency), Kriminalunderrättelsetjänsten (Swedish Criminal Intelligence Service), Interpol and Europol. A number of annual situation reports, activity reports and special reports on Organised Crime or on Drug trade are public. See also South-East European Legal Development Initiative "Anti-Corruption in South-East Europe: First Steps and Policies"; NATO Parliamentary Assembly - Sub-Committee on Democratic Governance: Organised Crime, Drug and Human Trafficking in Europe (report 2003). By 'soft sources' I mean numerous articles in newspapers and magazines. Some UNMIK reports also mention the phenomenon. See also Vickers, M & J. Pettifer (1997) "Albania – From Anarchy to Balkan Identity" Hurst & Company; and Vickers M (1998). I have listed various websites in the reference list.

[579] Cf. Boutin, C (2003) "Organised Crime, Drug and Human Trafficking in Europe. Report to the Sub-Committee on Democratic Governance for the NATO Parliamentary Assembly"

Poland, the Baltics), the southern route (Iran, Pakistan, Persian Gulf and Indian Ocean, to European ports), or the Balkan route. The Balkan route is divided, either through Romania, Hungary and Slovakia or through Macedonia, Kosovo and Albania, through Croatia or across the Adriatic to Italy. The Albanian mafia controls a large part of the heroin trade in Western Europe. By the late 1990s it was estimated that they controlled some 70 % of the markets in Italy, Germany, Austria, Hungary, Czech Republic, Switzerland and Belgium and about 80 % of the Scandinavian market.[580] A large Albanian diaspora was settled in Turkey in the 1950s. Heroin trade from Turkey through Albanian networks was established in the 1980s, with process laboratories existing also in Prishtina and with part of the Albanian intelligence service being involved in the trade for Western Europe.[581] According to reports by the Italian DIA the Albanian mafia initially operated in places were the Italian mafia had no business - in a kind of geographical division of labour - but then increasingly took over branches to run whole businesses by themselves or worked in partnership with the Italian mafia.[582] They have been tolerated and worked together with both the Cosa Nostra (Sicily), the 'Ndrangheta (Campagnia), the 'Sacra Corona Unita' (Puglia), and the Camorra (Calabria), and they have continuously expanded their business.[583] Since the 1990s they provide drugs on a vast scale to the Italian mafia.[584] In addition to the strengthening of the traditional heroin trade, the Balkans also became a main transit area for South American cocaine during the 1990s. The Albanian mafia operates in all fields of smuggling, which include: arms trade, human trafficking, cigarette smuggling, and narcotics (heroin, cocaine, synthetic drugs, cannabis). Some estimates suggest that the value of this is about 2 billion US dollars per year.[585]

It is estimated that 20 % of the world trade in small arms takes place through criminal networks, with a value of 1 billion US dollar / year.[586] The fall of the communist dictatorship

---

[580] Ibid; estimates by Interpol; compare: bi-annual activity reports by DIA (Italian Ministry of Interior); Ciluffo, F & G.Salmoiraghi (1999) "And the Winner is...the Albanian Mafia" Center for Strategic and International Studies. Massachussets Institute of Technology. Many different reports must be based upon the same original sources, such as Interpol estimates and studies by various national criminal intelligence agencies.
[581] Cf. Vickers. M (1998): 225 (with sources from Interpol)
[582] For the following see the various DIA bi-annual reports on activity and results: "Ministero Dell' Interno – Direzione Investigativa AntiMafia: Attivitá Svolta e Risultati Conseguiti" from 1999 onwards (available in English).
[583] See DIA report on activity and results for first half 2002; cf. for example: Galeotti. M (1995) "The drug threat from Eastern Europe", Jane's Intelligence Review", Nov 1995.
[584] See especially the DIA report on activity and results for the second half 1999: 29.
[585] For example: United States Senate Republican Policy Committee (31 March 1999) "Report on KLA Drug and Criminal Links" at: www.kosovo.com/rpc2.html (entered 22 February 2005); Jerry Seper, "KLA finances war with heroin sales", Washington Times. May 3, 1999, http://members.tripod.com/~sarant_2/ks18kla.html (entered 22 February 2005)
[586] Boutin, C (2003)

230

in Albania and the anarchy that followed in the years 1991-92 and then again after the fall of the pyramid games in 1997 gave rise to the movement of considerable quantities of arms. The Albanian mafia provided its Italian counterparts (the Cosa Nostra, the Camorra, the 'Ndrangheta, and others) with relatively cheap arms and explosives.[587] The Albanian mafia has further been heavily involved in human trafficking, both in terms of illegal immigration and for forced begging or prostitution, and possibly also in human organs. Of an estimated 500 000 women being trafficked every year up to 200 000 travel through the Balkans.[588] The Albanian mafia holds the bulk (about 65 %) of this trade. In London alone it is estimated that some 18 million Euro per year was send back to Albania from the income of prostitution. Similarly the DIA estimates that the bulk of the income from criminal activity in Italy is reinvested in the Albanian homeland and that very little is used for reinvestment in Italy, except some for purchasing real estate to be used as operation bases.[589] Some estimates suggest that the value of the drug-trade alone could be in the range of US$ 1 billion annually.[590] Taken together this provides for a considerable flow of resources back to Albania proper, and Kosovo and Macedonia's Albanian part. Albanians from Kosovo started to play an important role in the Albanian economy in the 1990s, when many of them left the difficult situation in Kosovo for the new opportunities made available in Tirana after the fall of the communist dictatorship there. Miranda Vickers and James Pettifer describe how Kosovo Albanians and returning American-Albanian émigrés became 'big fish in a little pond' as Albania was opened up, and how they made use of their large extended family-networks and international connections to develop their economic interests.[591] This included buying up state owned companies when they were privatised and then, in many cases, using them for money laundering and as front companies for organised crime.[592] Albania was underdeveloped and backward, even compared to Kosovo, and when it became more open the Kosovo Albanians sought out opportunities for commerce there. The increased contact between Albanians in Kosovo and in Albania revealed the differences that had been created after living in different

[587] For example DIA report on activity and results second half 1999: 29
[588] The source for the following statements on prostitution is the NATO report by Boudin. C (2003).
[589] DIA report on activity and results second half 1999: 30
[590] Compare Galeotti, M (1995) "The drug threat from Eastern Europe", Jane's Intelligence Review, Nov 1995; Hislope, R (2001) "The Calm Before the Storm" Paper presented for the Annual Meeting of the American Political Science Association, San Fransisco, California. Hislope provides estimated figures for how much the KLA collected through heroin trade. He further suggests the figure of US$ 400 billion annually for the total global trade of the whole business.
[591] Vickers, M & J. Pettifer (1997): 159
[592] Xhudo, G (1996) "Men of Purpose: The Growth of Albanian Criminal Activity" in "Transnational Organised Crime" Vol 2, No 1, Spring 1996: 1-20, Frank Cass, London.

states during most of the twentieth century and contributed to intra-Albanian tensions.[593] The networks of smuggling and of organised crime, which exploited the markets in Western Europe, were thus established and operating throughout the Albanian lands (Albania proper, Kosovo, Macedonia), and revenues flowed back to them for 'reinvestment'/circulation in all these areas, rather than just to any particular country or region. It is in the nature of this form of economy that it operates around trans-national networks that defy the territorial limits of the state and even utilise the existence of state-borders as an additional source for (overhead) earning.

Several factors contributed to the expansion of smuggling and of the black economy during the 1990s. War and sanctions constitute an important base for this economy. New state borders, international sanctions, and political instability formed a new structure of opportunity for the expansion of smuggling networks and routes. Here, the integration of criminal networks and state apparatus became essential, since smuggling was necessary in, for example, providing society as well as the military with oil and petrol. The break-down of the Soviet Union, and the whole communist East, created new borders, unemployment, a withering security service and so on, which became essential building material for a new form of economy based on trans-border trade, trade in illegal goods and services, and illegal trade in legal goods and services throughout the area of central Asia to Europe. While much of arms-trade, oil-petrol smuggling, and cigarette smuggling expanded in Yugoslavia during the war, some other sectors, such as the 'heroin-trade' were 're-routed' towards the south, where the Albanian mafia could take over and simply utilise the earlier trading routes it had established for human trafficking (which in the early days was refugees, rather than prostitutes). The collapse of the Albanian state, first in the early 1990s, then after 1997, created new ground for especially the trade in arms. During the 1990s the Albanian mafia established itself as one of the most powerful crime syndicates in the world, through expansion and consolidation in the region, in Europe and the United States, and with links to certain segments of political (or opposition) power in Albania, Kosovo and the Albanian part of Macedonia.

The Albanian mafia differs from Serbian or other South-Slav organised crime networks in social structure. Whereas other criminal networks in the Balkans are based on clientelism and

---

[593] Compare Vickers, M & J. Pettifer (1997): Ch. 8

232

throughout the 1990s have been developed with strong links to the state and security apparatus as well as the political elite (and often operated directly from them), the Albanian mafia is even more tightly knit through extended family and clan relations. This makes it particularly difficult to infiltrate and to obtain witness statements against it. Like the code of silence in the Sicilian Cosa Nostra, the Albanians have their code for how to solve disputes between families or clans. In this sense the term 'mafia' (as with the Sicilian origin) is particularly appropriate as opposed to elsewhere in the Balkans where the term 'organised criminal networks' would be more accurate. Recruitment into the Albanian mafia is however not restricted to family members when it comes to the lower levels and outer circles of the network; but the ethnic basis remains important. Non-family or clan member Albanians, who share the same culture and the respect for *besa* (word of honour / oath) are recruited, but never into the inner circle. In the cooperation with other networks, the ethnic dimension provides no obstacle and the Albanian mafia has a well-established business with Kurdish, Italian, Croatian, Serbian, Montenegrin, and other criminal networks.

Albanian smuggling and organised crime operations have been developed with members of the *Sigurimi*, the former Albanian security service, but is strictly controlled by fifteen families. The Mafia should be distinguished here from all the numerous criminal gangs that flourished during the crime wave in Albania in 1991-92.[594] They typically have no connection with each other and the interests of the Mafia are not necessarily compatible with the criminal gangs. The latter may rather be a nuisance to the Mafia.

In contrast to most of the Yugoslav successor states, were criminal organisations were linked to the state apparatus, in Kosovo they were a part of the political opposition to the state. Nevertheless, just as in all the former Yugoslav republics, they were linked to a political project with ambitions to mono-ethnic state building, and they expanded into areas where opportunities were available when the formal economies and industries were on the verge of ruin and removed from any possibility to compete in the global economy. The result of this kind of economy, just as in Serbia, has been a considerable concentration of resources in some groups and networks, whereas the largest part of the population have faced poverty or even extreme poverty.[595] At the same time it has been exactly this kind of economic opportunity,

---

[594] For a good account see Vickers, M & J. Pettifer (1997): 128-130; Cf. Xhudo, G (1996)

[595] On poverty see further chapter 8 and the reference to the initial (2000) poverty assessments by the WB and UNDP.

233

which has been able to provide resources and security for some people, albeit on the basis of new and strict criteria for exclusion and inclusion: notably on the principles of first kin and clan, and then on ethnicity. Moreover, it has provided certain Albanian clans and networks with resources and power, which they have been able to utilise in an internal political power-struggle against other networks in Kosovo. This will be discussed further below in relation to the rise of the Kosovo Liberation Army and its power struggle with the LDK leadership.

Further characteristics of the parallel society

In practice, the system of 'parallel life' was facilitated by the character of the ethnic structure in Kosovo. While all (at the time) 22 municipalities in Kosovo were ethnically mixed according to the 1981 census (only two had a Serb majority and all others had an Albanian majority) the settlements inside them became increasingly ethnically homogenous.[596] There was an increasing physical separation, with certain exception of the larger towns.[597] The very physical and geographical segregation between the ethnic groups therefore facilitated the practical functioning of the system since daily contact to some extent could be avoided.

Serbian authorities tolerated the self-organisation of Albanian society, but halted all attempts to build para-state or state institutions. To this end they obstructed the constitution in 1992, broke up the union of Albanian policemen, prevented the foundation of a Kosovo Chamber of Commerce, and prosecuted a group that attempted to organise a defence ministry.[598] Ironically the status quo could be preserved in Kosovo for years due to the separation of the state and society. Serbian authority rested upon force, with a small privileged group in state institutions, while the Albanian ethnic majority had established all its own structures. During the 1990s the situation can be described as a complete conflict between the state and the ever better organised Albanian national community.

While it is tempting to describe the development in Kosovo as a system of *Apartheid*, it is worth noting that it was different from the South African experience. In South Africa separate official institutions were built up, by the state, for different groups to segregate the black and the white population. There were also strict rules for how, and in which areas, the whites

---

[596] Statistics from Bogosavljević, S (1994)

[597] This was also reflected in everyday life, such as in which cafés they used and in public transport (for example Serbs travelled in trains and Albanians in buses).

[598] Maliqi, S (1998): 184-185

could co-operate with the blacks. In Kosovo there were no such rules but rather a chaotic and repressive policy, which eventually produced two parallel societies.

The policy of Miloševoć and the Government in Serbia never aimed at creating separate institutions but at taking over, maintaining and controlling existing institutions from which the Albanians were marginalised and excluded; it aimed at domination through the existing structures without creating seperate ones. This resulted in an Apartheid-like situation, but where the Albanians themselves developed a completely independent society from below in protest to, and out of the control of, and thereby in conflict with, the state. In this respect resembles the Palestinian situation more.[599] There was in fact strong pressure from the dominant LDK party upon all Albanians not to have any contact with the Serbs. Strong social control was exercised so that Albanians who had contact with the local Serbs, or made any moves resembling dialogue, received warnings from the LDK. Serbian policy in Kosovo was much less elaborated, and much more arbitrary, than it was in the South-African case. The strategy of ethnic cleansing as an instrument for building territory was not initially developed by Milošević, but rather something that was accepted in due course in order to maintain power. The repressive measures were however not only a means to control the province, but probably included aspirations to encourage Albanians to leave the province, which some of them did.

Ibrahim Rugova and the LDK had a strategy that non-violent resistance from the Albanian side, which developed through circumstances, would attract sympathy within the international community and in particular from the EU and US. The direct aim was to internationalise the issue and passive resistance was the tool. While the Albanians were buying time, they believed that they had reason to expect support for their cause. This strategy was the primary reason why it was possible to maintain the status quo through the first half of the 1990s. The Albanians had no capacity for military resistance and, they believed, no reason for embarking on a violent strategy, whereas from the point of view of Belgrade there was no *casus belli* as long as the status quo was maintained and the Kosovo knot did not burst.

---

[599] This is in fact more or less also how it came to be viewed in Belgrade. Maria Todorova has added a comparison with the Kurdish situation: Todorova. M (2000) "The Balkans: From Invention to Intervention" in Buckley, W. J (Ed) (2000) "Kosovo: Contending Voices on Balkan Interventions", Cambridge: 159-169

Diaspora, Pan-Albanianism and relations with Albania proper: the hopes for support for independence

The role of the Albanian diaspora in the economy of Kosovo has already been mentioned and it had an equally important role in politics. Some Albanian groups, especially those living in Switzerland, were well organised and politically radical. Estimations of the size of the Albanian diaspora in Switzerland at different periods throughout the 1990s vary between 30 000 and above 100 000, depending on whether one counts only those from Kosovo or include all Albanians and whether one include estimates for illegal immigrants or not.[600] Germany also had a large Albanian diaspora (more than 100 000), as did Scandinavia, but the largest in a single country was in the United States (between 250 000 – 500 000).[601] Diaspora networks played a crucial role in lobbying for the Albanian 'cause' (especially in the United States Senate) as well as in the financing of political parties, organisations, and parallel institutions. Albanians from Kosovo also played an increasing role in the political and economic life of the Albanian state (Albania proper) during the 1990s.[602] There were probably around 100 000 or so Kosovo Albanian young men who escaped conscription into the JNA during this period, and many of them left Kosovo either for Albania proper or for Western Europe.[603] Before the elections in Albania proper in March 1992 the oppositional 'Albanian Democratic Party' (DP) announced that, if it gained power, it would work for the unification of all Albanian lands into a greater Albania. From then on the Kosovo Albanians, and especially the diaspora, started to play an important role in Albanian politics by supporting and financing the 'Democratic Party'.[604] The northern Gheg Albanians had much closer ties to Kosovo than the southern Tosks did, and the increased connections between Kosovo Albanians and Albania proper contributed to internal divisions inside Albania itself. When the Democratic Party gained power and Sali Berisha became President of Albania, expectations were running high among the Kosovo Albanians that they would receive external and even direct military support.

---

[600] For example Maliqi, S (1998): 109, mentions 30 000 asylum seekers alone, whereas Vickers, M & J. Pettiffer (1997): 152 suggest 100 000 Kosovars in Switzerland (the figure for Albanians if those from Albania proper are included might be higher).

[601] Compare for example the figures given in Vickers, M (1998): 272; Maliqi, S (1998): 109; see also Vickers, M & J. Pettifer (1997): Ch. 8 and Judah, T (2000): p. 69. For the Albanian-American community see Nazi, F (2000) "Balkan Diaspora 1: The American-Albanian community" in Buckley, W. J (ed) (2000) "Kosovo: Contending Voices on Balkan Interventions", Cambridge: 149-152

[602] Vickers, M & J. Pettifer (1997): Ch. 8

[603] Cf: Maliqi, S (1998); Vickers, M & J. Pettifer (1997); Vickers, M (1998); Sevdije Ahmeti (1994) "Forms of Apartheid in Kosovo" in Janjić, D & S. Maliqi (1994): 108-114. Ahmeti estimated that 17.000 Albanians were endangered for conscription every year.

[604] Vickers, M & J. Pettifer (1997): Ch. 8

Taken together with the Albanian lobby in the United States and with the non-violent resistance strategy, these factors all contributed to create a sense of hope among the Kosovo Albanians that they would soon receive external and international attention and support in their struggle against Serbian repression. This psychological factor of relief did not last long though, because the DP in Albania – once they were in power – had to put priority on security in and for Albania itself, rather than engage in any conflict escalation with Serbia.

Miranda Vickers and James Pettifer have described the tensions this created between the Albanian DP and Kosovo Albanian leaders as well as between DP and certain diaspora groups.[605] Following Vickers and Pettifer, the DP in Albania were in a difficult position, since they relied on diaspora support and funding from circles which were quite radical with regard to the idea of unification of Albanian lands and on support for Albanians living in Kosovo. The DP shifted its position a number of times, but by 1994 started to urge Albanians in Kosovo to enter into a dialogue directly with Belgrade. The preconditions for a dialogue remained extremely difficult though. The Kosovo Albanians had declared independence and rejected any part in Serbian institutions as well as dialogue, and from Belgrade there was an equal absence of interest in discussion with the Albanians – the interest was just to control the province. In addition there was the problem of representation and of *whom* to have the dialogue with; the Serbian government was not interested in allowing Ibrahim Rugova to represent the Albanians, since that would have implied a recognition of the Kosovo Albanian parliament and president.[606]

The idea of unifying Kosovo and Albania lived on, but was occasionally played down by the leadership, which nevertheless remained firm on the position of an independent state. In 1996, Skelzhen Maliqi, a political moderate who also favoured unification, gave an interview to the independent radio station B 92 in Belgrade, in which he suggested that the road to independence could go via the introduction of an international protectorate and that after some twenty years of protectorate Kosovo could become independent.[607] The position of the whole Kosovo Albanian leadership, often repeated by the President Ibrahim Rugova, was that an international protectorate was the only possible solution for Kosovo.

---

[605] Vickers, M & J. Pettifer (1997): Ch.7; compare Judah, T (2000): 96-97
[606] Formally, from the Serbian point of view, the LDK as a political party was quite legal but not the Albanian election of parliament and president.
[607] The interview is reprinted in Maliqi, S (1998): 222-261

Intra-Albanian disputes and change in strategy: From Dayton to KLA or Attention through violence

Although the LDK held a dominant position among the Albanians in Kosovo, and effectively marginalised any opposition, the strategy was not undisputed. Especially from autumn 1994 there were growing divisions both within the LDK and with the smaller parties such as the Liberals and the Peasants Party. A split developed with a more moderate group advocating that autonomy within the new Yugoslavia was acceptable. There was also an increased opposition to the LDK dominance of local government.[608] After the resignation of a number of leading moderates in the LDK in October 1994, a division started to escalate between moderates and "independentists" not only in Kosovo, but throughout the diaspora (especially in Germany, Switzerland, and the U.S).[609]

A particularly radical group in the diaspora existed within the so-called 'popular movement for the republic of Kosovo' (LPRK), which had been founded in 1982. Most members in the LPRK had joined the LDK in 1990, but its most militant faction had founded the 'popular movement of Kosovo' (LPK).[610] Members of this group existed in the diaspora in Sweden, Germany and Switzerland, and out of this group grew the KLA, which was formed in the period 1992-1993.[611] It is important to distinguish between the KLA and the FARK (the armed forces of the Republic of Kosovo). The latter was the military arm of the government in exile, and was controlled by Bujar Bukoshi. It was primarily funded through the 3 % tax that was collected within the diaspora, it gathered former Albanian JNA officers, and was intended as the embryo of a future army. This was quite distinct from, and had initially nothing to do with, the KLA. There were even clashes between the KLA and FARK during 1998-99, but as the KLA received greater support, locally and internationally, parts of the FARK were eventually incorporated under the KLA umbrella. Although a first armed attack,

---

[608] Vickers, M (1998): 281

[609] Compare Vickers, M (1998): 281 onwards.

[610] Judah, T (2000b) "A History of the Kosovo Liberation Army" in Buckley, J. B (Ed) (2000) "Kosovo: Contending Voices on Balkan Interventions", Cambridge: 108-115

[611] Compare Judah, T (2000 b); Thaqi, H (2000) "Kosovo". Judah claims that the KLA was formed by four members during a series of meetings in 1993. Hashim Thaqi, one of the KLA leaders, claims that it was formed in 1992. Apparently several meetings in Macedonia as well as in Switzerland (Zurich) preceded its formation. It should be noted that the KLA was in hiding for some time during the formative years, and although claiming responsibility for some killings the very existence of the organisation was denied by the LDK. The LDK sometimes blamed the Serbian security forces for inventing the KLA in order to discredit the Albanian non-violence resistance. After 1999 many Albanians came to see the KLA as liberators of Kosovo, or otherwise had reason to avoid any discredit from the KLA, and there may be several individual motives for claiming a stake in the organisation (or at the time of its foundation, its relevance during its early period et cetera)

for which the KLA claimed responsibility, took place in Glagovac in 1993, the organisation had a very marginal existence with few members and little support until autumn 1995.[612] It drew its collaborators mainly from the diaspora and a few clans, with concentration in the Drenica area, which is the region from where Hashim Thaqi, one of the co-founders and leaders of the KLA, originates. Drenica is also among the poorest regions in Kosovo. It has been a widely accepted assumption, allegedly in many intelligence services, that it was these same clans that controlled much of the heroin trade and thus financed the organisation through, among other things, drug-trade and smuggling.[613] A report by the 'U.S Senate Republican Policy Committee' (RPC) from 1999 refers to newspaper articles, which state that about half of the funding for KLA came from the drug-trade and that around 900 million German Marks (of which half was drug-related) had reached Kosovo since the beginning of the guerrilla campaign.[614] While any such estimates should be treated with caution, it must be considered quite obvious that the Albanian criminal networks operating throughout Europe and the United States in drug and arms trade, both had substantial financial resources available and a considerable stake in the political and security situation in Kosovo. Indeed this territory has been essential to their trading business. The RPC further draws on reports by the Paris-based 'Geopolitical Observatory of Drugs', which identified belligerents in the former Yugoslav republics and Turkey as key players in the regions accelerating drugs-for-arms traffic.[615]

[612] In 1997 the County Court of Prishtina held Adem Jashari responsible for this attack. Jashari organised his separate group, which was later included in the label 'KLA'. Jashari was eventually killed, along with many members of his clan, in the Drenica massacre on 4 March 1998 (See further below).

[613] Numerous reports and claims have been made on this point and several dozens of articles on the topic, both from academic journals and newspapers, are collected in a website for investigative journalism 'Balkania.net': http://members.tripod.com/Balkania/resources/terrorism/kla-drugs.html (entered 8 October 2004). The site also includes articles on the stated connections between the KLA and Al-Qaeda. See also: United States Republican Policy Committee (31 March 1999) "The Kosovo Liberation Army: Does Clinton Policy Support Group with Terror, Drug Ties?, www.kosovo.com/rpc.htm (entered 18 October 2004); "The Albanian Cartel: Filling the Crime Void", Jane's Intelligence Review, November 1995; "Life in the Balkan 'Tinderbox' Remains as Dangerous as Ever", Jane's Intelligence Review, 1 March 1999; "The Balkan Medellin", Jane's Intelligence Review, 1 March, 1995; and Raufer, X (2002) "At the heart of the Balkan chaos: The Albanian Mafia": www.xavier-raufer.com/english_5.php (entered 2 February 2005). Hashim Thaqi denies any such allegations in the interview "The KLA Brought NATO to Kosova" in Buckley, J. W (2000): 282-290.

[614] United States Republican Policy Committee (31 March 1999) "The Kosovo Liberation Army: Does Clinton Policy Support Group with Terror, Drug Ties?, www.kosovo.com/rpc.htm (entered 18 October 2004): p. 6-7

[615] RPC "Reports on KLA Drug and Criminal Links": www.kosovo.com/rpc2.html (entered 22 February 2005); Cf: articles by Jerry Seper "KLA finances war with heroin sales", Washington Times, May 3, 1999 at: http://members.tripod.com/~sarant_2/ks18kla.html; and "Bin-Laden & KLA", Washington Times, May 4, 1999. at: /www.diaspora-net.org/food4thought/binladen_kla.htm (both entered 22 February 2005). These articles refer to figures in the range of 1.5 billion US Dollars in drug profits being laundered annually by these criminal networks.

The KLA's explicit agenda not only featured an independent Kosovo, but also the unification of all Albanians into a 'Greater Albania'. On a map published by diaspora groups in Sweden in the late 1990s this includes large parts of Macedonia (including Skopje), south Serbia, the Sandzak, a good part of Montenegro (including Podgorica) and parts of Greece. The KLA had a complicated ideological composition, one side derived from fascist ideology and the other from Marxist-Leninism.[616] The Marxist-Leninist tradition was rooted in the Albanian Movement as such through its development between 1968-81. Many of the Marxist-Leninist groups in Kosovo disappeared, however, after 1990 and the fall of Enver Hoxha in Albania. Until autumn 1995 the KLA and other radical groups were effectively marginalized by the Rugovian leadership.

An important change in strategy in the whole Albanian movement came in 1995 and was the direct effect of the 'perception shock' received from the Dayton Agreement. The issue of Kosovo and of Serbian-Albanian relations was almost entirely ignored in Dayton. In the international community the problems in Kosovo were treated as a human rights issue, although Rugova repeatedly had stated that the Albanian aim was independence.[617]
The Albanian interpretation of Dayton was that ethnic cleansing was legitimised (that is, the different entities in Bosnia-Hercegovina had been created through ethnic cleansing, and a precondition for Dayton was the elimination of Krajina – and the Serb minority in Croatia – thereby legitimising ethnic clensing as a method for state-building).

In Dayton the question of parallel relations (Banja Luka - Belgrade, and the connection of the Bosnjak/Muslim-Croat federation with Zagreb) was left open and in the Albanian perception this would also legitimise similar relations between for example Priština/Prishtina and Tirana. Most important though was the message the international community sent, that there had to be a war if Kosovo were to get any attention. Here the Albanians had pursued a policy of non-violence and now they were completely ignored. Instead, despite Kosovo Albanian protests,

---

[616] Compare Judah, T (2000b); on ideological roots of the Albanian movement see Maliqi, S (1998) *in passim*.
[617] The good-will Rugova received in the West could from his point of view be interpreted as support for the Albanian claims, but strangely enough it was almost as if the Western leaders and diplomats did not believe that he was serious about those claims. They either ignored the meaning of them or believed that they could make Rugova change his mind. Leaving Kosovo out of the Dayton process was necessary in order to have any result at all from Dayton, but it immediately transferred the conflict to Kosovo, just as the conflict had been transferred to Bosnia after the international recognition of Slovenia and Croatia (and the invitation to Bosnia to hold a referendum on the issue of independence). By ignoring the region as a whole, and dealing with issues on a case by case – country by country – basis, the international policy actually stimulated a chain reaction of conflicts in the post-Yugoslav space.

the EU unconditionally recognised FRY, while Germany started to repatriate 130 000 Kosovo Albanians to Serbia.[618] It became obvious that the western powers intended to insist on ignoring the interconnections in the region as a whole, and instead merely deal with one selected problem at a time. To most Albanians the message was quite clear: if they were to receive any attention from the international community, they had to produce a war and humanitarian crisis, just as in Bosnia.

In fact Dayton had a direct impact on the Albanian elite in that it now became highly doubtful whether Rugova's non-violence strategy would ever have any serious results at all. Ibrahim Rugova himself was in complete shock after Dayton, as it was a direct deathblow to LDK's policy. At the same time it was still a problem to mobilise enough arms for a direct confrontation with the Serbian police, as the latter frequently raided Albanian houses in search of weapons. In 1997 the leaders of the student union were elaborating a strategy of "active non-violent resistance" as opposed to "passive", and suggested the occupation of the university buildings.[619]

As a direct consequence of Dayton there was now a radicalisation and increased polarisation within the Albanian elite. Ibrahim Rugova was criticised from various stands as being too authoritarian in style, as being too single-minded in his strategy (some suggested he should have a more realistic strategy and lower the demands concerning the status of Kosovo to a republic *within* Yugoslavia). The polarisation was not reduced by the fact that Rugova in 1996 simply extended the mandate of the parliament for another year. This mandate was otherwise supposed to expire in 1996.

The split formed and consolidated around three preferences: activist, pacifist, and militant. Rexhep Qosja (a literary historian and leading intellectual) challenged Rugova and opted for a Kosovo *Intifada*. Adem Demaqi favoured a confederal solution and suggested the construction of "Balkania", an association of sovereign states with Kosovo, Serbia, Montenegro (possibly also Bosnia and Albania), and perhaps a confederalised Serbia with Vojvodina and Sandžak. However, after Dayton it was the militants who had the strongest

---

[618] Troebst, M (1998) "Conflict in Kosovo: Failure of Prevention?" European Centre for Minority Issues Working Paper # 1, Flensburg
[619] Compare for example Clark, H (2000): Ch. 6

initiative and a few years later Adem Demaqi was eventually made a leader of the political arm of KLA, but only after he had dropped his ideas of a "Balkania".

The year after Dayton saw the slow building up of a military resistance in Kosovo. In February 1996 several bomb attacks were aimed at Serb refugees from Croatia who were housed in camps in several towns throughout Kosovo.[620] The underground group LKCK[621] claimed responsibility for the attacks, which they stated were only the beginning of their campaign.[622] This was followed by KLA attacks on individual Serbs in isolated incidents.[623] The violence was still on a relatively small scale though, and by autumn 1996 the KLA had gathered, at the most, a few hundred men and they had to focus on building up a network of militants who would operate in various areas when the time was ripe.

There were also open disagreements within the moderate fraction.[624] Bujar Bukoshi, the Prime Minister of the 1992 elected government in exile, openly started to criticise Rugova for not making sure that the government would function. Mahmud Bakalli, who had been President of the Kosovo branch of LCY 1971-81 and still an important figure despite formally being out of politics, considered Rugova's strategy too passive, and opted for more active resistance with daily protests, demonstrations, and so on. In this he was supported by many students. In late 1997, Demaqi and Quosja together with the Syndicate of Trade Unions of Kosovo, founded Democratic Forum as a counterweight to Rugovas LDK.

In order to strengthen his position, Rugova negotiated an education agreement with Milošević in 1996.[625] According to that agreement Milošević would return the buildings (schools, university) and withdraw the police while the Albanian students would return to the schools

---

[620] Belgrade tried to place the Serbian refugees, who were ethnically cleansed from Croatia and Bosnia, inside Kosovo. Most of these refugees immediately left Kosovo for Serbia (many to Belgrade) since they either did not want to be placed as a minority in a new crisis area, or for other reasons saw no future in Kosovo. This left Serbia and Montenegro with close to one million refugees. Still there were at this time some 10 000 Serbian refugees in Kosovo. While this is a small number compared to the approximately 1.6 million Albanians, Kosovo had also been pressed with the influx of Albanians who had left Croatia and Slovenia when these states opted for independence. These Albanians did not, however, receive the status of refugees and received no humanitarian assistance from abroad.

[621] *Levizja Kombetare per Clirimin e Kosoves* (National Movement for Liberation of Kosovo).

[622] Cf. Vickers, M (1998): 290-291

[623] This was largely ignored in Western Europe and the U.S. Indeed, as late as 1997 –1998 even as small bands roamed in Drenica and central Kosovo there was speculation in western intelligence services and diplomatic circles whether the group really existed (compare Hedges 1999) indicating the lack of capacity in western intelligence services to comprehend the problem.

[624] On the disputes discussed here compare: Maliqi, S (1998): sections on Dayton and *in passim*; Vickers, M (1998): Chapter 14, especially pp. 300-305; Clark, H (2000): Ch. 6

[625] Cf. Maliqi, S (1998): 172; Vickers, M (1998): 305-307; Clark, H (2000): Ch. 6

and the university. There was also enthusiasm within the international community, and pressure that this should be implemented. The problem, and basis for misunderstanding in the international community, was that the agreement could not be implemented since it was never settled how the education system was to be financed. This was important since whoever financed the system would also have control over the curriculum.

The autumn of 1997 became a new turning point. According to the Rugova-Milošević education agreement the students were to return to the university in autumn 1997. As the agreement was not implemented, unrest grew among the students and student protests developed under the leadership by, among others, Adem Demaqi and figures from the right wing of the LDK. These student groups now became increasingly frustrated and developed into a good recruiting base for the radical KLA which many students later joined.

This coincided with the fantastic collapse of the Pyramid Games in Albania in 1997 and the following collapse of government and political unrest. An important contribution to the fall of the Pyramid scheme had been the lifting of sanctions against Yugoslavia after Dayton, which meant a decreased market for especially oil-petrol smuggling, and shrinking revenues. Following the Pyramid collapse neigbouring Albania was suddenly brought into a virtual anarchy, which opened up new opportunities for collecting weapons from Albanian military deposits. The KLA and other rebels in Kosovo now began to arm themselves on a much grander scale. On 27 November 1997 they made their first public appearance at a funeral of a teacher, Halil Geqi, who had been killed by Serbian troops during clashes with the KLA.[626] From then on masked KLA-fighters began to appear at funerals to display themselves and read statements before disappearing again, a trend which created fear among many Albanians.

The KLA now stepped up terror activities against Serbian police and civilians, as well as on Albanians who collaborated with Serbs or those who were considered too moderate. The strategy included both ambush killings and kidnappings. In some areas the KLA targeted Albanians who supported the LDK, as well as members of the FARK.[627] Many Albanians feared these radical militant groups, since they knew that while the KLA was capable of

---

[626] Cf. Salihu, A, M. Hajrullahu & J. Xharra (2004) "Radicals Test the Ground in Drenica", Balkan Crisis Report, No 498, 20 May 2004, Institute for War & Peace Reporting, London.
[627] See IWPR Tribunal Update No 397, March 11, 2005, Institute for War & Peace Reporting, London. The ICTY indictment of Ramush Haradinaj, who later formed the AAK party in Kosovo, and who became Prime Minister in Autumn 2004 (discussed in chapter 8), includes charges of murders in relation to these clashes.

provoking the Serbian police and military it would not be capable of defending civilians against Serbian counter-attacks that were bound to come. The radicals thereby also posed a threat to Albanians and they brought the existing intra-Albanian divisions to a more serious level. But for the KLA the time was now ripe to provoke the necessary violence to get international attention. They had a network of soldiers and they started to obtain the light weapons needed for ambushing, although they did not have any heavy weaponry nor a trained military organization; they had set up training camps in Albania, but they did not have the resources for training larger units.[628]

On 28 February Serbian forces moved in on a few extended families in the Drencia area and killed 26 people. This was followed by an attack on a compound on 4 March in order to arrest a known Albanian villain and guerilla leader, Adem Jashari; the attack left 58 people dead.[629] This became labelled the Drenica-massacre and had two immediate consequences. First, it provoked outrage among Albanians throughout Kosovo and the diaspora and clan elders in various regions now agreed to the military uprising. Second, the Albanian-American community, which until then had supported the LDK, now shifted their political and financial support to the KLA.[630] Both these factors considerably strengthened the KLA. The organisation now grew to several thousand, perhaps tens of thousand fighters, but it was unclear who was actually in control.[631] Everybody with a gun could call himself a member.

---

[628] See also Judah, T (2000b).

[629] Cf. Magnusson, K (1999) "Rambouilletavtalet: Texten, förhandlingarna, bakgrunden" Current Issues # 1, Centre for Multiethnic Research, Uppsala: 69; Judah, T (2000b) Tim Judah mentions Adem Jashari as a known villain, but not directly as a KLA leader. However, as cited in Magnusson p. 79, the KLA leader Bardhyl Mahmuti stated himself that Jashari *was* a KLA-leader and furthermore that it was the KLA that *started* the war in Kosovo and the Serbian troops that responded. In a booklet by Milan Petković, it is claimed that Adem Jashari had received military training in Albania during 1990 and left with the rank of major. After his return to Kosovo he recruited members of his clan, and sympathisers, to a militant resistance group that attacked Serbs. They allegedly also attacked Albanians who did not share the goal of a greater Albania. The group had its base in Jashari's home village of Donji Prekaz in Drenica. In 1997 the County Court in Prishtina held him responsible for, among other things, the attack on a police patrol near Glogovac in 1993. It seems likely that he either first led a quite separate militant group, which only later was incorporated under the banner of 'KLA', or perhaps formed the KLA's very first military units. See further: Petković, M (1998) "Albanian Terrorists", Kalekom, Belgrade. However, see also the critique of the County Court's trial proceedings (and the presentation of evidence during them) by the United Nations Special Rapporteur on Human Rights submitted to UNHCHR, Geneva 1997: www.hri.ca/fortherecord1998/documentation/commission/e-cn4-1998-9.htm (entered 3 March 2005). Jashari has eventually been considered a 'war-hero' among the Albanians, and after the war in 1999 his house was arranged into a museum.

[630] Nazi, F (2000) "Balkan Diaspora 1: The Albanian-American Community" in Buckley, W. J (2000) "Kosovo: Contending Voices on Balkan Interventions" Cambridge. p. 152

[631] The command structure and organisation of the KLA is still not transparent. The KLA itself has an interest in keeping it so, both because the organisation may be used in the future – for example in military operations in Macedonia, or against NATO troops if it should be considered an option for the cause of independence -, and because the specific structure of command is an issue for the ICTY in charging war-criminals. On the latter see:

The KLA now moved on to mount attacks and managed to take territory in the Drencia area and beyond it. The Serbian forces responded, but only to find that the resistance disappeared. The KLA were hiding in the bush-vegetation / low forest areas or simply vanished among the local population.

The reaction from the international community at this stage was to condemn the use of excessive violence by Serb forces, while at the same time condemning all 'terrorist action' by the KLA. The same statement was repeated several times by the Contact Group and it was also the message in a series of UN Security Council Resolutions starting with SCR 1160 and later that year followed up with SCR 1199.[632] The message was that violence was unacceptable and that peaceful negotiations were necessary.

To the KLA these signals certainly rang hollow against the background of Dayton, after which Yugoslavia had been recognised, sanctions and arms embargo lifted, and Albanian refugees repatriated to Serbia. The now weakened LDK made an official attempt though and started to negotiate with Belgrade. There was however at this stage little possibility for the LDK to negotiate since it had no control over the KLA. The discussions broke down in May, when further military actions were taken by Serbian forces to stall and counter those of the KLA. During the first half of 1998 the United States continued to label the KLA a terrorist organisation. Both Madeleine Albright and the spokesman James Rubin had stated as much during 1997 and the position was repeated by the U.S ambassador Robert Gelbard during a visit to Belgrade in February 1998.[633] This position changed in the space of a few months. In June Richard Holbrooke held meetings with KLA representatives and James Rubin rejected in an interview that the U.S had ever said that the KLA were terrorists.[634]

Serbian operations continued in the summer 1998 and in a large operation in the Drenica area in July they attacked and burned villages, leaving tens of thousands of displaced Albanian civilians. This sparked the attention of the international community and provoked immediate condemnations and demands that the Serbs should withdraw their forces from Kosovo. In

Farquhar, M "Structure of KLA Explored", Tribunal Update No 383, 26 Nov 2004, and "Trial Hears of KLA Tactics", Tribunal Update No 389, 14 Jan 2005, Institute for War & Peace Reporting, London.
[632] The Contact Group consisted of the U.S. Russia, France, United Kingdom, and Italy.
[633] Magnusson, K (1999): 69-70; cf:
http://www.state.gov/www/policy/remarks/1998/980223_gelbard_belgrade.htm (entered 21 February 2005)
[634] Magnusson, K (1999): 69-71

October the U.S threatened air strikes unless Serbia withdrew and allowed a OSCE Kosovo Verification Mission (KVM) acess to the province. Inside Serbia also, there was open criticism against excessive use of violence by the regime. General Perišić, who had command of south Serbia was in long-standing open disagreement with Milošević since 1996. In October he signed an agreement with NATO's supreme commander for the allied forces in Europe, General Wesley Clark, that tensions in Kosovo should be alleviated.[635] Milošević agreed to the KVM, but as the Serbian forces witdrew the KLA moved back in and reclaimed territory. The whole affair leading up to the Kosovo Verification Mission was an example of bad diplomacy and poor political analysis from the Contact Group and western powers (especially the U.S) and it was doomed to fail. The idea was that the mission should monitor the withdrawal of Serbian forces while Milošević should enter negotiations with the LDK. The LDK had however already been seriously sidestepped by the KLA, which it had no control over. By now the KLA was no longer labeled a terrorist organisation by the U. S. government, and the U.S. had even threatened air strikes on Serbia. For the KLA it was clear that their strategy was paying off and that the result might become even better if they escalated the violence.[636] They were in fact not even bound by the agreement as the Yugoslav government was. Furthermore, the Americans ran a parallel track in the KVM. They placed a number of CIA-agents (allegedly some 50-70 under the coordination of U.S. Ambassador William Walker) within the KVM, with their own mission to prepare and help organize the KLA, as the ground-soldiers for a coming NATO-intervention.[637]

It was thus only rational that the KLA should reclaim territory and do everything possible to provoke more violence, preferably with civilian casualties. After a short period the Serbian troops were send back to reclaim control over lost territory and in mid-January 1999 they had a confontation with a KLA-group in the village of Račak. This incident later caused

---

[635] Allegedly the ICTY in the Hague has minutes of Serbian sources on a statement made by Perišić to Clark in October 1998, that Serbia could be defeated if it had to confront NATO. Perišić was fired from his post before the next meeting in November (1998). See IWPR Tribunal Update No 396, 4 March 2005. Institute for War & Peace Reporting, London. Perišić has himself been called to the ICTY, but any charges in relation to him have not at the time of writing been made public.

[636] Carl Bildt, the former High Representative in Bosnia, realised this and repeatedly suggested that pressure had to be exercised on the KLA as well, and that international troops should be used to cut off the supply links of the KLA in Albania.

[637] A number of western diplomats and generals later complained about the parallel secret track by the U.S., about which apparently the Europeans had no information. See for example: Loquai. H (2000) "Der Kosovo-Konflikt: Wege in einen vermeidbaren Krieg", Nomos Verlag, Baden-Baden: Pellnäs. B (2004) "Naiv tro på USA-myt om folkmord", Dagens Nyheter, 7 February, 2004. Heinz Loquai (Germany) and Bo Pellnäs (Sweden) are both retired Generals who worked in the KVM mission at the time. Compare also: Walker. T & A. Laverty (2000) "CIA aided Kosovo guerrilla army", The Sunday Times, 12 March 2000. The latter state that CIA agents have admitted to the allegations by the European diplomats. .

considerable controversy. From the U.S. and NATO, and as it was disseminated in the western media, the allegation was that some 45 Albanians (primarily civilians) were massacred there. According to some KVM monitors, as well as a French journalist who apparently had been present in Racak around this time, the incident had been staged by the KLA and by a U.S. team.[638] Regardless of what actually happened, this incident became a new spark and the U.S. again threatened military action.

During the second half of 1998 the US Government had gradually shifted its support towards the KLA. It is evident that there were different, and contradictory, tracks of diplomacy here. On the one side the U.S. Ambassador Chris Hill had pursued shuttle diplomacy between Belgrade and Prishtina, with different drafts for some kind of agreement. Formally the demand to negotiate, during the Kosovo Verification Mission, was directed towards the LDK on the Albanian side. Increasingly though, Secretary of State Madeleine Albright started to embrace the KLA. Kjell Magnusson has suggested that this shift in U.S. policy can be understood against the background of heavy lobbying groups in Washington, especially by such organisations as the International Crisis Group (ICG), the Balkan Institute (later the Balkan Action Council) and the United States Institute for Peace (USIP).[639] In these groups there was not only strong support for the Albanian position, but indeed for the most radical claims and for the KLA. An important figure in the lobby was the former U.S. Ambassador Morton Abramowitz, who had close relations with Madeleine Albright. Already before the meeting in Rambouillet Madeleine Albright had signalled that the KLA was an important partner to the U.S. and that they eventually should receive training in the U.S. Well before the set-up in Rambouillet, the U.S. had dropped the LDK and moved towards supporting the most radical faction among the Albanians.

---

[638] A number of references to articles in (especially German and French) news media are collected by: Pumphrey, D and G. "The Racak Massacre: Casus Belli for NATO" at: www.aikor.de/Artikel/gp-rac-c.htm (entered 1 March 2005); cf: Loquai, H (2000) "Der Kosovo-Konflikt: Wege in einen vermeidbaren Krieg", Nomos Verlag. The claim presented here is that the Serbian troops had killed around 15 KLA-fighters, but that the KLA later had collected bodies from elsewhere and arranged them so that it looked like a massacre. There is also the claim that Serbian troops had brought a television team along and that there was documented evidence of the operation. Tim Judah has reconstructed a scenario based on the claims of a massacre: Judah, T (2000): 193. Given the extensive propaganda used in cases like these, and the heated controversies it still provokes, it is difficult to take a definite position on what actually happened. The incident is a case in the indictment of Slobodan Milošević at the ICTY, and a verdict is yet to come. For the latest update at the time of writing see: Uzelec, A. "Witness Disputes Racak Findings", IWPR Tribunal Update No 391, 28 Jan 2005, Institute for War & Peace Reporting, London.
[639] Magnusson, K (1999): 71-76

Rambouillet and NATO's war on Yugoslavia

The meeting in Rambouillet was initially suggested by Germany, then held in France, and orchestrated by the Americans. It was staged as a negotiation, but had in fact very little to do with what – at least in a European sense - is normally understood by this term.[640] First, at Rambouillet there were two delegations that never met (allegedly the Albanians refused to sit at the same table as the Serbs). Second, there was a paper presented as an ultimatum rather than for discussion. The American idea was that if they could get the Albanians to sign a paper, then they could present this to the Serbian delegation with a 'take it or get bombed' kind of argument.[641] Further, the Americans had two ambassadors (one of them being Morton Abramowitz) to sit as aides to the Albanian delegation and were thereby, so to speak, represented twice. In the Albanian delegation the LDK was now sidestepped and only constituted a third of the delegation. The delegation was lead by the KLA-leader Hashim Thaqi, and in addition there were a number of representatives from a small party (the United Democratic Movement) and independent representatives.

It turned out to be difficult to obtain an immediate Albanian signature on the document the Americans presented. The Albanian delegation had to obtain verification from others in Kosovo before they could agree to it. There were therefore a few different versions before the Albanians signed an agreement.[642] It was all brought to a stage where it must have been evident that the Serbs would be unable to sign the proposal and then the Albanians were persuaded to sign so that the Americans could push for air-strikes on Serbia as a punishment. Once this was achieved the document was presented to the Serbian delegation, which refused to sign it. The reason for this can be found in the document they were asked to sign, which in fact contained elements, to which would be impossible for *any* government to agree.[643] To mention just the most problematic points:

---

[640] On the Rambouillet talks compare Magnusson, K (1999); Mandelbaum, M (1999) "A Perfect Failure", Foreign Affairs, Vol 78, No 5, September/October 1999; Dauphinee, E. A (2003) "Rambouillet: A Critical (Re)Assessment" in Bieber, F & Ž. Daskalovski (Eds) (2003) "Understanding the War in Kosovo" Frank Cass, London: 101-121

[641] Cf. Mandelbaum, M (1999)

[642] Elizabeth Dauphinee discusses some of the changes: I have not commented upon them here, but see: Dauphinee, E. A (2003)

[643] Rambouillet: "Interim Agreement for Peace and Self-Government in Kosovo", 23 February 1999, Cologne. The best and most thorough analysis of the document is: Magnusson, K (1999). A good analysis in English is: Dauphinee, E. A (2003). The following brief discussion is based on these three sources, but I have found the

- The status of Kosovo was not defined in the document. This would have been unproblematic if the document was intended as an interim solution. In this context, however, it was contradictory that the document anyway contained a constitution. If the issue of status was to be postponed, it is remarkable to produce a constitution, which one might expect should be left to a constituting power (Parliament).

- According to the document (Article 1:6) Yugoslav law was not valid in Kosovo. If there were discrepancies between these and the Rambouillet document, then the former was to be revised. Aside from signalling Kosovo's independence this also meant that Yugoslav law and the Yugoslav constitution would have to be revised. In effect this meant that the parliament in Serbia and Yugoslavia would have had to define the status of Kosovo in legal terms, something the foreign diplomats themselves wanted to avoid.

- Although the document did not define the status of Kosovo, it specified the role and the function of certain institutions in Kosovo as if for an independent state. The President was given excessive powers and, similarly to the U.S. President, was given the main responsibility for foreign policy. In effect the President would, in relation to the President of Serbia and the president of FRY, be able to act as a foreign statesman.

- While Kosovo would have no central bank of it own, it was given the right here to an equitable share of potential international loans as well as other federal resources (Ch.4a, Art.1:5). The document did not specify whether the federation had a right to collect federal taxes (used for financing federal institutions, including security and defence). If Kosovo was not be affected by federal activities it would seem improper that its citizens should be subjected to pay tax for them. On the other hand it would seem improper that Kosovo could have claims on tax resources from the other republics, if Kosovo itself was to be exempted from taxes.

- The document was intended to be an interim solution for a three-year period. Still, the state and socially owned property would (Ch 4, art.II) be transferred to relevant

critique in the book by Magnusson (1999) particularly useful. See also Mandelbaum, M (1999) "A Perfect Failure: NATO's War Against Yugoslavia", Foreign Affairs. Vol 78, No 5. September/October 1999.

political bodies in Kosovo. This would mean that the property of the Serbian Orthodox Church also, which had been nationalised after the Second World War, would be under Albanian authorities.

- The question of citizenship has been defined in every Constitution in the region since at least 1945. In the Rambouillet document it was not defined. The question of citizenship was blurred here and remained open, which would have practical consequences for potential "minority rights". This would have effects on the education system and the right for school- children to receive education in their native language.

- In Rambouillet, just as it was in Dayton, the language issue was simply forgotten. This left uncertainty about discrimination in public institutions, courts, and regarding employment. In addition the protection of minorities in the document was conspicuously weak.

- While the document stipulated the withdrawal of Serbian forces, it did not do so for the KLA. There was no mention of how the KLA should be demilitarised or where they should withdraw to. In effect there was no demilitarisation of the KLA at all. According to the document the KLA would be able to move around freely in the villages and also be armed with lighter weapons. The only thing that was mentioned was that after one month they could no longer wear uniforms. Instead American diplomats (as well as journalists and Albanian representatives) stated that the KLA was to become the basis for the future security or police force. It was quite obvious that this constituted a threat to all minorities, particularly the Serb, which remained in Kosovo.

Even more conspicuous, and the main reason for why it was politically impossible for the Serbian government to agree to the document, were the aspects which would have opened up Yugoslavia for a NATO occupation:

- The document stated that NATO would have unrestricted access to all territories of FRY (not only to Kosovo). They were also to be exempted from all fees, customs, and taxes.

- NATO was supposed to have free access to all civil resources, including buildings, the free use of airports, roads, and railroads. Furthermore to be allowed, without prior permission, to modify infrastructure if it wished to do so. After its departure NATO would be allowed to leave all such changes as they were, and be exempted from all material damages it might have imposed, whether these were the result of military activities or not.

- NATO soldiers and representatives would enjoy immunity and not be subjected to investigation even if a soldier or representative had committed a serious crime. On the other hand NATO would have the right to arrest individuals also outside of the organisation.

These aspects alone would have implied a *de facto* occupation of Yugoslavia. Furthermore, at the end of the conference the Albanian delegation, with the support of Madeleine Alright, added to the document that after the three years of interim rule, the 'will of the people' in Kosovo should decide upon the question of independence. Since Albanians constitute the absolute majority in Kosovo, this in fact signalled a forthcoming independence. The Serb delegation was therefore presented with an ultimatum, which insisted that they should agree upon a NATO occupation of their country, accept the breaking loose and independence of Kosovo, under a new authority (the KLA) that was still branded a terrorist organisation in Belgrade, or otherwise they would be bombed. A conclusion which is difficult to avoid, unless these were fantastic diplomatic mistakes, is that the document was designed on purpose in a way that it could never have been accepted. The whole setting of the meeting also seems to point in this direction. In fact all proposals that came from the Serbian delegation were immediately rejected by the Americans, although some of them were accepted by other members in the Contact Group. The Serbs proposed for example that there should be a separate implementation agreement, that military presence should be in another form than NATO, and that the delegations should start by agreeing on some general points.

After the "failure" to get Belgrade on board this deal, the U.S. pushed for a NATO attack on Yugoslavia. NATO air strikes started in the early hours of 24 March 1999 and continued for 78 days. The Clinton administration, in this case propelled by Madeleine Albright's

enthusiasm for bombing the Serbs, indulged in a series of foreign policy miscalculations and mistakes that would plant the seeds for future problems.

First, there was no mandate by the UN Security Council (the U.S./NATO avoided to bring the case there, since it was clear that an attack on Yugoslavia would never be authorised). Therefore, since in no way could it be argued to be a case of self-defence, this military attack upon another country was an obvious violation of the UN Charter.[644] The fact that it did not constitute self-defence meant that it also violated the NATO statutes. Second, it challenged the Helsinki documents of 1975, which stated that it was inadmissible to change international borders through the use of force.[645] The mode in which the Rambouillet meeting had been convened, and the document it urged for, indicated that this might now be what was happening. Third, the rhetoric used to present the attack as legitimate focused on the concept of 'humanitarian intervention', that the attack was supposed to prevent a humanitarian crisis, an ethnic cleansing, or even genocide, and that it was a 'just war'. However, there had been no direct attempts by Serbia to ethnically cleanse Kosovo before the war, and certainly nothing resembling genocide.[646] There were serious violations of human rights, systematic discrimination, police violence and cultural suppression. It could even be argued that there was a form of colonisation attempt (but a failed one) and perhaps a case could be made that the brutal response by the Serbian forces to the KLA intentionally targeted civilians. The problem is that the attack by NATO immediately created that response, that is, an ethnic cleansing and a humanitarian crisis, rather than preventing it. Following the bombing campaign Serbian forces ran amok in Kosovo, both as a kind of revenge and in order to eliminate the KLA – which they now saw had been provided with air-support – as well as to clear the ground of any local support for a possible impending foreign ground-troop invasion. In this process several thousand (perhaps as many as ten thousand) civilians were killed in Kosovo and the majority of the population were either made refugees or internally displaced.[647] Although figures are highly uncertain it is probable that two thirds or more of

---

[644] i.e.: United Nations Charter Art. 2 (4) and (7).

[645] i.e.: Final Act of the Helsinki Conference on Security and Cooperation in Europe, 1st August 1975; Part 1, paragraph III and IV.

[646] Compare: Todorova, M (2000) "The Balkans: From Invention to Intervention" in Buckley, W. J (2000) "Kosovo: Contending Voices on Balkan Interventions", Cambridge: 159-169; But note that the definition of 'genocide' is vague and with some will can be extended to either of the sides in the Yugoslav conflicts, including NATO: see the definitions in Article 2 of the 1948 'UN Convention on the Prevention and the Punishment of the Crime of Genocide', which refers to acts committed with intent to destroy, in whole or in part, a national, ethnic, racial or religious group as such, and includes causing bodily or mental harm to members of the group.

[647] Figures are uncertain: those coming to refugee camps in Macedonia were of course registered, but this was not the case for all of those who crossed to Albania, where a large number were accommodated in private

the Albanians were either forced to leave their homes, or left out of fear during the chaos. NATO's action did nothing to aid them, although western leaders later claimed that they knew that Serbia had planned such actions. On 6 April the German Foreign Minister Joschka Fisher claimed that he had German intelligence sources for a secret Serbian plan called 'Operation Horseshoe', intended for the ethnic cleansing of Kosovo.[648] This was embraced by all of NATO and uncritically reproduced in all western media. It later proved to be a propaganda fraud, staged in order to uphold public support for the NATO bombings.[649]

All in all it was highly unconvincing to claim that the intervention was made on humanitarian grounds; rather than showing concern for Albanian refugees the purpose of the whole operation seemed to be to punish Serbia.[650] However, the reason why the United States and the Clinton administration had been so eager to wage war against Serbia at any cost is unclear. It could be a spill-over effect from Bosnia, and U.S. anger over Slobodan Milošević, whom Washington clearly was unable to control. It could be due to possible links between the Yugoslav army and Moscow (being an obstacle to U.S. strategic plans for NATO-expansion in the Balkans), or to display the power of and credibility for NATO, or it could be in order to control the western European states.[651]

The U.S. government had initially thought that the bombing campaign would be a matter of days, or weeks at the most. This was a miscalculation, because the document the Serbian

houses. The UNHCR (10 June) reported some 781 000 refugees divided between Macedonia (245 000), Albania (444 200), Bosnia and Montenegro, and an additional 81 705 to third countries: see Clark, H (2000): 183-184; Judah, T (2000): 241. Tim Judah suggests a higher figure of some 850,000.

[648] Again an unfortunate symbolic date as this was the 58 year anniversary of Hitler's attack on Yugoslavia, indicating that the Germans had learned nothing from the fact that this date was chosen for recognition of Bosnia seven years earlier.

[649] Loquai, H (2000) "Der Kosovo-Konflikt: Wege in einen vermeidbaren Krieg", Nomos Verlag, Baden-Baden; see also the collection of articles under the title "The Aftermath of the Publications of the German Government Documents" (translated by Eric Canepa) at: www.zmag.org/crisescurevts/germandocsmore.htm (entered 1 March 2005); Schwarz, P "'Operation Horseshoe'-propaganda and reality" at: www.wsws.org/articles/1999/jul1999/hs-j29_prn.shtml (entered 1 March 2005); Cf. Judah, T (2000): 240-241. Allegedly the German report had also used the Croatian word 'potkova', rather than the Serbian 'potkovica' for 'horseshoe'

[650] Cf. Mandelbaum, M (1999). In fact Bill Clinton refers to 'the punishing bombing raids' in his memoirs: Clinton, B (2004) "My Life", Alfred A Knopf, New York: p. 858 (Bill Clinton however does not seem to have a clue of the actual content of the 'Interim Agreement', and it is quite possible that he only ever read the U.S. State Department's guide to it, or some even shorter briefing).

[651] It could probably be a combination of these elements. For a general discussion on the rationale with NATO's war on Yugoslavia and the US-Euro relations see: Gowan, P (2000) "The Euro-Atlantic Origins of NATO's Attack on Yugoslavia", and: Arrighi, G (2000) "The Balkan War and US Global Power" both in: Ali, T (Ed) (2000) "Masters of the Universe? NATO's Balkan Crusade", Verso, London & New York. See also Gowan, P (1999b) "Inväg till Kosovo" Manifest, Stockholm (Swedish translation of "The Twisted Road to Kosovo", originally published in "Labour Focus on Eastern Europe", No 62, 1999).

government was asked to sign was even worse than any bombing, since it implied a NATO occupation of its territory. In increasing the stakes the bombing campaign was gradually stepped up, which resulted in various types of 'collateral damage', including the bombing of an Albanian refugee convoy and the Chinese Embassy in Belgrade (killing three Chinese citizens). Occasionally civilians were bombed, including some Albanians in Kosovo. They bombed a skiing resort, schools and hospitals, TV-stations, and infrastructure including sewage, water and electricity supply.[652] While some of this was by accident (the Chinese Embassy and the refugee convoy for example), American generals stated that the bombing of all kinds of infrastructure was purposeful in order to bring the war to the people.[653] They used a large number of cluster bombs over civilian populated areas; British authorities have stated that perhaps 60% of them missed their intended targets.[654] They thereby violated the Geneva Convention.[655] Some of these acts were in fact conspicuously similar to acts that some of those indicted by the International Criminal Tribunal on former Yugoslavia (ICTY) stood accused of.

Contrary to stabilising the region, the NATO intervention contributed to a humanitarian crisis, which threatened to destabilise Albania and Macedonia, and eventually did escalate conflicts and warfare to spread into Macedonia. Further consequences of the U.S. foreign policy failures include the deteriorating relations that followed with Russia and China. Nevertheless, Javier Solana, NATO's Secretary General, was formally enthusiastic about the effects and proclaimed the whole endeavour a success.[656] The E.U. later rewarded him by making him spokesman for its foreign policy. In Britain, Tony Blair thought the war could signal the new kind of 'ethics' for British foreign policy.[657]

---

[652] Numerous lists and studies have been presented on this, for example Charitos, P. G (1999) "The Crime Against Yugoslavia: 100 Violations of International Law", in Terzić, S et al (1999) "Europe at the Crossroad: New Walls or a United Europe" Historical Institute of Serbian Academy of Sciences and Arts, Belgrade; Hayden, R (1999) "Humanitarian Hypocrisy", Centre for Constitutional Rights, University of Pittsburgh; Dauphnee. E. A (2003); Daalder, I. H & M. E O'Hanlon (2000) "Winning Ugly: Nato's War to Save Kosovo", The Brookings Institution Press, Washington.

[653] Stated by NATO generals to the "Philadelphia Inquirer" on 21 May 1999, Hayden, R (1999).

[654] Hayden, R (1999)

[655] i.e.: The 1949 Geneva Convention, Protocol 1, Article 54.

[656] Solana, J (1999) "NATO's success in Kosovo" in "Foreign Affairs" Vol 78, Nov/Dec 1999.

[657] But see the problems with such ideas in: Little, R & M. Wickham-Jones (Eds) (2000) "New Labour's Foreign Policy: A New Moral Crusade?" Manchester University Press. Later of course, after the devoted support by Britain in the US invasion and occupation of Iraq, and especially following the numerous reports of how U.S. and British soldiers engage in systematic war-crimes, torture and abuse of civilian Iraqis, all talk of 'just war', 'ethics', and so forth. by Tony Blair has become an issue for scorn in much of the world (and partly even within the opposition in Britain although to a lesser extent).

NATO's bombing continued much longer than was expected and increasingly public opinion in various European countries, as well as in much of the world, started to become a problem. Eventually a new deal had to be offered to the Serbs so that they could come to an agreement. In the new version presented to the Serbs both the reference to allowing the 'will of the people' in Kosovo to decide on independence, and the point of allowing NATO access to the whole of Yugoslavia, were dropped. Instead Yugoslavia's integrity as a state was assured and NATO was to be confined to Kosovo. Moreover, the Russians were invited to take part in the operation and thereby some guarantee for the Serbian people would be provided. Slobodan Milošević agreed to the new terms, the bombings stopped and NATO was allowed access to Kosovo, which became a UN protectorate.

After the NATO-led international force, and an international protectorate, had been established in Kosovo, the KLA embarked on revenge upon the Serbs. Many Serbs, and other minorities (like the Roma), were expelled in a new wave of ethnic cleansing.[658] Serbs were attacked and murdered, or forced to leave, property was looted, cemeteries demolished, and Orthodox churches and monasteries were set on fire.[659] Having claimed to intervene in order to prevent ethnic cleansing, NATO was now able to monitor it as it took place around its troops, which apparently were largely unable to stop it.

The heritage of Madeleine Albright, the Clinton administration, and Javier Solana has not been easy to administer. The NATO intervention brought about a complex paradox and exceptionally difficult political issue, which remains unsolved at the time of writing. On the one hand: NATO intervened against Serbia on behalf of the Albanians. The Serbian government was considered to be the villain, but paradoxically it had international law on its side in this issue. NATO had then agreed to respect the territorial integrity of Serbia (and of the Yugoslav state, which still existed at the time in the form of Serbia and Montenegro). If international law and the Helsinki agreements are to be respected, then the Albanian claims to national self-determination and independence have to be suppressed. This might imply that

---

[658] Charges have circulated in the media and on the Internet that the Jewish Community was expelled. The number of Jews in Kosovo was however very small. After the Second World War there were only about 11 individuals in the town of Prishtina, who declared themselves Jewish. With their children included there could perhaps have been around 50 or so Jews in Prishtina in 1999, being forced to leave (I base this on information on consultation of the Jewish Museum in Belgrade).

[659] More than a hundred medieval churches and monasteries were destroyed in the first two years. The Orthodox Church issued several pleas to the international community that they should help to preserve the mediaeval heritage in Kosovo, and started to produce a list of the cultural buildings being burned. The documentation has been updated in various revised editions, and can be obtained from the Serbian Orthodox Church.

NATO simply takes over the task of suppressing from the Serbs. The Albanians have already developed a parallel society, economy, and form of resistance to the Serbian state and this could simply be continued against the operations of the international protectorate and its system of governance. It could even result in an Albanian uprising against the international protectorate, in which case NATO would have to fight those whom they claimed that they intervened to rescue.

The hope that the Albanians at this stage can be persuaded to remain under Serbia, must seem a form of optimism bordering on naivety. Their claim to independence, based on the principle of national self-determination is of course not illegitimate as such.[660] It is a principle that has been pursued by the international community as a main standard for state creation, after the First World War (mainly in Europe) and then partly after the Second World War when states in the Third World broke loose from colonial powers. The Albanians, as they have come to see it, were simply latecomers in this process.

On the other hand: the principle of state sovereignty has been enshrined in international law. It does not seem very likely that Serbia will voluntarily concede to the secession of Kosovo. This means that if Kosovo is granted independence then NATO has violated various legal principles, including the peace agreement they signed to stop the bombing and UN Security Council resolutions taken to guarantee Serbia's rights as a sovereign state. Therefore such a violation would completely bury much of international law. If NATO can violate international law to such a degree, then so can everybody else who happens to have the military capacity to do so. In any case any international principles, norms or any legal texts can no longer be used to criticize those who take example from NATO. The dictum that 'might is right' would be elevated to norm.

Moreover, a violation of the sovereignty principle in the case of Serbia/Kosovo, would mean that the principle upon which the international community wishes to guarantee the Dayton agreement, and the Bosnian state, is no longer valid.[661] Bosnia could break up along ethnic lines to form new mini-states or, in the case of Serbs and Croats, unify with neighboring countries. It would also imply that the Macedonian state could break up, with the Albanian

---

[660] On the other hand this means that neither are Croatian or Serbian irredentist claims, but in the Balkans they have been particularly dangerous.

[661] Specifically with regard to the so-called 'Badinter principles', which were developed not only with the Balkans in mind, but in relation to potential future claims in the whole of Eastern Europe.

minority adjoining Kosovo and Albania. Further, there are Albanian minorities in Serbia and Montenegro, a Muslim minority in Serbia and in Montenegro, and so on. An independent Kosovo could be an invitation to a new circle of wars in various parts of the Balkans, which might be difficult to prevent.

In addition to the immediate problems generated for any Balkan formula, it would be highly difficult for a formal independent Kosovo to gain ratification in the United Nations. Russia and China are likely to remain strongly opposed to it, not least because it would set precedents for Chechnya, Taiwan, Tibet, among other regions.

The Albanians in Kosovo are therefore likely to be denied independence unless some bilateral formula can be negotiated with Belgrade and the local Kosovo Serbs. It would take a new order, a new international forum (such as a completely rearranged UN), and considerably revised principles of international law, before it could be achieved. Meanwhile the Albanians in Kosovo are likely to persist in their aspirations, which suggest that Kosovo will remain an international protectorate for decades to come. In the international protectorate, and under its governance, the frustration among the Albanians and the tension between them and the international administration could only grow with time. To live under foreign rule was not the aim of their strife, and unless considerable economic and welfare gains are resulting from the international governance, the seeds for rebellion might grow.

The international community, and its administration, is therefore challenged with a difficulty of the greatest order in Kosovo. It has adopted from Serbia the 'Kosovo knot', and in the process provided some additions to its entanglement. The next chapter will discuss the international administration in Kosovo, how its system of governance has been set up, and the problems with international aid.

257

CHAPTER 8

POST-WAR GOVERNANCE, RECONSTRUCTION AND DEVELOPMENT -
UNMIK Country, June 1999 – March 2005

Introduction

The international, primarily U.S., support for the radicalisation of Albanian politics was not helpful for the UN administration of Kosovo. The core problem of Kosovo's status, and its effects for international relations and a new international order, coupled with the new radical power-shift within Kosovo Albanian society, was born into the UN administration from the outset. In Kosovo the UN adopted one of the most difficult issues and tasks that the organisation has ever been confronted with. It is set to administer the whole of Kosovo, build institutions, re-construct society, to provide the conditions for self-government, and help foster a political process that eventually will provide a basis for the definition of future status. In addition to severe inter-ethnic conflicts, Kosovo constitutes a highly unusual specimen for any development work. The international institutions for development aid are designed to work with *states*, and even if the ideology is neo-liberal and the focus is the non-governmental or private sector, any development work is confronted with legal and administrative issues relating to the state. Kosovo brings to the fore all the weaknesses of the international institutions and the fact that they have conspicuously weak instruments for coping with ethno-nationalism.

The policies have shifted with each new UN Special Representative, starting with Bernard Kouchner and ending, so far, with Soren Jessen-Pedersen. Attempts to find a balance between Serbian and Albanian demands, different factions within these groups, and international initiatives have led to an inconsistent policy and a lack of coherence and direction; they have also resulted in the transmission of contradictory messages. The UN administration started out in a period of ethnic violence that was brought under control only slowly, and then continued with a destabilised situation in neighbouring Macedonia, and South Serbia. Although there have been certain achievements with regard to institution-building, and immediate physical reconstruction, there have been very limited – if any – progress in the fields of

democratisation, reconciliation, security, or social and economic development. The situation deteriorated rapidly during 2004 and ended with large-scale ethnic violence in March 2004. This signalled the virtual collapse of the international administration, and the lack of progress in all fields. It forced another Special Representative (Harri Holkeri) to leave Kosovo, and his replacements' (Soren Jessen-Pedersen) attempts to stifle Serbian demands and bring control over the political dynamics resulted in the almost complete boycott of the parliamentary elections by the Serb minority. At the time of writing, early spring 2005, conditions in Kosovo have not improved and the prospects seem very dismal.

This chapter analyses how international governance in Kosovo has been set up and changed, and how the local political landscape has evolved. It examines the general social and economic condition in Kosovo, the main problems in relation to reconstruction and development and what progress has been made. It discusses the trends and problems from the beginning of the international protectorate until approximately January 2005. A few important events until 10 March 2005 have also been included.

International Governance in Kosovo

The UN Security Council resolution 1244 (10 June 1999) provided the legal basis for the establishment of a United Nations Interim Administration in Kosovo (UNMIK), led by a Special Representative (SGSR) to the UN Secretary General. In spite of an international troop presence of close to 50 000 to help secure the UNMIK establishment, it took an initial period of approximately six to nine months before any international control was achieved. During this initial period the KLA and the most radical political elements among the Albanians consolidated their position and took power in local administration in Kosovo. Hashim Thaqi formed a government of which he declared himself Prime Minister and although the UN officially considered this move illegal, they were unable to prevent it. For practical reasons they had to cooperate with those actors that had become legitimised in Rambouillet.

A wave of ethnic cleansing followed in which a large number of Serbs, Roma and other minorities, such as the small Jewish community in Prishtina, had to leave the province.

During this period some 230 000 people fled and some 1200 were killed.[662] Private property as well as Orthodox monasteries and churches, were looted, burned or destroyed, and cemeteries were desecrated. The wave of ethnically motivated revenge and violence took place in the presence of almost 50 000 troops led by NATO. This early failure or lack of will, by the international administration to stop violence became a marker for future developments in Kosovo.

Violence eventually spread to South Serbia first, which has an Albanian population in the municipalities of Medveđe, Preševo, and Bujanovac. An Albanian guerrilla organisation called 'The Liberation Army of Preševo, Medveđe, and Bujanovac' (UCPMB) started with attacks on Serbian posts in January 2000 and clashes continued throughout that year. In February 2001 the spill over effect reached Macedonia, where the local guerrilla force called the National Liberation Army, 'NLA', with support from KLA, attacked Macedonian police and took control of border areas, eventually spreading to capture parts of the town of Tetovo.[663] The violence continued in 2002, but was eventually reduced after a series of diplomatic efforts. The latter included EU pressure on the Macedonian government and EU guarantees of amnesty for Albanian warlords. There was considerable Kosovo Albanian (KLA) influence in these actions, and they were strongly linked to criminal networks running smuggling operations in the area.[664] There were also intra-Albanian clashes between different clans and crime networks.[665]

---

[662] The figures stated here are widely referred to by most international organisations. The Yugoslav Red Cross listed some 234 000 who fled; the Danish Refugee Council apply the same figures (available at webpage: www.drc.dk/kosovo) as does the webpage of the Serbian Orthodox Diocese of Raška and Prizren at: www.kosovo.com/testimonials, and the European Roma Information Office webpage at: www.Romnet.Hu. In 2001 the Orthodox Church issued an account of destroyed Orthodox cultural heritage in Kosovo, where they state the figure of 360 000 Serbs who where expelled from their homes: Serbian Orthodox Church Diocese of Raška and Prizren, Gračanica. The higher figure may include the internally (within Kosovo) expelled. The Jewish community was very small. According to the Jewish Museum in Belgrade there were only 11 Jews in Prishtina after World War II and with a rough (author's) estimate of their families and children their number in 1999 may have been around 50 or so.

[663] For a journalistic account see Phillips. J (2004) "Macedonia: War-lords and Rebels in the Balkans", I.B. Taurus & Co Ltd. London.

[664] Gounev, P (2003) "Stabilizing Macedonia: Conflict Prevention, Development and Organized Crime", in "Journal of International Affairs", Fall 2003: 229-240; Barnett, N "Balkans facing uncertain future", Jane's Intelligence Review, May 2003; cf. Hristov, B "DPA accuses: PDP's Ramadani and Aliti are smugglers, NDP are war profiteers", Reality Macedonia, 19 April 2002, at: www.realitymacedonia.org.mk/web/news_page.asp?nid=1800 (entered 28 September 2004)

[665] Gelevska, I "Breaking News: Albanians at War Against Albanians", Reality Macedonia, 26 March 2002, at: www.realitymacedonia.org.mk/web/news_page.asp?nid=1664 (entered 28 September 2004); Mitevski, R "Powerful Ethnic Albanian Clans Clash in Debar", Reality Macedonia, 17 July 2002, at: www.realitymacedonia.org.mk/web/news_page.asp?nid=2100 (entered 28 September 2004)

Governing structures, limited Self-rule, and elections

In early 2000 UNMIK, then led by the first Special Representative Bernard Kouchner, managed to establish some form of control and reached an agreement on a Joint Interim Administrative Structure (JIAS). This consisted of an Interim Administration Council (IAC) and a Kosovo Transitional Council (KTC) with local representatives. The IAC had eight members: the three Albanian political leaders from Rambouillet, four UNMIK staff, and one Serbian minority representative to sit as an observer. The KTC had 35 members consisting of the IAC, various minority leaders and religious leaders, political leaders and members from some NGOs. On the municipality level there was an appointed administrator from UNMIK, who in turn selected representatives for a municipal board, which acted as a local executive, and a municipal council to advice on policy.

This governing structure legitimised the transition of the KLA into a Kosovo Protection Corps (KPC), which was to become a kind of fire brigade, and a Kosovo Police Service (KPS). The transformation of the most radical Albanian units in Kosovo into protection and police units was, as may be expected, not well viewed among the Serb minority but it provided a formula for how to legitimise, eventually demilitarise and disarm the KLA, although the latter has proven exceptionally difficult. In order to provide the ground for *any* legitimate local administration, an international police force and judiciary had to be developed, which could train and work alongside a local structure. It took a year before this was accomplished and numerous obstacles to its operation have persisted, including an insufficient number of international police officers. Another problem has been strictly legal, and the judiciary has had to combine certain pre-1989 Yugoslav laws with selected international laws, which has partly created some confusion in relation to the rule of law.

In order to legitimise the local representation, UNMIK pushed for elections to be held at an early stage. Municipal elections were held in October 2000, and then again in October 2002. Parliamentary (assembly) elections were held in November 2001 and again in October 2004. A general trend of decreasing voter turnout can be noted. In 2000 general voter turnout was 79 %, in 2001 it was 64 %, in 2002 it was 54 %, and in 2004 down to 51 %. Serb participation was lower in each case; sometimes they boycotted the elections, and in 2004 they went for an almost complete boycott. In the elections a proportional system has been applied, so that the

percentage of voters translates into percentage of seats. Ultimate power resides in the international administration of Kosovo as a protectorate, and alongside and subordinate to it, has been the establishment of the domestically elected administration.

The municipal elections in 2000 were tainted by a number of problems. They were pushed forward, and eventually orchestrated, by the U.S., which has generally been obsessed with the ritual of elections, rather than with their quality, in post-conflict societies. There were particular problems with voter registration, as there had been no reliable census since 1981 and since many documents had been lost during the war. Documentation such as birth certificates and proofs of residence were among the first required in order to register as a voter. The problem with documents was solved in ad hoc manners, sometimes with field investigations in order to prove an individual's right to vote. However, as such investigations proved to be consuming in terms of time and resources this method was partially dropped in favour of 'random samples', where investigations were made.[666] A number of other problems included that rules and procedures changed constantly over the first number of weeks, that many of the local staff did not know the rules, that there were defective provisional voter lists, and in the case of the Turkish minority that there were no registration forms in Turkish (in the Yugoslav Constitution of 1974 Turkish was guaranteed as a minority language).[667]

The problem of the quality of elections, and the conditions for them has been quite enduring. While the UN representatives and other representatives of the international community (OSCE and so on) generally have praised various elections in Kosovo as being 'free', and meeting 'European standards', there has been a considerable amount of criticism from non-governmental organisations, such as human rights organisations, and from individual election observers. The critique has targeted a number of essential factors, such as the apartheid-like situation in Kosovo, including the complete lack of freedom of movement for minorities, the existence of secret voting lists (due to sensitivity of names), the highly restricted access for election monitors, mono-ethnic polling station committees, intimidation, biased media, lack of transparency, the fact that there was less than 10 % participation at some polling stations, and

---

[666] Cf. Gramstad. S (2001) "Kosovo Municipal Elections 2000" Nordem Report, at: www.humanrights.uio.no/forskning/publ/wp/wp_2001_02.htm (entered 21 March 2005)
[667] Ibid

so forth.[668] The interpretation of what constitutes 'European standards' in an election process is clearly contested and although the international organisations responsible for Kosovo have given their clearance to them, they might perhaps, at best, better be regarded as 'so-so' elections.

After the local elections in 2000, municipal assemblies were established in 27 of the 30 municipalities in Kosovo. In three municipalities the election results were not certified due to the Serbian boycott and non-participation in the elections, and the UN appointed those assemblies instead. The "Democratic Alliance of Kosovo" (LDK) led by Ibrahim Rugova, controlled 20 municipalities. There were however considerable intra-Albanian tensions in the formation of some municipalities and a clear tendency towards lack of will to compromise. In ten municipalities the opposition boycotted the assembly.

In this initial period the Serbian minority was alienated. During Bernard Kouchner's period as Special Representative most Albanian demands were met, while the Serbian demands were rejected. The wave of ethnic cleansing and violence, the slow set-up of international control, and the eventual introduction of a provisional self-government, signalled to the radical elements among the Albanians that their objective of an ethnically pure and independent Kosovo was, at least passively, sanctioned by the international administration. To the Serbs, and especially to all the minorities that had fled, it signalled that their return to, or stay in, Kosovo was neither welcome nor safe.

After the fall of Slobodan Milošević in October 2000, there was however a new Government and a new climate in Serbia proper. The next Special Representative, Hans Haekerup, who took over in 2001, chose to seek some form of cooperation both with the new government in Belgrade and with the local Serb minority. This eventually enraged the Albanians however and after having signed a cooperation agreement with Belgrade he was forced to leave Kosovo.[669]

---

[668] See for example: "British Helsinki Human Rights Group" at www.bhhrg.org/CountryReport.asp (entered 1 May 2004); Chandler, D (2001) "Faking Democracy in Kosovo" Spike Politics, 17 Nov 2001, www.spiked-online.com/Articles/00000002D2FA.htm (entered 1 May 2004)

[669] Janjić, D (2004) "Kosovo: Five Years of International Administration" Paper for the Ninth Annual ASN World Convention, Harriman Institute, Columbia University 15-17 April 2004.

In May 2001, under Haekerup's mandate, a 'Constitutional Framework' for 'Provisional Institutions of Self-Government' (PISG) was signed, and in November 2001 elections were held for a National Assembly. Some 25 political parties registered, with the main Albanian parties being Rugova's "Democratic Alliance" (LDK), and the "Democratic Party of Kosovo" (PDK) led by Hashim Thaqi. The PDK, which initially was called PPDK, was primarily populated with people from the KLA. There were also minority parties and coalitions, such as a block of Serbian parties forming the "Return Coalition" (Povratak). Within the Serb community, there had developed a series of disputes over whether to participate in elections or not, and over the question of who had the legitimacy to represent the Serbs. The Serbian National Council (SNV), which was founded in 1999 by Momčilo Trajković and others, had split already after a year and was now led by Bishop Artemije. A major fault-line within the Serbian community had developed between the Serbs in Mitrovica, and those in Gračanica as well as the villages outside Prishtina. In Mitrovica there was a direct influence from Serbia proper, both in party politics and in administrative structures, including the financing of the local village guards or so called 'bridge watchers.[670] Hence, with a divided Serbian minority, Serbian participation in the elections was partial, and some strongly rejected its legitimacy. The voter turnout in these elections was about 64 %, but among the Serb population it was only 50 %. In some polling stations there was less than 10 % turnout. The LDK gained 46 % of the votes (43 seats), and the PDK became the second largest party with 25 % (26 seats). A third Albanian party, "The Alliance for the Future of Kosovo" (AAK), received just below 8 % (8 seats). The AAK was led by Ramush Haradinaj and, just as was the case of the PDK, it largely consisted of KLA veterans. The Serbian bloc received some 11 % (22 seats of which 10 were guaranteed). In the pre-election "campaigns" the main political message of all the Albanian parties was independence for Kosovo, but the time frame and mode to achieve it varied. We shall return to the political party structure in Kosovo below.

The domestic governmental structure, which has been introduced in Kosovo, thus consists of a national assembly, or parliament, and of 30 municipalities. The National Assembly consists of 120 seats, twenty of which are guaranteed for the minorities. These are divided so that the

---

[670] The 'bridge watchers' were formed in 1999 and consisted of some four hundred vigilantes, but capable of mobilising probably some 2000. The 'northern' Kosovo Serbs had direct support from Serbia proper, which apart from financial support included Serbian agents. There has also been extensive Serbian intelligence activity in this area. See: "Balkans facing uncertain future" Jane's Intelligence Review, May 2003.

Serbs are guaranteed ten seats, the Roma, Ashkalija and Egyptian minorities are guaranteed four seats, the Bosniac have three guaranteed seats, the Turkish two seats, and the Gorani one seat. The minorities can also gain further seats by competing for the 100 non-reserved seats. The presidency (cabinet) of Kosovo consists of seven members and one seat is reserved for a Serbian representative and one for 'other minorities'. The political parties compete with close lists, so that people shall vote for a party rather than an individual candidate, and women shall comprise one third of the list (or every third candidate shall be a female). A proportional representation with the so-called Saint Laguë formula is applied and the whole of Kosovo counts as one single electoral district.[671] The fact that the whole of Kosovo constitutes a single electorate works against the principle of geographic representation, which can be of significant importance in an agricultural society with traditional and regionally based loyalty structures, as in Kosovo.[672] In effect the system favours the capital Prishtina, while some municipalities have had no candidate at all in the assembly.[673] However, it is difficult to create a system that satisfies all dimensions and here the geographic representation has been sacrificed for the sake of ethnic and gender quotas.

The elections of 2001 were followed by a few months of deadlock and internal disputes among the Albanians, but at the end of February 2002 the three main Albanian parties agreed to form a coalition government. A division was made so that Ibrahim Rugova (LDK) became President and Bajram Rexhepi (PDK) became the Prime Minister leading the Government. The proto-state structure foresaw nine ministries, which eventually developed into ten. These were also divided between the parties (4 ministries to LDK, two ministries to PDK, two ministries to AAK, the two remaining ministries going to the Serb minority and the non-Serb minorities respectively according to the 'Constitutional Framework').

Further municipal/local elections were held in 2002. The turnout was now reduced to some 54 % and the LDK won a majority of their own in 11 municipalities, whereas PDK had a

[671] For the technical details of the Saint-Laguë formula for proportional representation see: Lijphart, A (1994) "Electoral Systems and Party Systems: A Study of Twenty-Seven Democracies, 1945-1999", Oxford University Press: Appendix A. This appendix can also be found at > http://janda.org/c24/Readings/Lijphart/Lijphart.html (entered 21 March 2005).
[672] Compare: UNDP "Human Development Report Kosovo 2004 - The Rise of the Citizen: Challenges and Choices", United Nations Development Programme: 59
[673] Ibid (UNDP 2004: 59)

majority in 4. Serbian parties prevailed in 5 municipalities. These elections thus saw a decrease in the power of the LDK. Women made up some 28 % of the new assemblies.

From 2002 onward, the proto-state structures of Kosovo, (PISG) gradually received increasing responsibility in the governing of Kosovo. On the 30 of December 2003, a number of new fields were transferred to PISG responsibility. These responsibilities included financial and economic policy, budgetary issues, trade and industry, customs services, science and technology, education, health service, labour and social welfare, environmental protection, youth and sport, culture, public transport and post, telecommunications, tourism, human rights, and a number of others. Ultimately, however, UNMIK was to determine whether the PISG rulings were in accordance with the UN Security Council Resolution (1244).

In April 2002 the Special Representative, Michael Steiner, presented a 'Standards Before Statues' checklist (discussed below), which had to be fulfilled before any discussion over the future status of Kosovo could begin. The Albanians accepted it since they perceived the gradual transfer of power to PISG as being a move towards independence. In November 2002 Steiner signed an agreement with Serbian Prime Minister Zoran Đinđić, in which Belgrade handed over 'parallel Serbian institutions' to UNMIK and gave consent to the introduction of the Kosovo Police Service.[674] Thereby, Belgrade interrupted the support for some Serbian institutions in Mitrovica (at least temporarily as leverage), but continued to finance several others including the health sector and administrative structures.

The Serbian minority was divided and Steiner attempted to negotiate with the moderate factions. However, after a break-up in the alliance with the Serbian National Council (SNV), and a failure of Neboša Čović (the President of Serbia's Coordination Centre for Kosovo) to control the Kosovo Serbs, there were increased internal disputes among the Serbs, with a weakened 'Return Coalition' (Povratak) and a strengthening of the Serbs in Mitrovica, which resulted in Steiner being left without a negotiation partner.[675] In early 2003 the Serbian Prime Minister Zoran Đinđić took the initiative for opening up a dialogue over Kosovo with a

---

[674] Cf. "Balkans facing uncertain future" Jane's Intelligence Review, May 2003; United Nations Security Council, Report of the Secretary-General on the United Nations Interim Administration Mission in Kosovo, S/2003/113, 29 January 2003: 4

[675] Janjić, D (2004) "Kosovo: Five Years of International Administration" Paper for the Ninth Annual ASN World Convention, Harriman Institute, Columbia University 15-17 April 2004: 2

proposal to create a federal structure in which the Serbs were allowed some autonomy within Kosovo, that is, an ethnic federalisation of Kosovo within a Serbian state. However, since the very idea of remaining in the Serbian state was anathema to the Albanians, such a dialogue was premature. In attempting to find a balance between the various factions, Steiner shifted his position several times, but in the EU Balkans Summit in Thessaloniki in June 2003, it became clear that the EU had a different standpoint to him on several issues and he was finally forced to leave.[676] He was replaced by Harri Holkery in July that year.

During Harry Holkeri's mandate the UNMIK system was eventually brought to near collapse. The beginning of his period saw an increased incidence of ethnically motivated violence, and murders, and on 18 and 19 March ethnic violence escalated in a well- organised Albanian attack on Serbs throughout Kosovo, when 4000 Serbs were forced from their homes, 22 people were killed and some 600 wounded. Around 800 private houses as well as Orthodox churches were looted and burned. Half a year earlier, during autumn 2003, there had been some attempts at dialogue, and a meeting was held in Vienna on 14 October. It was, however, largely a failure, and rather than dialogue there were a series of autistic monologues on the respective positions. The March riots showed that whole structures of the Albanian society either supported, or passively accepted, the violence against the Serbs. The Albanian media played an important role in increasing fervour and ethnic tensions. The violence was organised, started simultaneously in several places, and the Albanians showed great capacity to block the mobility of the international forces. Several international (mainly UNMIK) personnel were also targeted, and around 150 were wounded. The riots clearly indicated the level of miscalculation and wishful thinking on the part of the international administration in Kosovo, and it demonstrated to the Albanians, as well as to the Serbs and other minorities, the weakness of the international military presence and civil administration. The international troop level had gradually been reduced to less than 20 000 and, in order to avoid an image of occupation, so had its visual appearance in many locations.

The successive transfer of powers from UNMIK to PISG may be seen as steps towards an exit-strategy for the UNMIK. Tensions have gradually increased between the local authorities and UNMIK in relation to powers. Generally UNMIK has perceived the local authorities as trying to enter into those areas where power is reserved for UNMIK, and the local authorities

---

[676] Janjić, D (2004): 3

have perceived UNMIK as not respecting those areas that are not reserved. In addition the issue of the transfer of power has fuelled tensions between Albanians and Serbs, and has been subject to their respective perceptions of UNMIK. The Albanians have tended to consider that the transfer of power is a step towards independence, which in their opinion is not being pursued fast enough. For the same reason, the Serbs have feared such a power transfer. In the relationship between UNMIK and the local administrations there has been particular tension over the uncertainties in relation to the economic and financial sectors, not least regarding privatisation matters.

After the eruption of violence in March 2004, UNMIK effectively lost its credibility among both Serbs and Albanians, and partly within the international community. The EU and NATO have appointed their own special representatives, and have opened up separate tracks for collecting information. Many individual governments and NGOs have also developed information channels of their own.

Harry Holkeri was replaced by Soren Jessen-Pedersen as new Special Representative and the latter immediately started to adjust to Albanian requests, since it was now obvious how deep the Albanian discontent was. However, combined with the fear created after the March riots, this move immediately frustrated the Serbs who therefore almost completely boycotted the parliamentary election, which was held in October 2004. Only about 1 % of the Serbs participated. In these elections the LDK won 45 % of the votes, the PDK 29%, the AAK 9%, and a new small party, the Civic List (ORA) received 6 %. Hashim Thaqi made it conditional for his participation in the new government, that he should become Prime Minister. When this was rejected the PDK formed the opposition instead together with ORA and two very small Serbian parties (the Serbian List for Kosovo and Metohija, and the Civic List for Serbia). The government was formed in an unholy alliance between the LDK and the AAK. A newspaper supporting the PDK accused Haradinaj and the AAK for being traitors in prolonging the political life of Rugova.[677]

---

[677] Qirezi, A. "Old Foes Unite to form New Kosovo Government" IWPR Balkan Crisis Report. Issue 524-530, November 2004, Institute for War & Peace Reporting. London.

At the time of writing this new government has just been operating for a few months. Ramush Haradinaj was made Prime Minister despite widespread outrage among the Serbs, and complaints among western diplomats over the fact that he was a suspected war criminal and that the ICTY planned an indictment of him.[678] During 2004 he was interviewed twice by the ICTY and in early March 2005 he chose to resign from his post as Prime Minister in order to cooperate with the tribunal.[679] On 8 March an indictment was announced and on 10 March the contents of it were made public.

The EU Regional Approach: 'SAP', 'STM', and 'Standards Before Status'

The framework of the regional approach of the EU is developed in the 'Stabilisation and Association Process' (SAP) for which the EU heads of state gave their support in June 2000.[680] The aim is to achieve the fullest possible integration of the Balkan countries into the political and economic mainstream of Europe.[681] The 'SAP' is intended to encourage regional cooperation and the normalisation of inter-state relationships, and to promote a number of liberal democratic standards as well as market economy. Greater economic stability as well as respect for human rights, the rule of law, minority protection, and compliance with the Dayton Accords and the International Criminal Tribunal for Yugoslavia (ICTY) is central elements for which relations with the EU have been made conditional. For the purpose of ensuring that reforms in various areas undertaken in Kosovo are in accordance with European Standards, and for the purpose of developing technical assistance from the EU, the 'Tracking Mechanism' (STM) was developed. The 'STM' is a joint technical working group of UNMIK, PISG and the EU Commission. It has held several separate meetings over various issues.

---

[678] Limani, Z & M. Hajrullahu et al "Talk of Haradinaj Indictment Unnerves Kosovo" IWPR Balkan Crisis Report. Issue No 531-534, December 2004, Institute for War & Peace Reporting. London. Claims have been made that the ICTY Prosecutor Carla del Ponte was delaying an indictment upon request by KFOR or UNMIK, in order not to disturb a delicate situation in Kosovo. Cf. Free Republic, "Kosovo PM Indicted for War Crimes", Makfax Independent News Agency, Macedonia: http://209.157.64.200/focus/f-news/1353235.posts (entered 8 March 2005).

[679] Cf. UNMIK Press Office, Press Release 8 March 2005, "SRSG's statement on the Prime Minister's resignation", UNMIK/PR/1325

[680] See various programmes, such as the European Commission 'Regional Strategy Paper 2002-2006' and other aid-related documents on EU webpages: http://europa.eu.int/comm/europeaid/projects/cards/publications_eu.htm (entered 29 April 2004) and http://europa.eu.int/comm/external_relations/see/news/ip03_920.htm (entered 2 May 2004).

[681] European Commission, External Relations DG Western Balkans: CARDS Assistance Programme to the Western Bakans Regional Strategy Paper 2002-2006: 4

The first meeting was held in March 2003 (discussing issues of democracy, rule of law, and market reforms), the second on 30 June and 1 July in 2003, and a third meeting on 26-27 November 2003 (focusing on trade, customs issues, and economic legislation). In May 2004 a meeting was held where the Annual report of the SAP Tracking Mechanism was presented along with a draft European Partnership, and the discussion focused on economic and agricultural issues. A fifth meeting was held in September 2004, with focus on a number of economic, environmental, and other issues and on the question of European partnership.

As earlier mentioned, the Special Representative Michael Steiner elaborated a number of criteria during 2002, which had to be fulfilled before a final discussion on Kosovo's future status could start. The question appeared to have been given a definite timeframe in late 2002, when the Contact Group announced that there should be a review of the issue in summer 2005. For this aim a number of planning groups were set up in 2003 between UNMIK and the PISG.

In December 2003, UNMIK prepared (and the Security Council sanctioned) the checklist 'Standards for Kosovo'. These standards constitute the preconditions in the 'Standards Before Status' policy. The 'Standards for Kosovo' describe a Kosovo with representative public institutions, an effective rule of law, the possibility for refugees and displaced persons to return without hindrance or intimidation, possibilities for all ethnic groups to travel and work safely as well as to use their language anywhere and in any institution, where the framework is in place for a market economy, where Prishtina is engaged in dialogue with Belgrade, and some other conventional liberal principles to fulfil a minimal condition of what is described as a 'normal society'.[682] On 31 March a 'Kosovo Standard Implementation Plan' was elaborated in order to specify which actions were to be undertaken by PISG and other actors in order to fulfil the conditions on the 'Standards' roadmap.[683] The 'Standards Implementation Plan'

(p. 6-7) emphasised challenges for a multi-ethnic inclusive society without discrimination. It further identified what form of institutional strengthening was needed, and what the problems

---

[682] Kosovo Standard Implementation Plan, 31 March 2004, available at:
www.kosovo.com/ksip_english31Mar.doc (entered 3 May 2004) and for more details the UN webpages under "Standards Before Status".
[683] Ibid

271

were in relation to corruption and service delivery. It enjoins the PISG to address these matters through:

- Involvement of all communities in a meaningful manner in decision-making, and promotion of an atmosphere of tolerance and co-operation among them;
- Adherence to the overall legal framework for their respective activities;
- Enhancement of institutional efficiency by further consolidating legal and administrative systems and procedures in governance;
- Implementation of norms and procedures in all activities and effecting service delivery in a transparent, fair, equitable and sustainable manner and without discrimination or favour;
- Playing a constructive role in addressing issues such as decentralization of local government and integration of parallel structures in the PISG structures;

The 'Plan' furthermore has a checklist for a range of measures that should be undertaken by a number of different actors, including the media, municipal authorities, ministries, political parties, the Central Electoral Commission and its secretariat, as well as the responsibility of 'civil society' (it is generally vague here what this concept is intended to contain, but from the context it appears to particularly include civil associations and NGOs).

The EU 'SAP Tracking Mechanism' can be seen as a complement to the 'Standards' for Kosovo. The difference is mainly in time perspective, where the 'Standards' are limited in time frame, while the 'Tracking Mechanism' is continuous and intended to bring Kosovo closer to the EU. The main instrument or 'carrot' of 'SAP' is the financial aid provided through the 'CARDS' programme of the EU, as well as trade concessions.[684] The EU further provides policy advice. The SAP produces annual reports, which analyse the development in various sectors and highlight the issues of priority. The annual report for 2004 covers the period until February and therefore lacks an assessment after the eruption of violence in March. In March 2004 the EU presented a draft partnership agreement, which basically functions as a form of conditionality for the relationship with EU.

---

[684] CARDS = Community Assistance for Reconstruction, Development and Stabilisation.

A problem in relation to the EU strategies of partnership and conditionality is the earlier policy discrepancies. To a large extent policies have tended to be reactive rather than proactive and there have remained ambiguities in relation to conditionality and potential rewards. This concerns for example the potential for membership in the EU, and for whom and how that could apply (for an independent Kosovo or for Kosovo as a part of Serbia-Montenegro for example? When could it be expected?), or which type of benefits a non-membership partnership would bring. If the 'carrot' is not clear enough the policy which comes with it tends to be less effective.[685] This has a bearing on aid policy and development strategies on, for example, the question of the level of coordination of the EU donor states with regard to conditionality for reconstruction and development aid (including bilateral aid). Although the EU is the largest contributor of aid to Kosovo, there is the possibility that the United States and other powers can be used as leverage in negotiating conditionality. In addition there may be other policy goals among the Kosovo Albanians, which are more important than cooperating along a partnership scheme, such as the issue of status as well as independence in pursuing goals. It must also be considered that even if the most important political actors and financial aid contributors, such as the U.S., the EU and the multilateral institutions they control (IMF, WB), share the same orientation towards economic development in Kosovo and the region in general, there is not really a coherent development strategy (discussed below). The strong political dimension of aid policy comes to the fore here. Conditionality is probably the strongest instrument for the EU to pursue policy objectives in the region, but conditionality is a weaker instrument when membership of the EU is not at stake, and the alternative 'carrot and stick' of 'independence' cannot really be pursued independently of concern for Serbia as well as for other international actors (including Russia, China).[686] What remains for political leverage is reconstruction and development assistance, which is a weak tool both in terms of credibility for its being withheld and in terms of the cost-benefit it carries.

---

[685] This has been discussed by Missiroli. A (2004) "The EU and its changing neigbourhood – Stabilization, integration and partnership" in Dannreuther, R (Ed)(2004) "European Union Foreign and Security Policy – Towards a neighbourhood strategy" Routledge: 18
[686] Cf partly: Missiroli (2004): 19

Perceptions and perception disturbances in relation to 'SAp' and 'Standards'

Despite ambitious and benevolent intentions laid out in the 'SAp' framework, as well as the 'Standards before Status', it should be noted that there have been and are, a number of political 'double-bind'-signals transmitted from the International Community, including the EU, which undermine the clarity and sincerity of policy.[687] To mention but a few examples, there was the 'unintentional' signal to the Kosovo Albanians in the Dayton peace process that only by provoking violence would their 'case' come onto the political agenda and be taken seriously. This derived from the somewhat naïve position by the main international actors that the problem in Kosovo was contained and could be treated in isolation from other cases in the former Yugoslavia. The 'perception shock' than went through Albanian society when the international community chose to deal with Bosnia separately tilted the political-strategic agenda and discredited the non-violence strategy of Ibrahim Rugova. The radicals' strategy of provoking violence (as in Bosnia) in order to elevate Kosovo to an international issue was eventually proven the most fruitful. Similarly, radical groups among the Albanians in Macedonia perceived that increased violence might provide better negotiating positions, which it eventually appeared to do following EU pressure on the Macedonian government. Other double-binds have been questions of high standards of minority protection, human rights, rule of law and so forth, where single cases could be interpreted as negotiable. For example: Slovenia proved to be able to 'go it alone' to the EU apart from the 'regional cooperation' approach to the Balkans: Estonia entered the EU despite issues with a Russian minority as 'B-class citizens', and the international administration in Eastern Slavonia allowed for the ethnic cleansing of Serbs in Croatia, quite effectively through the agreement of conscription for Serbs.[688]

Claims for the levels or standards on certain issues have in several cases been severely compromised. The elections in Kosovo were officially praised as being successful although there have been considerable problems in relation to minority issues, and security for example. More global and geographically remote issues could be seen to affect the political

---

[687] The term double-bind (dubbel-bindning in Swedish) is borrowed from psychology. It refers to a situation where two opposite signals are transmitted. for example by a mother to a child (i.e. the mother says 'I love you' while slapping the child, or 'I hate you' while caressing it) so that the meaning of the message is confused, perhaps believed to be the opposite of the stated one for example.

[688] The agreement that Serbs in Eastern Slavonia should get two years suspension from serving in the Croatian Army may have been praised as a successful negotiation by the UNTAES. but it was a very effective way of forcing the Serbs out of Croatia and legitimising the Serbian exodus. Clearly two years of suspension was hardly enough for people who feared to serve in an Army, which recently had been an enemy.

perception of actors in the region. An obvious case is the U.S. Bush-Administrations U-turn in relation to refugee-return in Israel during 2004. Clearly it could be interpreted that political conditionality is negotiable and that various proclaimed standards do not provide a 'fixed' framework. The EU (internally), and the U.S., have a recent history in the Balkans of being everything but united in their policies. Shifting positions among international actors have proven possible to exploit, the PR and media-climate have proven essential in creating short-term turnarounds in policy, and so on. Within the western diplomatic community there have of course been different ideas of which strategy is the better in order to promote compliance with certain standards; some may believe that 'pressure and sticks' is better, while others believe that a more 'liberal' approach to conditionality, and early inclusion, is the correct option. All in all, double bind, different principles applied to different actors and cases, as well as general discrepancy between stated principles, rhetoric, claimed policy, and acts have in the very recent past contributed to the possibility of quite a selective reception of transmitted political messages. This provides for a possible perception that standards and conditions indeed are highly negotiable and that the time factor may be essential in finding the 'opportune moment' for when to introduce changes, or pursue another agenda.

The Contact Group initiative, and its associated 'implementation map', has been perceived as a fixed schedule (mid-2005) on the road towards recognised independence. Independence has been the only conceivable option for the Kosovo Albanians and is very likely to remain so (they definitely opted for this already in the 1990s). The idea of mere 'autonomy' is hopelessly lost in Socialist Yugoslavia (obviously 'autonomy' in Serbia-Montenegro has a completely different meaning than autonomy in the old Socialist Yugoslavia. For Albanians the idea has been dead since Slovenia seceded). While the agenda is widely shared throughout the Albanian community there are differences in time- frame and method for achieving this goal. The issue continues to create tensions within the Albanian community as well as pressure on PISG. At the same time it provides PISG representatives with leverage towards the major parties within the International Community (Contact Group et cetera.) that unless there is a certainty and pace towards the status of independence the Albanians will move unilaterally. As determined as the Albanian aim is for independence, the Serbs position is against it. For the vast majority of Serbs in Kosovo this would be inconceivable. It is equally anathema in Serbia proper. Various suggestions of double-autonomy (that is autonomy for Kosovo within Serbia and autonomy for Serb enclaves within Kosovo), and/or partition have

275

been suggested instead. The whole issue remains extremely sensitive and will very likely become a trigger for future conflict.

Democratisation as party politics and elections

Essentially there has developed an institutional framework of government, largely based upon earlier existing 'parallel institutions', in Kosovo. Although there were attempts to promote the inclusion and participation of the ethnic minority communities, the 'multi-ethnicity' of the government has not reflected the divided society. Security has remained a concern for all minorities in Kosovo, and the Serbian population has been confined to enclaves. Ethnic violence has been reported in virtually every quarterly report by the UN Secretary General to the Security Council and the social climate has been permeated by internal disputes not only between the ethnic groups, but also to some extent within the Serbian minority as well as among the Albanians (often crystallised as conflict between LDK and PDK). Ethnic violence has been reduced only temporarily and then largely as a result of the departure of wide sections of the ethnic minorities, mainly the departure of Serbs. Individual representatives from the minorities have to travel in guarded convoys, and destruction of property, threats and intimidations, arson, and ethnically motivated murders have remained a common feature of every-day reality. There *are* certain exceptions to this; examples of inter-ethnic, Serb-Albanian, cooperation can be found for example in a project at the railroad track from Prishtina, and in some settlements in the municipality of Kaminica, but these exceptions do not constitute a trend.[689] Apart from the hard ethnically delineated conflict, there has also been a general conflict and mistrust among various Albanian parties, especially between the LDK and PDK.

The character of political parties: ethnic and clan-based polarisation and UNMIK stimulated ethnification

The political parties in Kosovo can be considered neither democratic, nor as 'parties' in the conventional liberal sense. Rather they are authoritarian pyramids of power. They do not have an ideological basis, and there is no bridge to social groups in society and no communication

---

[689] At the railroad track both ethnic communities have an interest that the particular strip of rail-track is operating. In Kaminica the toleration and, sometimes, mutual protection, has been spontaneous.

between the political elite and the citizens. These kinds of characteristics are sometimes noted by international organisations, such as for example the UNDP, which considers the establishment of democratic structures to be essential to human development as they define it.[690] UNMIK and the international community are therefore supporting a small authoritarian elite rather than 'democracy' as such. Partly flowing from this there are numerous weaknesses in the local government, which in many respects has been dysfunctional. It is inhabited by a conflict-ridden coalition, which has divided up the institutional framework, portfolios and ministries between the different parties, and has no capacity or competence to administer a number of issues.

The political parties in Kosovo have no clear ideological basis or division between them, nor any clear economic programmes. Instead, the question of independence for Kosovo, and questions of which party cadre played the leading role in freeing Kosovo from Serbian domination, have been the central issues discussed among the Albanian parties, and the question of whether to boycott elections and institutions or not, has been the main concern of Serbian parties. Political parties in Kosovo are strongly based on ethnicity as the first criteria. The Albanian parties are further strongly connected to traditional social loyalty structures, such as clan and family alliances, and in some cases with a strong regional basis.

While the unit of extended family in Albanian society is connected to other families in the clan (*fis*), there are also alliances with other extended families outside the clan. Regardless whether the alliances derive from the *fis* or are formed on the basis of connections in the village community or alliances *between* families, the relationship is based on loyalty and a duty to return favours. In order for a political leader to emerge on a public stage, he has to be able to mobilise such networks within society. Conversely, such networks of clan or family alliances will seek to promote a member to important positions in society, such as in politics, in a company, or even in an NGO and thereby have their interests promoted or receive favours in return. The success of an individual is thereby beneficial to the whole family and its allies. Indeed, capturing the state, or some institution, provides for a new privilege structure.

---

[690] UNDP "Human Development Report Kosovo 2004 - The Rise of the Citizen: Challenges and Choices", United Nations Development Programme: pp 60-63 for political parties, see chapter 3 for their view on the role of democratic structures in human development.

The Albanian parties AAK and PDK, exemplify the elements of extension of the social structure into politics and they both have strong regional anchoring. The PDK is particularly strong in four municipalities in the Drenica area, where the KLA was concentrated, and the AAK has an even stronger regional base in the Dukagjini area where it has control of the municipality of Decani. Both these parties have additional strength in a few other municipalities in their respective regions.

An example from the municipality of Skenderaj in the Drenica region helps illustrate the tendency of clientelist relationships. Here the Association of KLA War Veterans, and the War Invalids Association, both function as extended welfare provision branches of the PDK, and provide welfare assistance to poor families as well as veterans and their families.[691] The claim of PDK to represent the people is backed here with direct welfare provision, and also the state social assistance program is manipulated so that more flexible criteria for beneficiaries are applied.[692]

In contrast to this, the LDK has drawn support from a more widespread base, even after the war in 1999. The Norwegian anthropologist Aasmund Andersen has suggested that a transgression of clan-alliance or regional networks can be achieved through a charismatic leadership, where the leader appeals to an all-Albanian cause, or to the unified *ethnie*, as in the case of Ibrahim Rugovas passive resistance against the Serbs.[693] In such a case political bridge building would require a strong emphasis on the (ethnic)-national interest, and especially an emphasis on the capacity to achieve independence. This would be more important than, for example, having a 'democratic' profile. Ibrahim Rugova has lost much of his political credibility among the Albanians and has gradually been marginalized, but he still has cultural capital as the leader of the passive resistance movement. The LDK as a party also appeals to people who favour a more moderate position, and it has a Kosovo-wide range.

Fred Cocozzelli has argued that the AAK has a stronger influence in politics than its electoral results would indicate partly because it has developed a high level of professionalism, partly

---

[691] Cocozzelli, F (2004) "Political Parties in Kosovo 2003", GCS Quarterly 11 (Winter 2004), Social Science Research Council. Available at: www.ssrc.org/programs/gsc/publications/quarterly11/cocozzelli.pdf (entered 8 March 2005)

[692] Ibid

[693] Andersen. A (2002) "Transforming Ethnic Nationalism – the politics of ethno-nationalist sentiments among the elite in Kosovo" thesis for the Cand polit degree in Social Anthropology, University of Oslo. Available at: www.aasmundandersen.net (entered 2 March 2005).

because it has assumed a centrist position (that is, less radically nationalist than the PDK), and partly because it has a large number of women, as well as young members, which is perceived well among international organisations and NGOs.[694] The indictment of Ramush Haradinaj for possible war crimes, and the widespread rumours that he is a major figure in a drug-smuggling network does not affect the fact that UNMIK considered him to be one of the more skilful politicians in Kosovo.[695]

It should be clarified here that the extension of social structure into politics is not direct, and that there are no absolute or fixed boundaries. On the contrary, there are many fault-lines within Kosovo Albanian society that have nothing to do with the traditional form of social organisation. These include for example generational fault-lines, urban-rural differences, and international experience versus communal life. There is an increasing number of, especially young, Albanians with experiences of 'western-style' modern culture, ranging from music and sub-culture to foreign university education. Through the internet and through friends in the diaspora, or direct personal experience, some of them may have embraced, for example, anarchist or liberal ideas. Even so, however, they cannot disregard the traditional loyalties or social structure that still shape Albanian society in Kosovo. As everywhere else, there is a structural limitation *and* cultural context, to the choices a person can make, and many elements of this change relatively slowly.

The Albanian parties have all positioned themselves in relation to the demand for independence, a claim which they all share but pursue with different levels of aggressiveness. With some exceptions this has been the prime issue in political debate (a notable exception is that the AAK chose to broaden the debate to economic and developmental issues in the 2004 elections). Further, the parties portray themselves on a 'nationalist-patriotic' scale in relation to their role in the war and in liberating Kosovo from Serbian rule. Their goal is not democratisation but independence.

The Serbian party scene is divided mainly between the Serbs in north Mitrovica, and the Serbs in Gračanica and the hamlets outside Prishtina. The Serbian parties are typically extensions of parties in Serbia proper, and the so-called 'northern' Serbs have had support

---

[694] Cocozzelli, F (2004)

[695] The indictment has been discussed above. The assumption that Haradinaj has an important role in the shadow economy is fairly widespread in Kosovo (I base this statement on personal communications with several local Albanians).

279

from Serbia in their administrative structures. The coalition 'Povratak' has had a shifting composition throughout its existence and often with strong influence from Serbia proper. The Serbian National Council (SNV), based in Gračanica, has had a shift in leadership and it has generally represented a more moderate stance. It has, however, been openly criticised for not being representative of the Serbs. A number of small parties have existed alongside these poles.

The 'other minorities' in Kosovo, are primarily the Slavic-speaking Muslim groups, Gorani, Torbeši, and Bosniacs, the Turks, the Roma, an Albanian-speaking Roma-related group called Ashkalija, and the "Egyptians".[696] UNMIK has had a clear strategy of achieving legitimacy for these ethnic minority groups, by promoting them through political parties that can gain access to the institutions, and for this reason contributed to the role of ethnicity being enhanced in politics.[697] Hence, the emphasis on ethnic politics has been directly promoted by the international governance system in Kosovo. It can certainly be argued that this has been necessary, since political and social life is so heavily shaped by ethnic identity politics from the outset, but the international promotion of political pluralism has in effect become part of the process of stimulating ethnocratic (rather than democratic) pluralism.

The institutionalising of party pluralism can be a way of organising polarised groups into a new framework of conflict-management (a parliament), but generally has little to do with liberal ideas of democracy. In a case where the basis for political organisation, and division, is 'ethnos', rather than 'demos', and where clan-based or regionally-based political parties become a dominant or important feature, the result gives particularly limited room for voters flexibility, and the issues at stake become higher, since they directly affect personal identity and security. The phenomenon, with regard to ethnic criteria, is well known from studies on consociational democracy.[698]

A process of democratisation, or new forms of pluralism, is not only highly sensitive to local social, cultural, and historical factors, but is essentially directly shaped through them. External support for a democratisation process, which is based on criteria and models from a different

---

[696] The boundaries between these latter three groups are not clear and they have shifted in time (the 'Egyptians', for example, is a recently created group), but see: Duijzings, G (2000) "Religion and the Politics of Identity in Kosovo" Hurst & Company, London (especially chapter 6); Andersen, A (2002): 70-79
[697] Andersen, A (2002): 78-79
[698] For example: Lijphart, A (1984) "Democracies: Patterns of Majoritarian Rule and Consensus Government" Yale University Press

280

historical and cultural heritage and a different kind of social structure, may therefore promote fragmentation and re-institutionalisation of conflicts rather than stability and democracy. In this regard one may distinguish between what we can call 'organic' and 'mechanic' governance structures and institutions, where the former would be developed through the historical heritage of society, and the latter would be frameworks derived from external theoretical models. The experience from the introduction of party pluralism in neighbouring Albania has been clan-based polarisation as well as regional polarisation, where clan-based politics has shaped the allocation of state resources and investments.[699] Individuals, or families, who are not members of the clan that controls the particular party may benefit anyway from allocation of resources to the particular region where they live and thereby share the interests of that clan.[700] The crystallisation of clan-based polarisation in party systems and other institutions is therefore never strictly pure even if they configure them. Although institutions help shape social and political life, there is a direct shaping of the institutions through the character of local social structure, power-relations and culture. This fact has been demonstrated also in the experience of Socialist Yugoslavia. The capturing of institutions is an important way to increase political and economic power, but it is not the institutions as such that play the major role in re-shaping society, but rather a number of cultural and historical factors – including social structure and power relations - which in combination with the changing institutional framework, form a basis for the direction of social change. This setting operates within the given macro-structural and global political opportunity-structures that are provided. Therefore, the particular, local, historical factors have to be carefully considered and then placed within a macro-structural (political-economic) framework in order to understand social change. It is within this context the limitations of the introduction of an international governance structure should be understood.

[699] Gërxhani, K & A. Schram (2005) "Clan-Based Polarization in Transition: A Political Economic Analysis", Amsterdam Institute for Advanced Labour Studies & Amsterdam School for Social Science Research, University of Amsterdam; cf. Gërxhani, K & A. Schram (2000) "Albanian Political-Economics: Consequences of a Clan Culture" in "Journal of Institutional Innovation, Development and Transition", Vol 4, 2000: 5-14
[700] Gërxhani, K & A. Schram (2000) "Albanian Political-Economics: Consequences of a Clan Culture" in "Journal of Institutional Innovation, Development and Transition", Vol 4, 2000: 5-14

Post-War Reconstruction, Economic and Social Development

A considerable number of donors and NGOs started to operate in a variety of fields in Kosovo after the war in 1999. The initial phase of physical reconstruction did however primarily rebuild infrastructure that had been destroyed during the war, and that was worn down after ten years of sanctions, under-investment and shadow economic life. Following the establishment of the protectorate, much 'private' business became legalised and open, and small-scale initiatives of business started to grow. Conventional measurements indicate that there has been some economic growth in Kosovo over these last couple of years. According to the World Bank the adoption of the German Mark, and subsequently the Euro, as well as the liberal trade regime, resulted in a high degree of macro-economic stability.[701] Following the World Bank, domestic revenues now cover expenditures under the Kosovo Consolidated Budget and an increasing portion of the public investment.

The World Bank figures state that average GDP growth per capita doubled from being below US $ 400 in the year 2000 to almost US $ 790 in 2003. Growth then started to slow down again as the aid flow decreased. Counted in Euro, the donations to Kosovo were around 313 million in 1999, over 975 million in 2000, just below 570 in 2001, just below 324 in 2001, and around 120 million in 2003.[702] The reconstruction assistance from international NGOs decreased every single year starting from 635 million Euros in 2000, to 270 million in 2003, and the donor grants to the Kosovo General Budget decreased from 161 million in 2000, to 25 million in 2003.[703] Estimates of general GDP growth suggested it to be 11 % in 2001, decreasing to 7 % in 2002, and 4.5 % in 2003.[704] It should be noted that the 'World Bank' highlights that all the statistics for Kosovo come with a high degree of uncertainty. The lack of statistical data is a considerable problem for practically any sector in Kosovo and all estimates are about as rough as they can come in an official document. The GDP estimates,

---

[701] Document of the World Bank: "Memorandum of the President of the International Development Association to the Executive Directors on a Transitional Support Strategy of the World Bank Group for Kosovo" Report No 280006-KOS (available at www.worldbank.org, entered 26 April 2004)

[702] Taken from Janjić, D (2004): 29. Janjić's source is the RIMS Database, December 9, 2003. The RIMS (Reconstruction Intervention Monitoring System) database is held in the Ministry of Finance of the PISG, in Kosovo.

[703] Economic Strategy and Project Identification Group (ESPIG) "Towards a Kosovo Development Plan: The state of the Kosovo economy and possible ways forward", Policy Paper No. 1, Prishtina, August 2004: 8

[704] Note that these were *estimates*, cf. Holzner, M (2003) "Kosovo: A Protectorate's economy" The Vienna Institute Monthly Report 2003/1, at:
www.wiiw.ac.at/balkan/files/Kosovo%20wiiw%20Monthly%20Report%202003-1.pdf (entered 5 May 2004)

for example, have been continuously revised downwards every year.[705] The different ministries of the Kosovo provisional self-government (PISG) even have different calculations of the population in Kosovo, so that the Ministry of Trade and Industry assume a population of 2.4 million and the Macroeconomic Policy Department in the Ministry of Finance and Economy calculate on the basis of between 1.7 and 1.85 million.[706] Some other ministries have their own suggestions. The lack of data for even the most basic elements of the formal economy, and the lack of census data over the population of Kosovo, is of course a considerable obstacle to any policy planning.

The initial 'recovery' of the formal economy in Kosovo created a certain premature optimism among many international agencies. The very unsustainable nature of it was however gradually recognised by all agencies as it became clear that the economic growth was, and is, narrowly based and heavily dependent on donor flows. The first years of recovery were a typical effect of immediate 'post-war' physical reconstruction (houses, basic infrastructure, some agricultural recovery, and so on) and the coming into open and new opportunities of the economy, which in the 1990s had been suppressed in the so-called 'parallel society'. It was also a typical effect of the large presence of international organisations, and largely dependent on this. These two factors include for example the local organisation and production of some of the material for rebuilding houses and some production of furniture, as well as new cafés and taxi drivers appearing and hotels operating mainly to serve the influx of 'internationals' from the UN, various aid agencies, NGOs, military staff, and journalists. Further, the new jobs created in the various international agencies as interpreters, drivers, assistants, and sub-contractors, as well as various forms of aid financing provided for the boom. A single individual's salary from work in an international organisation can support a family. However, very little is in fact produced inside Kosovo. Most goods need to be imported and the export is considerably small (some timber, scrap metal, and mushrooms are now exported). During the past two years the economic and social situation has rather stagnated, as the 'emergency assistance' has not been followed by any development strategy.

---

[705] Economic Strategy and Project Identification Group (ESPIG) "Towards a Kosovo Development Plan: The state of the Kosovo economy and possible ways forward", Policy Paper No. 1, Prishtina, August 2004: 7. This policy paper (p.7) states that the GDP in billion Euros was estimated at 1.85 in 2001, at 1.57 in 2002, and at 1.34 in 2003.
[706] Ibid: p. 5

There are specific problems for how to even create a development strategy. The unresolved status of Kosovo continues to effectively block any traditional development work, since the latter unavoidably becomes confronted with legal considerations and depends on the existence of a judicial state. This is discussed further below. Another problem relates to lack of data and the fact that no census has yet been undertaken in Kosovo.

As discussed in chapter 2, since the 1990s much of the focus of the World Bank and other international development agencies has been centred on poverty reduction and privatisation. These are primary concerns in contemporary aid discourse, and the assistance to create and develop institutions, including legal bodies, is also shaped by these two parameters. We shall therefore discuss these two dimensions. Along with the discussion of poverty we take a brief look at education and health, since they are strongly connected.

Poverty

The UNDP, FAO and World Bank jointly undertook poverty assessment in Kosovo, in 2000. The results were published in two reports in December 2001, and the discussion of poverty, education and health in the following sections relies primarily on the estimations in these reports.[707] A new poverty assessment has been delayed but is expected from the 'World Bank' in 2005. In other more recent reports (not primarily focusing on poverty) by the 'World Bank' and 'UNDP' slightly different figures appear, and where this is the case the latter have often been used.[708] It should be noted that the study was not considered statistically representative for the 'other' minorities (that is for those who are neither Serb nor Albanian).

Kosovo is still among the poorest areas in Europe. Poverty is widespread with some 12-15 % of the population living below the *extreme* poverty line (2100 calories/adult per day), but with a drop in general poverty of US$ 1.65/ adult per day from 50 % (2000) and 36 % (2002) to 10 % (2004).[709] This relationship (between general poverty and extreme poverty) indicates a complex poverty situation, where the gap between people is increasing.

---

[707] World Bank, Poverty and Economic Management Unit Europe and Central Asia Region "Kosovo Poverty Assessment" Vol 1 and Vol 2, December 2001. Document of the World Bank Report No 23390-KOS.
[708] Document of the World Bank Report No 280006-KOS; UNDP "Human Development Report Kosovo 2002" and "Human Development Report Kosovo 2004" (available at www.ks.undp.org).
[709] The WB/UNDP/FAO "Poverty Report" of 2001 states 12 % for extreme poverty (p. viii), while the WB Report No 280006-KOS state 15 % (p. 5). They also have differences (50% and 36% respectively) for the poverty line. Whether these variations reflect adjustments in assessments due to better statistics or an actual

Although poverty is widespread it is not very 'deep'. The poverty gap, or gap between actual consumption and the poverty line, is relatively small and in the 2000 study it was calculated that 400 DEM per person per year would be enough to get the household out of poverty. The extreme poverty gap, or consumption deficit of the extremely poor compared to the poor, is also quite small, being only 2.5 % of the food poverty line. For this reason, that poverty is widespread but shallow, the WB / UNDP / FAO has suggested *to focus efforts on the extremely poor* and to leave the issue of the poor to the separate growth strategy.

There are correlations between extreme poverty and landlessness, poverty and gender, poverty and low education, poverty and disability, high number of children, as well as poverty and ethnicity. Extreme poverty prevails in rural areas, but this is also a reflection of the fact that Kosovo is a very rural society (more than 60 % of the population in rural areas). Households of extreme poverty are typically quite large if they are Albanian, but typically quite small if they are Serbian. The correlations indicate other characteristic features of a household of extreme poverty, so that extreme poverty is typical in rural areas in households with one hectare of land (or less), and in urban areas where there is unemployment or a disabled person in the household (especially if it is the head of the household). Further, extreme poverty would be typical in families with a damaged house, where there is lack of sewage and piped water.

There are ethnic and gender dimensions, so that one can find correlations between extreme poverty and female-headed households, as well as extreme poverty and some ethnic minority groups – especially Gorani and Roma. Extreme poverty also has a geographical dimension and is more widespread in certain regional locations such as Mitrovica, Peja/Peć and Ferizaj/Uroševaci. Extreme poverty among the *rural* Serb population is especially frequent in the North and Southeast regions (defined as 'area of responsibility' by country among the international forces). The difference between the urban and rural is also that there is a higher poverty risk in the rural areas (since the majority of the population is rural), but more extreme poverty risk in urban areas. The latter is because those in urban areas cannot rely on

---

change is not clear. If the latter is the case it would indicate that poverty has been reduced. while extreme poverty has increased in the span 2001-2003. This seems to be confirmed by UNDP's "Human Development Report Kosovo 2004", which states that poverty in Kosovo is more complex than originally understood. Here, the UNDP (Introduction: p. 2; chapter 1 *in passim*; and various annexes) concludes that a substantial amount of the population has fallen out of human poverty, which has been reduced to some 10 % of the population in 2004, but that the population living in extreme poverty has *increased* (to 13 %).

foodstuffs from the land, and the majority of the internally displaced households are now located in urban areas (comprising 11 % of the urban population).

Sensitive groups in extreme poverty are: internally displaced persons ('IDP's); certain ethnic minorities, especially the Roma; and households with a disabled 'head of family', especially if Serb, and especially if in an urban area. However, given that Albanians constitute an approximate 88 % majority in Kosovo, the majority of the extremely poor are Albanian.

People with no regular income, lack of land or destroyed harvests, without livestock, with little education, and economically and/or geographically isolated often live in very poor housing and eat poor quality food. Often they dress poorly and cannot afford to wash their clothes. They cannot afford to buy medicine if they are ill. These people cannot recover their lives without assistance, and aid should target these groups to help them create decent livelihoods and raise life-chances.

Education

Low education has a strong correlation with extreme poverty, and children born into poor households tend to get locked into a vicious circle – low family income translates into poor education for the children. Access to and enrolment in primary education (6-14 years) has a general figure of 97 % enrolment. Among the non-Albanian and non-Serbian ethnic communities the figure is only 76 %. In addition to this ethnic dimension, there is a gender dimension: within those minorities 83 % of the boys enrol, compared to only 69 % of the girls.

Whereas the difference in the level of received education is quite small between Albanians and Serbs, only half a year, the other ethnic minorities generally receive two years less of education (the standard should be ten years education). Education levels are higher in urban areas than in rural, with about two fewer years of education in the rural areas. The ethnic and gender differences are also especially strong in rural areas. Illiteracy rates have increased among the non-Serb ethnic minorities over the past years. This may be due to the fact that they were not equally included in the parallel education system, which was set up among the Albanians during the 1990s (the Serbs could access the state-run system). In urban areas some 20 % of the children in the lowest consumption decile were not enrolled in school. The majority of these children, about 66 % were from other ethnic minorities (neither Albanian

nor Serb). In secondary education all the factors mentioned continue to produce increased inequality.

Health

There was not sufficient data at the time of the joint WB / UNDP / FAO study to allow any analysis of inequalities on the various indicators. However, the limited data suggest that Kosovo ranked lowest in Europe on every health indicator, such as: infant mortality (45 per 1000); maternal health; lowest percentage of ante-maternal care in Europe (in 1999 about 20 % of the birth deliveries were performed without professional attendance); decline in immunisation and so on. Tuberculosis and Hepatitis A are endemic in Kosovo, although there has not been any recent large outbreak. There are indications of ethnic and gender inequalities in health. Samples of the Serb population report worse health than those of Albanians, and they are not just a reflection of the difference in age pyramid. Women have poorer health outcomes than men, except for on the 'disability' indicator. Access to health care also appears to have inequalities on the various indicators (less access for poorer people, for certain minorities, and so forth)

Privatisation

Privatisation is, as discussed in chapter 2, a cornerstone in contemporary aid thinking, and UNMIK has placed much hope in the idea that the creation of a private sector will generate economic development, create jobs, and attract foreign investment.[710] To this end UNMIK established the Kosovo Trust Agency (KTA) in 2002. The KTA is set to administer socially-owned enterprises which have lain dormant, and to restructure and privatise them. A series of privatisation tenders has since been undertaken, where a number of enterprises have been announced for privatisation. In May 2002 a regulation was passed in relation to the land in the possession of socially owned enterprise and it transformed the right to use into a right to lease for 99 years, with the possibility to cede this right for a loan. The whole privatisation procedure has however been highly contested. The Serbs have objected to it as robbery of the Serbian state and people, since Kosovo is part of Serbia. The Serbian government in Belgrade

---

[710] United Nations Security Council, Report of the Secretary-General on the United Nations Interim Administration in Kosovo, 22 April 2002, S/2002/436: 3

has tried to intervene several times, but initially this was ignored by UNMIK. However, in autumn 2003 the process was effectively halted after the KTA had been charged in an international court.[711] The whole program was then suspended since it was illegal.[712]

An additional problem involved was how to solve the question of debts in the socially owned enterprises. One of the 'solutions' to this was that the buyers should take over debts along with the assets of the companies. UNMIK further asked for clearance from the UN Security Council and the Contact Group to go ahead with expropriation of property, before it could be privatised. In 2003 the UN rejected a request by the KTA to grant legal immunity to its staff, along with a request to revoke two Serbian laws from the 1990s. The entire policy of the KTA was subsequently re-examined.

Several months of disputes over procedural issues also halted the programme during the first half of 2004. Then, following the eruption of ethnic violence in March 2004, the SRSG Harry Holkeri dismissed the head of the KTA, Marie Fucci, for not having proceeded rapidly enough with the work. The privatisation process was then resumed in summer 2004, earlier privatisation tenders were confirmed and new rounds were announced. The KTA has gradually sold several hundred companies, such as hotels, wood-processing factories, fishponds, pharmacies, brick, textile, and tobacco factories, and so on. Despite numerous problems there have been some successful cases, such as for example with working cooperatives, which have brought enterprises back into production as well as provided job opportunities. There have, however, also been cases of corruption. While corruption has been a problem of general concern in Kosovo, it became a particularly embarrassing issue for UNMIK, when cases involving UNMIK staff were revealed.

Within the international community there have been different standpoints as to how a privatisation process may be conducted. The United States has pushed strongly for privatisation and for selling off socially-owned enterprises to local or international entrepreneurs, but the EU has been more in favour of promoting working cooperatives. The question of the legality of the privatisation / lease process has remained a central problem. In

---

[711] Koha Ditore, Economic & European News, 9 October 2003
[712] The legality of privatisation was not only contested by the Serbs, but was also questioned by international lawyers: cf. Koha Ditore, Economic & European News, 16 May 2003. This issue of Koha Ditore cites the Cambridge Professor of International Law, Martin Dickson, as stating that Serbia legally is right and that there is an issue of misappropriation.

addition to the potential for creating future conflict, it also has a hampering effect on foreign investors. The dubious introduction and the changes in policy have not contributed to creating confidence among potential investors. At the same time, local capital is scarce and where it exists it may have been accumulated illegally, such as from smuggling and organised crime, with the potential for creating a similar situation to that experienced in Tirana, with companies becoming front offices for underground operations or money laundering. However, the alternative under the present neo-liberal ideology has been no economic activity at all, no production and no work opportunities. Effectively the KTA has proceeded with the privatisation, while Serbia has continued to object and stated that they may bring charges to the international court.[713] Overall, the level of foreign investment in Kosovo has remained conspicuously low.

Unemployment, income gaps and growing dissatisfaction

Formal unemployment in Kosovo is estimated to be around 50-60 %, and has remained at the same high level during the international administration, or has even perhaps been growing.[714] These figures do not cover actual activity however, and for example subsistence farming for a family's own consumption is not counted as employment. The demographic structure of Kosovo shows that perhaps 70 % of the population is below 30 years of age, and a large number of the unemployed belong to the younger section of the population. The latter is a particular problem, since the young male population may have a greater readiness to resort to violent solutions, and since this provides a good recruiting ground for organised criminal networks. Estimates from the UNDP indicate that income gaps in Kosovo have been increasing, and that the regional development gap as well as urban-rural gap has been increasing.[715] This is not least an effect of the concentration of international aid in certain areas, such as Prishtina, and that there has been a growing population drain from poor rural

---

[713] Updates can be found at the website of the Serbian Orthodox Diocese of Raška and Prizren: www.kosovo.com; for example "Initiative for Stopping Privatization Process in Kosovo", 19 Nov 2004, www.kosovo.com/news/archive/ticker/2004/November_19/17.html (entered 8 March 2005), and "No Privatization Without Belgrade", 18 Nov 2004, www.kosovo.com/news/archive/ticker/2004/November_19/6.html (entered 8 March 2005)

[714] United Nations Security Council, Report of the Secretary-General on the United Nations Interim Administration Mission in Kosovo, 22 April 2002, S/2002/436: p. 3. This report states 50 % (in 2002), while the report of 26 January 2004, S/2004/71: p 12 stated between 50-60 % (in 2004). The figures from the 2004 report ("Kosovo in Figures 2004") of the newly established Statistical Office of Kosovo stated that unemployment in 2002 was 55 %.

[715] UNDP "Human Development Report Kosovo 2004 - The Rise of the Citizen: Challenges and Choices", United Nations Development Programme

areas.[716] The UNDP produces quarterly 'early warning reports', which give a good indication of the general social and opinion climate among the local population. After the decrease in foreign aid-flows since 2003, coupled with the lack of political and economic progress, these reports have showed an increasing dissatisfaction with the local as well as international administration, growing dissatisfaction with the economic situation, growing frustration, and an increasing readiness to migrate for work.[717]

The question of status and the lack of a development strategy

International development work does not constitute merely technical or practical issues, but is profoundly political. This is the case everywhere, since it constitutes bringing resources into a society, to promote certain groups, and to embark on an adventure of changing a society. However, exactly how political the endeavour is becomes particularly clear in the case of Kosovo. Here, the problem with Kosovo's status, whether it will become an independent state or remain in Serbia, has been an effective block to the whole development approach. Again, the status issue is quite a 'gordian knot' since:

a) Remaining in Serbia is unthinkable for the Albanians, and would imply quite a novel situation now that Yugoslavia has been dissolved. Should the Albanians be forced to stay in Serbia they might well take up arms against the international forces, who would then have to fight Albanian guerrillas in much the same way as the Serbs did during 1998-99. Tendencies to reactivated violence and new guerrilla formations already exist, and the spread of violence is an imminent possibility.

b) On the other hand, independence for Kosovo would imply that state-borders have been altered through the use of force (by NATO) thereby violating international law (upon which the UN rests) and the Helsinki agreements of 1975 (upon which the OSCE is founded) as well as violating the UN Security Council Resolution 1244 upon which UNMIK was established. It would be the deathblow to international law and to the UN. Further, to bring the issue of independence through in the UN would be

---

[716] Ibid
[717] Compare various quarterly 'early warning reports' for Kosovo, for example: UNDP Early Warning Report Kosovo: Report # 5, September-December 2003; Report # 6, January-April 2004; and 'fast facts on Early Warning Report # 8, January 2005. See also the trends noted in UNDP "Human Development Report Kosovo 2004".

extremely difficult, at best, and would almost certainly be blocked by Russia and China, who have their own areas of concern (Chechnya, Taiwan) if such a precedent should be attempted. Further,

c) Independence for Kosovo would directly contradict the so-called Badinter principles, and the upholding of a Bosnian state. It would in fact open up the whole Balkan area for renewed potential conflicts, state-disintegrations and state-building. Should Kosovo become independent from Serbia, then so could the Serbian and Croatian parts of Bosnia, and so could the Albanians in Macedonia, perhaps the Albanians in South Serbia or in Montenegro, and perhaps the Sandžak in Serbia / Montenegro could be negotiated, and so on.

d) The only possible road to independence would therefore be through negotiations between Belgrade and Prishtina. In any such negotiations the Serbian state would insist on its legal rights and, in the very least, demand considerable compensation, extensive guarantees for the minorities and for local autonomy, and probably even partition. A formal partition is on the other hand unacceptable to the Albanians, at least for now, and even this would open up possible turmoil in relation to South Serbia (suggestions to swap land perhaps) and Macedonia. It would also risk the reopening of Bosnia. Finally, at present there seems to be no will on either side for any such negotiations, and the UNMIK has not really involved Serbia proper in any dialogue over the governing issues in Kosovo.

The problem is that all conventional development work is designed to work with states. This is perhaps best illustrated with regard to the World Bank, which has maintained a weak role in Kosovo, for the very reason that it needs a state partner to work with. A Poverty Reduction Strategy (PRSP), for example, is supposed to be undertaken by a government, which then can turn to the Donors for support in fighting poverty. With an unresolved status, Kosovo has not even been able to obtain SWIFT/BIC codes; and, again, with no census, there is the problem of the lack of statistical data, which would have to be solved first in order to produce any strategy. The build-up of a statistical office has been underway over the past number of years, but data on a census is not expected to be possible before 2005 at the earliest, and probably not even then. Hence, until census data is available, it would not be possible to develop a proper poverty reduction strategy even if there was a formal state. With an ideological focus

on poverty (for which there is no strategy) and on privatisation (which is legally contested) the World Bank has faded into the background as an agent in the development process in Kosovo. The World Bank has provided credits of some $ 15 million per year, but has been unable to provide any clear strategy. Neither has the UNMIK been able to present any clear strategy.[718] Rather the policies have changed with each new Special Representative, balancing between Serbian and Albanian demands, and with a schizophrenic approach to the *state of the art* of economic thinking, namely privatisation, which has been pushed by the U.S. (and the Albanians), contested by the Serbs, found illegal by international lawyers, and then again been refurbished after scrutiny in the UN. In practice UNMIK was still in 2004 run by the Department of Peacekeeping Operations. Unable to address the issue of status, UNMIK is further without any *exit* strategy. How long it is to remain or which direction governance is going to take is far from clear. Overall there appears to be no aim or objective with UNMIK. This has contributed to Albanian frustration with the administration.

The UNDP, as another member of the UN-family, is in practice linked to UNMIK. Without a clear plan for development, without a poverty strategy, and directly affected by the dissatisfaction with UNMIK, the UNDP has been reduced to running a number of ad-hoc projects in Kosovo. It often has taken the blame for failures connected to UNMIK. However, a particularly valuable UNDP project in a conflict-ridden society as Kosovo is the 'early warning report' system. If coupled with a general political analysis and a monitoring of media reporting, these reports could probably in fact have been used to predict the outbreak of violence in March 2004; predictions of dates are of course impossible, but that a higher preparation for readiness was imminent might have been concluded. It seems, however, that these reports have not received the attention they deserve, at least not outside the UNDP itself. The EU is another important actor in Kosovo, and provides the bulk of international assistance, although also this has been gradually reduced. Apart from having an EU Commission presence, there has been the creation of a specific reconstruction agency - the European Reconstruction Agency (EAR) -. Still, the EU suffers from the problem that it really does not have a joint foreign and security policy (after the US invasion of Iraq it seems even further away), and no real capacity to address central issues, such as that of status, or whether

---

[718] An interview with a, hear anonymous, high official at UNMIK in May 2004 confirmed this picture. The idea presented for how to deal with the post-March riot situation in Kosovo was that UNMIK intended to "create a *feeling* of partnership with the PISG, to 'talk' with the politicians" and that "the politicians then had to talk to the people". Further, it was important "to stop with mutual allegations between UNMIK and PISG", to "try to find a plan" and "stop discussing who should be responsible for what, and instead find a solution".

EU membership can come into question, under what conditions and for whom (just for Kosovo, or as a part of Serbia, for example). The EU policy in Kosovo has largely been directed by the so-called quint-group, which consists of the five major contributors to the NATO-led K-FOR. Further, there is the United States, which has had its own agenda, especially in relation to privatisation, and with a particular connection to the Albanians and especially to the radical groups it has supported.

Following the first years of physical reconstruction after the war, and the build-up of a formal governance structure, the whole political and economic process in Kosovo went into a standstill. By 2004 the international community had effectively lost momentum in Kosovo. Meanwhile, after the riots in March 2004, the talk among broad segments of the Albanian population moved towards viewing UNMIK and K-FOR as an occupation force, and that there now was need for a 'second liberation'.[719] Organised radical groups who wish to take matters in their own hands are already active. On the 12 April 2004, at the five-year celebration of the death of two KLA soldiers in Drenica, three masked men appeared from behind a hill and started to read a statement to the crowd, on behalf of the Albanian National Army, in which they called for a fight for the freedom of Albanian lands not being controlled by K-FOR and for Albanian interests wherever they are.[720] The appearance of the Albanian National Army (ANA) was conspicuously similar to that of the KLA in the 1990s, and the year before it had claimed responsibility for the bomb attack of a bridge in north Kosovo.[721] Just as the ANA, the KLA originated in the Drenica area, and started its operations in a series of test-attacks, and by appearing suddenly at funerals to read statements. Although the ANA may be just a marginal phenomenon, at least for the time being, it should nevertheless cause some concern. In 2003, the UNMIK labelled it a 'terrorist organisation'.[722]

---

[719] Personal observation and conversations in Prishtina in May 2004. Interviewed UNMIK staff, which here have to be anonymous, were also well aware of these sentiments.
[720] Salihu, A et al (2004) "Radicals Test the Ground in Drenica", Balkan Crisis Report No 498, 20 May 2004, Institute for War & Peace Reporting, London.
[721] Ibid
[722] For example: ERP KIM Info-Service, Newsletter 18-04-03, "Steiner: Albanian National Army is a Terrorist Organization", 18th April 2003 at: www.kosovo.com/erpkim18apr03.html (entered 2 March 2005).

Shadow economy; In lieu of a state, Networks of Adjustment and Adaptation

The consolidation of organised criminal networks, and the continuity between organised crime, the KLA, and political parties in Kosovo (and also in Macedonia and Albania), constitutes a particular problem for the development of a formal economy and for inter-ethnic relations in the region. Some of the contraband smuggling has been pushed towards Macedonia and Albania proper, but there is a considerable problem of 'corruption' in Kosovo itself. UNMIK estimates that the public revenue collection in Kosovo operates at only 50 % of its potential, with 80 % of the shortfall resulting from black market activity by organised criminal groups.[723]

The incorporation of the former KLA into the Kosovo Protection Corps or local police provided a dilemma in itself. On the one hand, the need for demobilising the KLA and providing an alternative for its veterans, could be solved through the formation of the KPS. Further, the international police, and UNMIK, depends on locals – not least for pure language reasons -, in combating organised crime. On the other hand, this has meant that a certain incorporation of the local networks, which were most radically anti-Serb, and which were mobilised through resources from the black economy, became transformed into the police and security structure of Kosovo.

The greatest opportunity in resource mobilisation, financially, has been provided through the black market. The economy of Kosovo has become constituted of five prime elements. First, an expansive criminal economy – or black sector -, which is controlled by powerful networks with considerable links to, and influence on, politics in Kosovo, Albania proper, and the Albanian parties in Macedonia. Second, remittances from the diaspora, which probably provides for a third, or perhaps even half, of personal incomes in Kosovo.[724] Third, the informal economy of individual survival strategies, including moonlighting or illegal work abroad, pure barter economy, and subsistence farming. Subsistence farming is a backbone of the individual economy for many people in Kosovo, since the region is predominantly rural.

---

[723] United Nations Security Council, Report of the Secretary-General on the United Nations Interim Administration Mission in Kosovo, 22 April 2002, S/2002/436: p. 3.

[724] Economic Strategy and Project Identification Group (ESPIG) "Towards a Kosovo Development Plan: The state of the Kosovo economy and possible ways forward" Policy Paper No. 1, Prishtina, August 2004: 8, suggests that incomes from remittances exceed those that come from work in Kosovo.

Fourth, incomes derived from aid, including from the support of NGOs, or from work in international organisations. Fifth, there has been a partial revival of *formal* economic activity in all sectors. Here, however, the formal economy is so weak, and so marginal in the international economic context, that it can be considered just a marginal or even part-time activity.

The sustainability of the (formal) economy in Kosovo is very weak. The agricultural sector is not strong enough to provide for the population, and there is a continuous drainage of people from the countryside, especially of young people who seek out better opportunities than traditional farming. Neither is there any sustainability in diaspora remittances, since immigration to EU countries is increasingly difficult, and even those who already live there may be able to send less back to Kosovo as they create families of their own, which they need to support. International aid is on the decrease and with the status problem unsolved it is largely blocked. For the same reason there are few stimuli for foreign investment, which simply is too risky even if there were any good investment opportunities. Many of those who have the resources and interest to invest may have this from illiberal sources and for illiberal objectives. Finally, the local market, which largely depends on international presence through direct employment and its spin-off effects, is not sustainable once the foreigners leave. These dismal facts have been noted by several international agencies, but although numerous economic policy documents and strategy outlines are produced, they all remain confronted with the problems discussed above.[725]

The most sustainable part of the economy may in fact be the shadow economy, especially the organised criminal activity, which can be further expanded. As opposed to the formal economy, the shadow economy thrives well in state-fragmentation, disintegration, new borders, and political violence or war. A problem with discussing shadow economies and their role in conflict or post-conflict societies is the inherent risk of 'orientalism' or 'balkanism', as well as the tendency to sensationalism. It is ever more apparent that neither research, nor policy-makers, can neglect the scope and calibre of shadow economies, but at the same time it should be emphasised that this does not mean that the entire economy of any particular region or area is illiberal. Further, there has been a strong tendency within the literature, and certainly among policy-makers, to approach the problem from strictly legal, or even worse,

---

[725] The non-sustainability of various economic sectors and income sources are noted for example in the ESPIG policy paper (Ibid).

from a moralistic point of view.[726] Although this is partly necessary, especially in relation to legal procedures or in cases where war crimes are involved, such an approach becomes problematic when there is a division of people into 'good' and 'bad', 'morally corrupt' 'perpetrators' versus 'victims' and so on. Certainly there is an element of this regarding who may be involved in a particular activity, but for the purpose of understanding the political economy of conflict, it is necessary to place this economic basis, and economic transformation, within the opportunity structure given by the global political economy.

The social transformation and changing power-relations taking place in this process is historically contingent upon global, as well as local, structures. The new political project, and the particular economy and resources it mobilises, is an integral part of and contingent upon, global processes within the global political economy, rather than an external disorder.

Most, perhaps even all, forms of political economy provide for exclusion and inclusion of groups. All economies are part and parcel of a political project, which generate exclusion and inclusion. The neo-liberal form of global capitalism (the ideology which informs contemporary aid-policy) is massively exclusive of large parts of the globe, and wrecks the political economies, and safety-networks of millions of people on our planet. It further brings cultural destruction. Here, the very institutions of the international economic infrastructure, such as the IMF, the World Bank, and the World Trade Organisation, along with private capital, assist in bringing down the safety-networks and bases for livelihood of millions of people. It does so through structural adjustment, through debt collection, through enforced privatisation, through imposing unfavourable trade relations, and through accumulation by dispossession. Ultimately, the formal economy is also based upon violence, and the use of force, just as the illiberal or shadow economies are. The latter, alternative forms of economy, as well as political projects connected to them, must be understood in this context, as an integrated component of, and adjustment to, this wider global process. However illiberal, and although based upon violence and the exclusion of large groups of people (whether the basis is ethnic, or other criteria), the economies that include criminal activity do provide some people with livelihoods, as the example of welfare-provision in many areas show. In this regard the networks operating in this sphere establish some form of legitimacy.

---

[726] For example Stefanova, R (2004) "Fighting Organized Crime in a UN Protectorate: Difficult, Possible, Necessary" in "Sotheast European and Black Sea Studies", Vol 4, No 2, May 2004: 257-279; Kaldor, M (1999) as has been criticised in the Introduction. In fact the dominant way of addressing the problem, including several of the references I have used above, suffers from this tendency.

In the Balkans it has often been stated that one ethnic group's 'war criminal' is another ethnic groups 'war hero'. Similarly, the warlord and the drug-trader is a criminal to one, but can be the welfare-provider and police for the other. The element of state building and state fragmentation is integrally linked to the political economy, and power struggles over the direction of change concerns both. However, while formal liberal economies (especially neo-liberal) may require a strong functioning legal state and regional cooperation and integration, the opposite is often the case with illiberal forms of economy. Shadow economies thrive with the opposite trend of state fragmentation, disintegration and political violence, but can incidentally also be consolidated within the state apparatus of a strong state if the networks in power can utilise the latter for the former.

Kosovo is a small and underdeveloped area in the epicentre of a wider region affected by ethno-nationalism and illiberal economy. Its path to development cannot bypass this region within which it is so firmly politically and economically embedded. A formal economic development and political solution can only come through the recovery of a regional political and economic framework, and through this frameworks incorporation within a global economy.

Concluding remarks

After almost six years of direct foreign intervention, and more than five years of international administration of Kosovo, the record shows that the international community – through its governing and aid structures, military establishment, and non-governmental participation – has not been able to provide basic security for the minorities, not been able to integrate the Serbs in a political process over Kosovo, not been able to come up with a development strategy, not been able to provide reliable statistics (there are no census data), and not yet addressed the volatile issue of what status Kosovo shall have. Further, there has been no real alternative to shadow, informal, diaspora or aid-subsistence economy, and the international community has been able to provide neither any regional solution, nor local multi-ethnic solution for future social, political and economic development. Instead the latest SRSG has accepted that a suspected war criminal, who was later indicted as such, became the Prime Minister of Kosovo's self-governing structure, following the latest election. Patchwork aid projects and shifting, sometimes contradictory, *ad hoc* policies have prevailed throughout the

297

first five years of international governance in Kosovo. Ethnic violence, and even ethnic cleansing, as well as organised crime have not been stifled, nor has ethno-nationalist identity politics been reduced. Extreme poverty has increased, income gaps and regional development gaps have increased, dissatisfaction with the international administration and with the local government structure has increased, and dissatisfaction with economic and unemployment level is growing, and the general voter turnout has decreased in every election. All parameters pointing to a coming crisis and reactivated physical conflict are there. The period is likely to go down in history as a waiting game for the coming storm when the status issue eventually is addressed or becomes the basis for renewed violence.

Kosovo's development trap can be summarised as follows:

1. Without a defined status there is no possibility for a development strategy, no instruments for international Donors to give credits or work with development, and no climate for foreign investment.
2. Without a development strategy there are no real programmes for funding. Foreign donations are decreasing. The lack of development strategy leads to ad hoc and patchwork projects.
3. Without any census, and without statistics, there are no proper data, thus no possibility for proper strategy or planning.
4. The decreasing aid, which is the result, leads to higher unemployment and a further aggravated state of the economy.
5. With closed possibilities for immigration to the EU there will be less Diaspora remittances, and higher domestic pressure on the various sectors of the economy, including unemployment.
6. The status issue itself is a highly explosive issue, both within Kosovo, for the whole region, and within the international political system.

CHAPTER 9

OUTSOURCING THE STATE or MANUFACTURING CIVIL SOCIETY? - The biopolitics of aid

In this chapter we shall look at the element of biopolitical aid policy through the promotion of civil society. The objective is to analyse and highlight certain problems with the whole governance and aid approach in relation to civil society and the position the latter has in the new aid and governance paradigm. The term 'civil society' has, throughout the 1990s, become a leading buzzword in all aid-policy documents among international organisations (such as the UN, World Bank, OSCE), donor governments (for example Sida, USAID, DFID) and the growing number of non-governmental organisations. The idea of promoting and 'building' civil society as a precondition for, and safeguard of, democracy and 'modern' liberal values has become pivotal in aid policy towards so-called 'transitional' countries as well as in 'post-conflict' reconstruction missions. Taken as a concept it is however vague and under-theorised. In a sense this is both a strength and weakness. The strength is that the *term* can be used as a *concept* in order to mobilise actors and support as well as serve to legitimise policy activity, whereas the weakness is that it tends to hide real differences in policy outlook, priorities and in the understanding of the nature of societies to which it is supposed to be attached. In other words it is too blunt to have any real meaning for assessing policy outcomes and the nature of social change.

Albeit playing a highly dominant role in democracy assistance as well as democratisation studies, the term has been so detached from traditional conceptualisations within the history of the state and liberal theory that it hardly has any meaning within this context. On the other hand, if deconstructed in relation to aid-policy documents there appears the highly problematic picture that the term refers to non-governmental organisations (and sometimes to the media), which in the case of western NGOs have become so incorporated into the donor government policies that it is questionable whether there is any meaning in regarding these as a separate sphere from state power. The NGOs may equally well be analysed as constituent parts in an assemblage of governance and should as such be understood as a logical and integral component of a neo-liberal international political economy and a geoeconomic project in which biopolitics have a central role. These points will be elaborated in this chapter.

The chapter opens with a conceptual and theoretical discussion, following on from the introduction, and then critically scrutinizes how some major donor agencies relate to civil society and NGOs. Then follows a discussion of problems with the NGO-based aid policy, after which the actual growth of the NGO sector in Kosovo is outlined. The growth and character of the NGO sector in Kosovo emphasises the problems of democratisation, representation, and sustainability, as well as inherent problems with the dominant aid-donor conception of civil society. The NGO sector in Kosovo has grown considerably, and has consequently resulted in an abundance of documents as well as numerous projects. Here, the discussion will be restricted to the main trends rather than enter into details of this phenomenon. The chapter then moves on to the issue of social trust and its relation to civil society, and finally discusses biopolitical aid policy as a part of a neoliberal geoeconomic project.

A note on the concept of 'civil society' and the problem of context

The concept 'civil society' goes back to antiquity (Aristotle, Cicero) in literature of the state and of the public. For a long time the idea of a civil society was however equal to that of the 'state' and simply implied a society ruled by law. For Cicero, it was essentially synonymous with the Roman state, and thereby the city of Rome. By definition, the state (*civitas*) was a partnership in law (*societas*) and was the property of the public (*res publica*).[727] Medieval political thought, with the Latin term *societas civilis*, built on this tradition although it became embedded in Christian doctrine. From the high and late Middle Ages and especially in early modern European history, a body of literature was developed which dealt with questions of sovereignty and liberty, particularly the relations between the monarch and the pope, and between the monarch and his subjects. Numerous writers, such as Marsilius of Padua and Jean Bodin, for example, debated the rights of a monarch, the rights of the people, and the rule of the Christian Church.[728] The idea of a *society ruled by law*, continued to dominate various deviations of the idea of 'societas civilis', or as the term is translated in English, German or

---

[727] Cicero, "The Republic", 1: 39, 41, 49, in Cicero (1998) "The Republic and The Laws", in translation by Niall Rudd, Oxford World Classics, Oxford University Press; cf. Black, A (2001) "Concepts of civil society in pre-modern Europe" in Kaviraj, S & S. Khilnani (2001) "Civil Society: History and Possibilities", Cambridge University Press: 33-38
[728] Marsilius of Padua "Defensor Pacis", in translation by Gewith, A, (1956/2001) for 'Records of Western Civilization', Columbia University Press; Bodin, J "The First Book of a Commonweale"

French.[729] Gradually, critique of the organic view of a 'body politic' with princes and subjects, based in Christianity, developed within two traditions. They were, the natural law conception of politics, on the one hand, and the republican tradition, on the other. In either case the concept was connected to the state, although not always to 'government'. Translations of the *term* between for example Latin, German and English may often alter the meaning of the *concept* since the term is then transported between different cultural contexts and traditions in which it has been used.[730] Consider for example the change in connotation if one translates the German term *'bürgerliche gesellschaft'* into English as *'civil society'* or as *'bourgeois society'*. Clearly the latter term has a different connotation in English, than that of the former. Similarly, a straightforward translation of the latin *'societas civilis'* or 'civitas' into *'civil society'* is not entirely unproblematic, since the idea was elaborated differently in the Catholic and Lutheran traditions. In the Lutheran tradition 'society' was made up of three 'regemente': the housefather (family), the clergy (church) and the government.[731] Here government is a part of society and thereby the concept becomes all- embracing.[732] Hence, certain caution with translations may be motivated.

For the great number of thinkers throughout the early modern and modern period who discussed the relationship between the government and the people, the definition of the state, polity or commonwealth, and the right of the sovereign over the people, the idea of 'civil society' was central, but always deeply connected or equivalent to the polis, city, polity, commonwealth or what we call the *state*. In the late seventeenth century, John Locke elaborated the concept as an *ideal* for a state (rather than just *a* state) and he developed a distinction between 'civil society' and 'government' and claimed that the former was a wider concept than the latter.[733] Locke nevertheless maintained the tradition of understanding 'civil society' as a *society ruled by law*, and as such it was opposed to the *'state of nature'*, which

---

[729] A society ruled by law stands in contrast to, on the one hand, the state of nature, and on the other, to a society ruled by the arbitrary commands of a prince.

[730] By 'term' I roughly mean a word, denotation, or name for something, whereas 'concept' refers to the idea, notion, or content given to it.

[731] Quite generally see: Brett, A (1997/2003) "Liberty, Right & Nature", Cambridge University Press

[732] Althusius is perhaps the best-known thinker on this issue, although he was a Calvinist. See: Van Gelderen, M (2002) "Der Moderne Staat und seine Alternative: Althusius, Arnisaeus und Grotius" in Politische Begriffe und Historisches Umfeld in der Politica Methodice Digesta des Johannes Althusius", Sonderdruck band 100, Wolfenbutteler Forschungen, Herzog August Bibliothek, Wolfenbuttel.

[733] See John Locke's "Two Treatises of Government" in for example the Everyman edition by Mark Goldie: Locke, J (2002) "Two Treatises of Government", Everyman, London; Compare the excellent discussion on Locke's political ideas and their relevance today in: Dunn, J (2001) "The Contemporary political significance of John Locke's conception of civil society" in Kaviraj, S & S. Khilnani (Eds) (2001)

people leave through entering a 'social contract' and thereby forming a *'civil society'*.[734] This idea is central to 'social contract theory' and to the work of a number of political thinkers from Hugo Grotius, Thomas Hobbes, Samuel Pufendorf, John Locke, Jean-Jacques Rousseau, Immanuel Kant, up to contemporary writers like John Rawls. It is also present in republican thought and we can here distinguish the conception of 'civil society' from the conception of the 'body politic' as consisting of kings and their subjects.[735] Civil society was a political and legal society and to be 'civil', in this context, meant to behave as a citizen.

With Scottish Enlightenment thinkers like Adam Ferguson, who pursued the republican tradition, the concept 'civil society' was increasingly distinguished (from government) and developed to encompass the economic sphere.[736] In the elaborations on the nature of the economic sphere, and the development of a theory of political economy, a route was opened for a separation between the state and civil society, which is notable especially in the Anglo-Saxon tradition during the late eighteenth and early nineteenth century.[737] However, it is Friedrich Hegel, in the early nineteenth century, who is usually credited with an important redefinition of the concept by distinguishing between the state and civil society (*bürgerliche gesellschaft*), and Hegel's definition now became a departure point.[738] It should be noted though that Hegel, in common with the tradition in which he wrote, included the economic sphere and the market in his definition, as for him this was the *central problem* underlying the inherent conflicts within civil society. Hegel reacts to the Anglo-Saxon (Scottish) tradition, and is critical of the whole notion of the 'invisible hand' (from Adam Smith); he claims that without some form of control the inherent conflicts in civil society are potentially destructive, and thus that *market forces* constitute a threat to 'civil society', but he then suddenly drops the whole subject and moves on to discuss a theory of the state.[739] One might, in line with David Harvey, assume that this indicates that Hegel sees the state as the necessary regulator and

[734] Locke, J (2002) "Two Treatises of Government", Everyman. London.

[735] A major work on republicanism is: Van Gelderen, M & Q. Skinner (Eds) (2002) "Republicanism: A Shared European Heritage", Vol. I & II, Cambridge University Press.

[736] Ferguson. A (1767/1995) "An Essay on the History of Civil Society", Cambridge University Press

[737] Cf. Oz-Salzberger, F (2001) "Civil society in the Scottish Enlightenment" in Kaviraj, S & S. Khilnani (Eds)(2001) "Civil Society: History and Possibilities", Cambridge University Press". Oz-Salzberger's article incorporates a discussion of how the concept was rendered in the 'republican' versus the 'natural law' tradition.

[738] Hegel, F "Elements of the Philosophy of Right" in translation by Nisbet, H.B (1991), Cambridge University Press. First published in 1821, this work was partly based on lectures held earlier.

[739] Hegel, F "Elements of the Philosophy of Right": Section 2, pp. 220-274 *in passim*; See also David Harvey's comparative discussion in "The Spatial Fix: Hegel, Von Thünen, and Marx": Harvey, D (2001) "Spaces of Capital" Routledge, New York: Ch. 14

intervener, which can bring civil society under control.[740] Hence, 'civil society' is here both inherently conflict-ridden and polarised, *and* connected to and in need of the state for its very existence and survival. Hegel explicitly states that justice is a major factor in civil society.[741] However, from such a single statement one cannot immediately infer that the 'state' is a prerequisite, for one could ask the question if customary law (such as the Kanun), upheld through the judgement of clan elders, is not an equally valid form of law as that provided through the institutions of a state. But clearly Hegel was writing in the context of the West European state tradition (and specifically Prussia) and was thinking exactly of such a *'judicial state'*. Consider the following proposition by Hegel:

> In actuality, therefore, the *state* in general is in fact the *primary* factor; only within the state does the family first develop into civil society, and it is the idea of the state itself which divides into these two moments.[742]

In a number of places Hegel emphasises the connections between 'civil society' and the 'state' and there can be no doubt that the distinction he makes is placed within a context where he considers the latter a precondition for the former: without the state there is no civil society.

Although Karl Marx criticised Hegel and so to speak turned around the distinction between the 'ideological-spiritual' and the 'material', in order to enter into a systematic historical analysis of the material conditions for social life and more specifically of the capitalist system, he was of course very close to Hegel on many positions. Just as Hegel considered *conflict* within 'civil society' to be a central problem, so did Marx (only more so). For Marx, the social relations are at the centre, and thereby the consolidation of power and wealth by the bourgeoisie is the central characteristic in *society and the state* under the given capitalist order. He did not elaborate much on the concept 'civil society' though and eventually dropped the term altogether. Later, in Marxist thinking, Antonio Gramsci developed his concept of 'hegemony' in relation to *struggle taking place within civil society*, but here the family is

---

[740] Harvey, D (2001) "Spaces of Capital": Ch. 14, p. 288. David Harvey further discusses Hegel's point on an inherent drive for expansion (i.e. colonialism) within 'civil society', which is in line with Marx later analysis of capitalism's crisis of overproduction (or under-consumption) and the imperative for further expansion.
[741] Hegel, F (1991): § 229, p. 259.
[742] Hegel, F (1991): § 256, p. 274. The "two moments" here refers to the 'town' and the 'country', and in a kind of *gemeinschaft* and *gesellschaft*-like distinction he sees the 'country' as the seat of an ethical life based on the family, whereas the town is the seat of civil trade and industry'. Such a dichotomy was later elaborated by Ferdinand Tönnies.

included.[743] Here we have a contrast with Hegel, who saw the family as a private sphere where special values and rationalities, such as love, motherly care, and deep friendship defined and permeated the relationships. The term 'civil society' then fell from fashion and for many decades it was mainly of interest to students of intellectual history, or the history of thought, but eventually had a public revival in the 1980s. In Eastern Europe groups of dissidents and regime-protestors started to use the term as a concept in contrast to a 'monolithic' communist state. In the Anglo-Saxon world, John Keane paved the way for a new debate with two books on the concept in 1988 and the discussion now took place in relation to resistance movements in Eastern Europe and against totalitarian states.[744] Here, the groups of dissidents and regime-protestors, especially from the 1970s and 1980s, were considered sparks of civil society, with the emphasis laid on their oppositional and critical role with regard to the regime. In the German language, the concepts *zivilgesellschaft* and (later) *bürgergesellschaft* came into use, both as translations of 'civil society' leaning more to this new tradition and the gradual separation from the state, whereas *bürgerliche gesellschaft* tends to be understood in the continental historical tradition. Civil society has since become a concept as widely discussed by academics as used by activists, politicians, and within the aid industry. Most intellectual historians would however probably not recognise its contemporary usage, since it has become disconnected from earlier traditions.

It is probably fair to say that from here on there are two separate tracks in the literature: on the one hand the concept has been used and studied by historians, within intellectual history, or mediaeval and early modern history, for example, on the evolution of guilds, issues of sovereignty and concerns connected to the state and the market.[745] On the other hand, and often not relating to the first, the concept has been revived by political theorists and sociologists, first in relation to the study of contemporary governing systems – such as authoritarian and communist rule in Eastern Europe, and the role of 'dissidents' -, and then in relation to globalisation (global civil society), social movements, global governance, and a

---

[743] Gramsci, A (1995) "Selections from the Prison Notebooks" International Pub. Inc, New York
[744] Keane, J (1988) "Democracy and Civil Society", University of Westminster; Keane, J (Ed) (1988) "Civil Society and the State" Verso, London. It should be noted that Keane's field is political theory and not Eastern Europe, of which he has limited knowledge. In "Civil Society and the State" his Introduction reveals this when he lumps together 'Yugoslavia' with the rest of Eastern Europe as a totalitarian state with no political pluralism and with a 'morbid' planned economy. This was of course a complete misunderstanding of the whole Yugoslav political and economic system, especially since it was written in the 1980s.
[745] For example: Black, A (1984) "Guild and Civil Society" Methuen Press. A new edition of this book was published in 2003, with the title changed to "Guild & State". Perhaps Anthony Black felt that the term 'civil society' had assumed such different connotations from the late 1980s onward, that he preferred to drop it from the title; Van Gelderen, M (2002)

range of other fields. It is no coincidence that there is a parallel development from the concept of 'government' towards 'governance'. Since the 1990s, there has been an explosion in the usage of the term in public policy, aid policy, and by the continuously growing number of NGOs. In this context, the World Bank has developed a whole separate branch for working with what it calls 'Civil Society Organisations' (CSO's), and it estimates that there was a growth of NGOs worldwide from 6000 in 1990 to 26.000 in 1999.[746]

The fact that there has been such a considerable growth of NGOs, and various civil movements, in the third world, during the past decades, along with the growing communication possibilities through the internet, has provided for an optimism of an alternative to state-centred politics by advocates of a 'global civil society' among liberal internationalists and cosmopolitan theorists.[747] Just as within aid-policy, there is in the body of 'cosmopolitan theory' both a *normative* and *analytical* vein, and a corresponding usage of the term 'civil society'.[748] Hence, 'civil society' is used here both to designate a growing norm-system, and its carriers outside the power of the state, as well as highlighting the power of the state, and as a political aspiration or model for increased citizen participation and promotion of human rights, justice and so on.[749] Thus, where previously within liberal theory the idea of 'civil society' may have been used as distinguished from the state, it was nevertheless dependent on the legal order of the state, but now a further step has been taken where 'civil society' is seen as a way *beyond the state*, and essentially a 'democratic alternative' independent of the legal order of the state. Moreover, the economic sphere has now, for the most part, been excluded.

This brief discussion should suffice as a warning that the term 'civil society' is applied in a wide range of different contexts, that as a concept it is extremely context-bound, and that it is virtually useless as an analytical concept in social and political analysis unless a clearly

---

[746] The World Bank Group homepage, see The World Bank and Civil Society at:
http://web.worldbank.org/WEBSITE/EXTERNAL/TOPICS/CSO/0,.contentMDK:200...(entered 25 July 2005)
[747] Kaldor, M (2003) "Global Civil Society: An Answer to War" Polity; Keane, J (2003) "Global Civil Society?" Cambridge University Press; Compare, quite generally, critique by Chandler, D (2004) "Building Civil Society from Below", Millennium: Journal of International Studies, Vol 33, No 2, 2004: 313-339
[748] Cf. Pugh, M (2001) "The Challenge of Civil-military relations in International Peace Operations", Disasters, 2001, 25(4): 345-357
[749] See also the critique directed at this in Chandler, D (2004)

delineated definition is stipulated. Any such stipulated definition, in turn, might render the concept inapplicable to many fields and contexts where it is actually being used.[750]

Civil Society as an entity

Although often not defined, the usage of the term 'civil society', within public policy, for all practical purposes, indicates that it is understood as a 'thing' or 'entity', rather than as processes or social relations. The idea of promoting, or even 'building' civil society then achieves meaning, as it is the (non-state) associations, with which partnership can be formed, that are being singled out as agents for social change. In this manner NGOs become representatives for 'civil society' and, as we shall see later, 'civil society' becomes the representative for 'culture', which is supposed to be transformed in some way or other.

This way of conceptualising civil society is problematic and may even stand in conflict with some of the theoretical heritage to which transitional thinking is indebted, such as various discursive fields of liberal theory. Now, there is no real point in lamenting that a concept is used in different ways, and thus context-based, or that a particular usage in contemporary aid policy may be a-historical. It must be noted, however, that even if various historical meanings attached to the concept are absent in contemporary aid discourse, these contemporary usages nevertheless draw much of the positive connotation of the term from that particular European heritage. Connotations of a term may thereby be transported although important elements of a concept are not. With this in mind, it is more useful to discuss what a concept actually *does* in the particular context in which it is used.

The World Bank has provided its own term, 'Civil Society Organisations', and their definition of the concept. It refers to:

> --- the wide array of non-governmental and non-profit organizations that have a presence in public life, expressing the interests and values of their members or others, based on ethical, cultural, political, scientific, religious or philanthropic considerations. Civil Society Organizations (CSOs) therefore refer to a wide of

---

[750] We can only study how it is used and with what purpose and consequences. See also John Dunne's critique in op. cit. Taking Locke's concept of civil society as a point of departure, Dunne forcefully objects to some of the contemporary elaborations of the concept, and seems to find them outrightly intellectually offensive.

array of organizations: community groups, non-governmental organizations (NGOs), labor unions, indigenous groups, charitable organizations, faith-based organizations, professional associations and foundations[751]

Thus, the concept 'civil society' is merged here with 'organisations', which for all practical purposes is necessary in relation to aid since the donor agencies need an organisation, and a legal body, from which to receive a project application, with which to write a contract and to which to transfer their funds. Thereby we can exclude from the concept 'civil society' everything that is not an organisation, at least from the operational purpose of the aid-industry.

Problems with the NGO-based aid architecture and conception of Civil Society

Now, it seems clear that 'civil society' and NGOs are regarded as something good and something a society should possess. One might say that it is a building block for a liberal democracy and market economy, and something the aid-industry must put in place. Both the OSCE and the USAID refer to NGOs and 'civil society actors' as "watchdogs" of government and of democracy and that this is a purpose for supporting them, and the OSCE claims: "Their empowerment will eventually counterbalance governmental institutions—".[752]
The picture becomes a little blurred, though, if some NGOs at the same time may become actual parts of government, which the USAID suggested in its assessment of the NGO sector in Kosovo during 1999: "Some of the more sophisticated NGOs may evolve into government institutions".[753]

However, it must be clear that not all 'civil society organisations' are necessarily good for liberal democracy, multiethnic tolerance and peace. Strictly applying the World Bank definition one could ask the question whether the Ku Klux Klan would qualify. As a "non-governmental and non-profit organisation, with a presence in public life, expressing the interests and values of its members, based on political considerations", one must agree that it probably qualifies. Yet, it is not necessarily good for safeguarding liberal values, or

---

[751] The World Bank and Civil Society at:
http://web.worldbank.org/WEBSITE/EXTERNAL/TOPICS/CSO/0,,contentMDK:200...(entered 25 July 2005)
[752] USAID Kosovo Civil Society Fact Sheet "Civil Society and Government" at:
www.usaid.gov/missions/kosovo/USAID_Kosovo_fact_sheets/civsoc_fact_she... (entered 25 July 2005); OSCE Mission in Kosovo "Civil Society" at: www.osce.org/kosovo/13376.html (entered 25 July 2005)
[753] USAID Kosovo NGO Sustainability Index 1999, p. 59: www.usaid.gov (entered 25 July 2005).

promoting inter-ethnic tolerance. Clearly there are numerous organisations that are no good as watchdogs of democracy, but nevertheless qualify as civil society organisations. We can produce a number of rhetorical questions and are here only limited by our own imagination: does the KLA qualify? The Scientologists? How about Al Qaeda?

Now if this seems unnecessarily provocative, I have only wished to highlight the fact that there are conflicts within such a defined 'civil society', and exclusivist organisations with goals or operations running counter to all liberal or democratic values. Obviously then, for the aid donor, there are other considerations, beyond mere definitions, for who receives funding and who does not. We shall return to this below.

But we can now see that the concept 'civil society' has a problematic relationship to 'ethnicity', since the former is generally associated with universal values and not ethnic criteria, whereas the latter have been central in many conflict areas, not least in the Balkans.[754] If 'civil society' is to promote or safeguard liberal traditions (that is, democracy) it cannot be based on ethnic exclusion and therefore the promotion of NGOs has had to take into consideration the orientation of the individual NGOs. In many respects this may imply a conflict between actually existing forms of local loyalty and association, and it highlights the question of how representative an individual NGO is.

However, for the USAID this has not seemed to be a problem. The USAID operates with what it calls an 'NGO sustainability index', in which it rates various parameters for the NGO sector in different societies (in 1999 Kosovo received the overall rating figure 4.4, although what this *means* escapes this author) and in its 1999 evaluation of the NGO sector in Kosovo it states:

> Despite the lack of previous democratic and civil society experience, as a result
> of a long history of communist and Serbian dominated rule, Kosovar society
> provided itself with social, cultural and basic community services over the past
> ten years, through a largely voluntary civil society system[755]

---

[754] Bauböck, R (1996) "Social and Cultural Integration in a Civil Society", in Bauböck, R; Heller, A & R Zolberg (eds) (1996) "The Challenge of Diversity: Integration and Pluralism in Societies of Immigration". Avebury. This study theorises the relationship between 'ethnicity', 'civil society', 'citizenship' etc. (Note that the study does not deal with 'post-conflict societies' like those in the Balkans).
[755] USAID Kosovo NGO Sustainability Index 1999, p. 58: www.usaid.gov (entered 25 July 2005)

Hence, the parallel society, or para-state structures, which we have discussed in chapter 7 are regarded here as 'civil society'. In chapter 7 we discussed in some detail how this was a highly ethnically separated structure and that, to a considerable extent it was brought under the control of a single political party umbrella (LDK) until increasing radicalisation and growing divisions after 1996. Now, the problem is not whether one uses the label 'civil society' or not (although I would suggest a more restricted usage of the term), but the fact that 'civil society' (thus defined) was deeply polarised and ethnically divided, and that this is a central phenomenon which must be problematised. Curiously enough the USAID does not mention the parallel structures developed by the Kosovo Serbs after 1999 as examples of 'civil society', and indeed, within the UNMIK structure, these are seen as obstacles rather than opportunities. Thereby the question of ethnicity in relation to civil society is immediately brought to the fore: can civil society – in an ethno-plural state - be *monoethnic* and if so, how can it be justified that only some ethnic groups qualify? The implications of USAID's conception indeed gives us reason to question whether the USAID has the intention of addressing the issue of ethnic divisions and their relationship to democracy at all. With regard to US policy one may ask whether it is political intention or analytical capacity one should question.

The idea of isolating civil society as an entity or sphere which is better for democracy and pluralism than the government *en large* cannot just be stipulated without empirical analysis and critical scrutiny of social and political processes. Such a positivist and functionalist separation, simply stipulated, misses the whole problem with an ethnically divided society, that is, where 'civil society' (thus defined) itself is permeated by divisions and identity politics! Civil society, if the concept is meaningful in this context, is not isolated from the forces of conflict, but is itself destroyed by war, and it is the locus where polarisation takes place, not in terms of *entities* but in terms of a public space of interaction where tolerance, social trust, and coexistence are practiced and tested. Even if certain individuals maintain a high level of toleration and a reconciliatory democratic attitude, they do not constitute 'civil society', for then the whole term becomes quite meaningless.[756] Yet this is in fact the idea which the aid industry builds upon, with the assumption that investment in individual entrepreneurs can result in a multiplication of those 'good values' through attitude change,

---

[756] For just how many individuals are necessary to constitute 'civil society'? Would Robinson Crusoe and Man Friday be sufficient?

even under conditions where there is no security, employment options, rule of law, or functioning 'liberal' economy.

Now, does the fact that people organise themselves to provide various services really constitute 'civil society'? Is a nomadic or tribal group of people evidence of a 'civil society'? Does it matter whether it is based on kin, ethnicity, tribal, or religious grounds? Are the Amish-people in Ohio or Pennsylvania a good example of 'civil society'? Is self-organisation among Palestinians the expression of 'civil society'? If 'civil society' is perceived as inherently democratic, or a safeguard for democracy and liberalism, then one must largely ignore and avoid considerations to social conflict and social exclusion.

The USAID does not define the self-organisation of Albanians during the 1990s as 'ethnic society' or 'ethnic-based community organisations' or something in that direction, but as a 'civil society system' (elsewhere in the referred document they talk of "shadow government"). Indeed, it is referred to as the first *actual* civil society, after the experience of communism and Serbian rule.[757] But *how* can this Albanian para-state structure form the basis both of the new government institutions *and* the basis for its watchdog 'civil society', as well as promote peace, democracy and toleration? Does it by itself transform *both* into government institutions, of a state that it has proclaimed independent in 1990, but which is illegal according to international law and according to the UN Security Council Resolution, *and* (at the same time) into a watchdog civil society structure providing the checks of that very government? The answer is obviously that it does not. It needs some help in doing so. Only by liberal education and moral training from the donor governments and the western NGOs can there be established both an acceptable governance structure *and* a 'civil' society.

This general objective and approach is shared by all western aid agencies, even though some present a considerable qualification to the NGO-based and 'utility' conception of civil society. The British and Swedish aid agencies, for example, generally acknowledge that 'civil society' offers a more complex dimension than the one suggested by the World Bank or USAID. The British Department for International Development (DFID) offers a fairly nuanced presentation of civil society and notes how it is rooted in western European (and North American)

---

[757] Why so? Was not similar self-organisation within the Ottoman Empire or the First Yugoslavia equally a 'civil society' in that case?

intellectual and political tradition.[758] On DFID's Internet homepage several links to further readings are offered and DFID explicitly warns about the tendency to reduce civil society to non-governmental organisations. Instead the following definition is offered:

> Civil society is located between the state, the private sector and the family or household, where society debates and negotiates matters of common concern and organises to regulate public affairs. It embraces:
>
> - Institutionalised groups: such as religious organisations, trades unions, business associations and co-operatives.
> - Local organisations: such as community associations, farmers' associations, local sports groups, non-governmental organisations and credit societies.
> - Social movements and networks.[759]

Moreover, DFID emphasises the problem with demarcations to the concept, used analytically (or empirically) in relation to the state, political parties and the market. The issue of distribution of power *within* civil society and the necessity of addressing values and ideology is also acknowledged, and within a brief description of various contexts in which the concept has been used, DFID brings up the notion of 'social capital' with reference to the work of the American political scientist Robert Putnam (to which we shall return below). By way of information, and in terms of historical and contextual sensitivity, DFID is probably the donor agency offering the most elaborated discussion, but the Swedish International Development Cooperation Agency (Sida) is not far behind. In Sida's policy for civil society, it is noted that civil society is neither good nor bad, and, in line with the discussion above, it is noted that many networks and organisations, such as criminal networks and mafia-alike groups or undemocratic groups, are a part of society *as well* and cannot easily be excluded in an operational definition of civil society.[760] Hence, civil society is 'multi-faceted'. It is emphasised that a society's forms of social groups, organisations and networks have emerged

---

[758] See the subheading 'civil society' on the DFID homepage at: www.dfid.gov.uk (entered 25 July 2005)
[759] Cited from: www.dfid.gov.uk/aboutdfid/intheuk/workwithcs/sc-how-to-work-what.asp (entered 25 July 2005): pp.1-2
[760] Sida, Department for Cooperation with Non-Governmental Organisations and Humanitarian Assistance & Conflict Management, "Sida's policy for civil society" April 2004, Stockholm. Available at: www.sida.se (entered 25 July 2005).

in a historical process and can be regarded as an expression of the values, customs and needs that exist in society at large.[761] Sida defines civil society as:

> An arena, separate from the state, the market and the individual household, in which people organise themselves and act together to promote their common interests.[762]

Although we now have a couple of donor definitions of what civil society is about, the question is how they work with it. If we look at the above definition offered by Sida, we notice that the connection to the state has been dropped. With this definition it does not seem necessary at all to have a legal order or rule of law, in order to have civil society. The latter is merely a separate arena where people organise themselves for promoting common interests. Indeed, the connection to the market has also been dropped. Such a reading of Sida's view is confirmed by the fact that Sida considers 'civil society' to exist in every society, even one that is fragmented or characterised by conflict between different armed groups. As Sida formulates it:

> Under authoritarian regimes, or in devastated and fragmented societies in which there are conflicts between different armed groups and where the government apparatus is weak, it can be difficult to identify civil society. Nevertheless, with the above mentioned view of civil society it is difficult to imagine a country in which there is no civil society at all, even if it may be fragmented and weak, or difficult for an outsider to detect.[763]

With Sida's definition both the historical tradition of positioning the concept within a context of the state and the tradition of liberal political theory, with the idea of a hypothetical social contract, are lost. Instead, civil society can exist under war, in fragmented societies, or even in a hypothetical 'state of nature'. It could exist under anarchy. As long as people, beyond the individual household, act together in an organised manner to promote common interests, we have civil society (even if it may be hard to spot for an 'outsider'). Thus, one must assume, there is civil society among the bushmen in the Kalahari desert of Namibia, as they organise

---

[761] Sida's policy for civil society, April 2004, p. 9
[762] Ibid
[763] Ibid: p. 10

themselves for hunting or for the annual reuniting of small nomadic groups, which can be taken to be of common interest. So, civil societies exist practically everywhere, although it is sometimes difficult to detect. But exactly *what* is there one should detect? Or rather, exactly *what* is so difficult to detect, that we might educate ourselves about in order to become better in detecting it? Is it difficult to detect 'people acting together to promote common interests', outside of the family, market, and the state? One would wish to assume that this is not what Sida intends to suggest. The definition is indeed too liberal and tends to mystify the social phenomenon of human interaction. If all that is required for 'civil society' to exist is an arena separate from the state, the market, and individual household, in which people organise themselves and act together to promote their common interests', then international piracy, or an invading tribal army (where there is no state) must qualify as civil society, since both the tribal army and the pirates act together to promote a common interest (invasion and looting). We must simply assume that Sida does not literally mean what they say with their definition and that we need some context in which to place it. Clearly the definition is both too generous and not sufficiently exhaustive to really have much operational meaning for aid-policy. The point to be made here is of course that the *state* is paramountly significant and cannot easily be dropped if the definition of civil society is to be meaningful. One might suspect that the reason the state is missing is simply that it is taken for granted, but it may as well be a symptom of the neo-liberal trend in which the state, and especially its role in the political economy, is consistently downgraded. However, elsewhere Sida indicates that the state is a context of central importance, because the promotion of 'an environment' for civil society, such as legal reforms, is listed under the types of *civil society promoting* aid, that Sida is involved in.[764] Sida further states that it does not support 'all organisations in civil society'.[765] In actual activity Sida is focused on: i) various legal reforms; ii) support to (independent) media; iii) support to various NGOs.

The first of these concerns a state framework for an open society (or liberal-democratic society) and the external infusion of a normative-judicial framework. Although there may be particular problems in relation to actual correspondence between the externally implanted normative-judicial framework and indigenous value systems, it is the latter two that pose particular problems. Regarding the second point, independent media, it has proven very difficult quite practically to establish any objective criteria that can be applied in project

---

[764] Ibid: 21-22
[765] Ibid: 10

support. The reason for this is that the broader objective for the donors is a reconciliatory and democratic, as well as critical, reporting conduct, which does not necessarily overlap with strict definitions of 'independent media' in terms of division of ownership and editorial control. Thus, for example, one may have a newspaper or electronic media station with full editorial independence (from the state as well as the private owner), but with strong nationalist bias, or *alternatively* a small station or paper with high journalistic standards and a democratic orientation, but where the owner is also the editor. There may also be 'sham' independence, with strict formal separation but strong informal connections and affiliations to a political party or movement. In the final decision for project support a donor therefore often has to rely on individual political judgment and assessment, rather than any strict criteria relating to formal 'independence'.[766] The sector with the largest individual project support however, is that of the NGOs and below we shall focus on the problems with substituting this sector for civil society.

NGOs and democracy

Although the involvement of NGOs often has been portrayed as a democratisation of aid policy (or other policy fields) through the active participation of 'grass-roots' and as a kind of alternative 'participatory development', involving 'stake-holders' and so on, it can be claimed to represent the opposite. First, the NGOs are not accountable to the local populations anywhere, but just to the donors. For this reason they do not need to build bridges in society to any social groups, or other agents, like a political party needs to. Rather, they can operate as lobbying firms for a particular issue, which is favoured and funded by the western donor governments. In this manner they may be utilised for propaganda campaigns aimed at attitude change on arbitrary foreign funding basis and thereby function as the implementation unit in a biopolitical project. Second, individual NGOs do not usually represent any broader groups in society, nor do they reflect the wider population. They do not elect their leaders and representatives, and they do not formulate or operate policies on the basis of a democratic process.[767] Whether they provide a service, or pursue a campaign on morality and attitudes, they in fact take these programs away from the decision or debate of the local people, hence disconnecting policy and social programs from the '*demos*'. Third, the funding of fragmented policy-conducting units, without involvement of the wider population, may in fact contribute

---

[766] There are many cases of this in relation to media support in the Balkans throughout the 1990s.
[767] Compare Petras. J & H. Veltmeyer (2001): Ch. 8 and *in passim*; and partly Chandler. D (1999)

to political and social fragmentation, rather than to pluralism, which can create strictures that prevent actual dialogue and compromise in society. This is not necessarily so, but it is a possibility that is ever present throughout the process of operating on populations and attempting to shape social environments. The forms of inclusion and exclusion of social interest groups, some with and others without access to NGOs and donor funding, does not represent a democratic process of policy articulation, dialogue, compromise and contest, but a process of selection and favouritism that may contribute to social tension and even to authoritarian tendencies. The idea of a 'civil society' as a separate sphere from the state, and as a democratic check on that state, without further problematisation of the inherent social and political relationships, is a stereotype and tends to mask the fact that there are different interest groups, classes, and policy ambitions within that society.[768] Rather than being channelled into a democratic process there is the risk that, through NGOs, they are built upon platforms without need for broader alliance formation or articulation of actual local or domestic concerns.

NGOs as service-providers: outsourcing the state

Some NGOs are partly or exclusively *service-providers*. Although some NGOs provide services and contribute in society by providing relief, self-help, or other forms of aid to local recipients (such as food distribution, medical assistance, repairing houses, and so forth) and even to some extent protection (through their actual presence), it is *de facto* a *selective service*. Even the largest NGOs are capable of providing their services in only *some* areas, for a *limited* period of time, and on the basis of a limited contract.[769] As such, a service is provided *in lieu* of the state, or as outsourced from the state. For the donor governments this model often means a cheaper form of aid on the level of services, and an increased possibility to control the service-providing agency through the latent threat of cutting funds at any time. Instead of building service-providing structures and empowering local structures, there is a selective service provided not on the basis of 'social rights', but on the basis of charity or even deservedness.

---

[768] A similar critique exists in Petras, J & H. Veltmeyer (2001) and has also been taken up by me in Sörensen, J. S (1997) "Pluralism or Fragmentation" WARREPORT May 1997, IWPR. London: 34-35
[769] The IFRC (International Federation of Red Cross / Red Crescent organisations) is an exception and is not a typical NGO in this sense. The IFRC (as the ICRC) has a clear mandate in international conventions and an organisational structure to provide relief in areas of conflict or if it is otherwise difficult to access, which was established not as an alternative to state services, but as a complementary instrument for particular circumstances.

The NGO revolution in Kosovo: civil society under Fordist production?

The NGO scene that today exists in Kosovo is a product of the 1990s, but has undergone a considerable expansion and consolidation phase since the establishment of the protectorate. It follows the same trend as throughout the former Yugoslavia, where the expansion of the NGO sector in the 1990s primarily was the creation of an urban middle class. The new ethnic states rewarded supporters of the ruling party, and under a rapidly changing opportunity structure, parts of the politicised middle class, which effectively was squeezed in the social transformation in the new republics, could find a niche in NGOs.[770] The cycle of expansion and consolidation is the same as in other parts of the former Yugoslavia, but the character of this new sphere of organisational bodies has an important feature, particular to, or at least stronger in, Kosovo. Throughout the 1990s, the main purpose of international (primarily bilateral) aid to NGOs in the post-Yugoslav states, especially in Serbia, was to support 'anti-governmental' organisations that were critical of the ethnic nationalist and racist regimes. In addition there was support to numerous service-providing NGOs, working with relief, with children, with psycho-social treatment, and the like, but also here it was important that they were perceived as oppositional to, or at least largely outside the influence of, the governments. The rhetoric and conceptual logic behind this orientation was that the aid was 'building' or 'promoting' a 'civil society', which would be the safeguard or promoter of liberal democracy, peace and reconciliation.

However, in the case of Kosovo, where the whole ethnic Albanian community stood in opposition not only to the Serbian regime, but to the Serbian state as well, the effect was to support an ethnic society against the Serbian state. Although some activity involved other ethnic communities in Kosovo (such as Serbs or Roma), the actual aid assistance promoted organisational development within ethnic communities in an ethnically divided society and in effect provided an external source of funding to the para-state functions in Kosovo during the 1990s, which was discussed in chapter 7.[771]

---

[770] Cf. Sörensen. J. S (1997)

[771] As a measure towards potential misunderstandings it should be explicitly stated that the purpose here is *not* to criticize the fact that such organisations have actually received aid. It is obviously easy to argue that *all* communities should have the right not only to basic services and access to education. but also to their own media and cultural associations (it would be much more difficult to argue the opposite). The point is rather to elucidate the actual processes at work and consequences flowing from the new type of aid-governance model and to highlight the problematic within it.

Some organisations had an important role in the parallel structures of the 1990s, such as the (Catholic) Mother Theresa Society, with a history as service provider and charity organisation, but most of the present-day NGOs are the result of the increased access to funding from foreign donors, or even directly created by foreigners.

The rapid expansion of the NGO sector in Kosovo indicates that these structures are quite disconnected from any 'organic' social development within the communities in Kosovo, and that they are a direct adaptation to the new financial opportunity-structure provided by the foreign intervention. With approximately fifty NGOs in Kosovo in 1999, the number increased to some 642 registered NGOs by July 2000, out of which some 400 were 'local' (Kosovo) organisations.[772] By 2004 the total number of NGOs registered to operate in Kosovo was more than one thousand (1000).[773] This not only indicates that the whole sector is an external implant, but it also shows how the NGO sector is not merely complementary for donor organisations, but indeed a prime instrument and channel for aid.

An example of an externally implanted NGO is the Kosovo Action Network (KAN), which was created in 1997 by an American, as a support group for students and NGOs.[774] The 'KAN' works in the fields of education, human rights and social issues, as well as art, and receives funding from various international donor agencies for projects on an annual basis, but no core support. It gathers dozens of activists, mainly students from Prishtina, and in addition there may be international volunteers and organizations involved. The local branch in Kosovo started its work in 2003 and is the creation of foreign activists who have involved locals. This is an extreme case of a foreign implant, whereas many NGOs have been formed through local initiatives in response to the new opportunities provided by foreign funds. Another example is the Kosovo Women Network (KWN), which consists of 56 NGOs and which has worked in Kosovo since 1999.[775] Specific support to women's groups has been stimulated by some donors, including Sida, since the mid-1990s, but immediately after this network was formed a large number of donors were attracted to it. Promoted by donor interest

---

[772] The Advocacy Project: www.advocacynet.org/news_view/news_68.html (entered 25 July 2005)
[773] See: Freedom House "Nations in Transit 2004: Serbia and Montenegro with an addendum on Kosovo", p. 10: www.freedomhouse.org (entered 25 July 2005); and:
http://unpan1.un.org/intradoc/groups/public/documents/NISPAcee/UNPAN016587.pdf (entered 25 July 2005)
[774] Interview with 'Kosovo Action Network', representatives Albin Kurti and Dardan Velija, in Prishtina on 13 May 2004. The following information on KAN is based on this interview.
[775] Interview with 'Kosovo Women Network' representative Igo Rogova in Prishtina on 14 May 2004. The following information on 'KWN' is based on this interview.

the network has come to work on 'hot issues' such as trafficking and the elevation of 'gender-awareness' among the local population. In this context Sida sponsored the translation of the Swedish play film *Lilja 4-ever* into Albanian (as well as Bosnian, Serbian, Croatian) in order to broadcast it in villages throughout Kosovo as 'information'. A single project among many, this reflects the trend of working on attitude change among populations rather than providing resources or building inclusive welfare-oriented institutions.

The wide focus on NGOs as a primary instrument in the promotion of attitude change may have a long-term effect in the sense that they can exercise a discursive influence in society, but there is no evidence for it so far. As such the entire concept is highly questionable, but as will be discussed below this type of aid policy should be understood in terms of the role of the western aid industry in the international political economy, rather than in terms of actual aid effects or impacts on local society. The utilisation of NGOs in aid policy is equally important when it comes to providing a variety of social services and apart from the abovementioned critique relating to continuity, accountability and equality in service, there are direct practical problems as well. In Kosovo a number of important services are provided by NGOs, but as noted by the USAID:

> However, the goods and services that these NGOs provide do not necessarily reflect the needs of their constituencies, but rather the priorities of their respective donor organization.[776]

Regardless of the sphere in which the NGOs work, all the projects run over one year and activity is financed on an annual basis, which thereby makes 'civil society activity' in Kosovo, as elsewhere in the region, highly sensitive to the fluctuations in the fiscal year priorities among western donors.[777] With the western donors conception of civil society, it must be emphasised that the creation is a project-based 'civil society' with one-year project lives. Far from exhibiting a thriving movement for democracy and reconciliation the trends in

---

[776] USAID "NGO Sustainability Index 2003", p 105:
www.usaid.gov/locations/europe_eurasia/dem_gov/ngoindex/2003/kosovo.pdf (entered 25 July 2005)
[777] Steve Sampson has critically suggested labels as 'Project Society', and 'Uncivil Societies' in a series of articles, for example Sampson. S (1996) "The Social Life of Projects: Importing Civil Society to Albania" in Hann, C & E. Dunn (Eds)(1996) "Civil Society: Rethinking Western Models" Routledge London: 120-138: Sampson. S (2002) "Weak States. Uncivil Societies and Thousands of NGOs: Benevolent Colonialism in the Balkans" in Resic. S (Ed)(2002) "Cultural Boundaries of the Balkans" Lund University Press.

Kosovo are ethnic segregation, mono-ethnic organisations and communities, and an ethnically divided society.

Civil society and Social Trust

Through the 1990s connections have been made between democracy, civil society, social trust and economic prosperity. Such connections have been influenced by the work of Robert Putnam who studied the effects of the regionalisation (and decentralisation) reform in Italy from 1970 onwards.[778] Putnam concluded that it is the density of social networks, or civil society in terms of associations that generates social trust between individuals in society, and that this in turn stimulates democratic efficiency as well as economic prosperity. Here, there seems to be a fairly solid empirical case for the role of civil society, in terms of associations and networks in a number of aid policy relevant objectives including democratisation, reconciliation (social trust) and economic development (prosperity or just poverty reduction). Putnam was able to compare different regions in Italy and came to the conclusion that northern areas, and regions which had been city-republics, had a higher density or degree of 'civil society' (associations, networks), as well as social trust and more effective democratic institutions and higher economic prosperity. The problem for aid policy, however, is that Putnam explained these differences by referring to long historical traditions traced back to the mediaeval city-republics. Later, Putnam conducted similar comparative studies in the United States and again concluded that culture was important.[779] Within aid policy the former set of conclusions, that civil society – in terms of associations and networks - promotes social trust, democracy and prosperity, have taken root, while the latter conclusion, that there are deep historical and cultural reasons for this, has been largely ignored. The former can be promoted, or so it seems, but the latter cannot be reproduced. The influence of Putnam's work (although not referred to) is evident in many aid-policy documents on civil society, such as Sida's policy for civil society.[780]

The Swedish political scientist Bo Rothstein has approached the issue of social trust from another angle.[781] Discontented with the long historical and cultural context in which Robert

---

[778] Putnam, R (1993) "Making Democracy Work" Princeton University Press
[779] Putnam, R (2000) "Bowling Alone: The Collapse and Revival of American Community", Simon & Schüster, New York.
[780] For example Sida's policy for Civil Society: 11-16
[781] Rothstein, B (2003) "Sociala fällor och tillitens problem" SNS Förlag, Stockholm

Putnam located the phenomenon, Rothstein suggests that there must be some relatively contemporary political considerations involved and advocates the thesis that the high level of social trust in Sweden may be explained by the institutions of the welfare state and the egalitarian-oriented social institutions and welfare project.[782] Although Rothstein's thesis allow far better opportunities for aid policy to influence the issue of social trust in aid-receiving societies, this is unfortunately not relevant for the contemporary design of aid policy, since the latter has largely abandoned the project of building welfare-institutions (and a social state) in favour of a neo-liberal project in which privatisation, outsourcing, and biopolitical intervention, have the upper hand.

Here it might be useful to introduce the terms *Gemeinschaft* and *Gesellschaft*. This binary couple was elaborated by Ferdinand Tönnies (one of the forgotten founding fathers of sociology) in the late nineteenth century and denotes two contrasting images of social life.[783] While too complex to be quickly summarised here, we may remember that *Gemeinschaft* is modelled on community life with family and friendship relations, prevalent in the village, while *Gesellschaft* is modelled on the impersonal relations in business life or in the city. Further, it should be highlighted that these concepts may be understood in terms of a 'puzzle picture', rather than as actual analytical descriptions of existing forms of society: in other words, there is no such thing as a 'pure' *gemeinschaft* or *gesellschaft* except as mental images, for in the real world elements of both coexist everywhere even though one may dominate.[784] The translation into English has posed some problems and has gone from 'Community and Association', to 'Community and Society', and most recently 'Community and Civil Society'.[785] Now it could be argued that all these translations have their complications, but it depends on what one is looking for. If *civil society* is understood in terms of contemporary aid discourse, then it does not translate well as *gesellschaft*. However, if civil society is understood in the historical sense, as used by Thomas Hobbes or Adam Ferguson, with strong

[782] Ibid

[783] Tönnies, F (1887/2001) "Gemeinschaft und Gesellschaft: Abhandlung des Communismus und des Socialismus als empirischer Culturformen" Leipzig; recent English translation by Harris, J & M. Hollis (2001) "Community and Cicil Society" Cambridge Texts in the History of Political Thought, Cambridge University Press.

[784] Compare the interpretation by Asplund, J (1991) "Essä om Gemeinschaft and Gesellschaft" Bokförlaget Korpen, Göteborg.

[785] Tönnies, F (1955) "Community and Association" (translated by Charles P Loomis), London; Tönnies, F (1957) "Community and Society" (American Edition), East Lansing, Michigan; Tönnies, F (2001) "Community and Civil Society" (translated by Jose Harris & Margaret Hollis), Cambridge University Press. An excellent discussion in Swedish regarding the binary couple, including translation problems, has been provided by Asplund, J (1991) "Essä om Gemeinschaft och Gesellschaft" Bokförlaget Korpen, Göteborg.

connection to the state as a legal order but including the sphere of the market, then the translation is much more reasonable, and this is indeed how we should understand the translation.[786] As such it differs considerably from the NGO-based idea of civil society in contemporary aid policy, which constitutes something *other* than *gesellschaft*, and which is probably more akin to a form of *pseudo-Gemeinschaft*.

If civil society is supposed to promote, and be based on, universal democratic principles, rather than ethnocratic or kinship-based institutions, then we have to look at the *gesellschaft* analogy, which breaks away from traditional forms of organisation. In other words society has to be transformed away from, and transgress, traditional loyalties, of *gemeinschaft*-like values, into a *gesellschaft* (I allow myself a fairly liberal use of these terms here, well aware of the many different connotations they may have including the problem of translation). Further, if civil society is expected to promote 'social trust', then it has to be a social trust, which is accommodated in *gesellschaft*. The question is *how* social trust is promoted and generated. It would be fairly meaningless to pose this question with reference to *gemeinschaft* since *gemeinschaft* by its very definition and nature is based on friendship and familiarity![787] In *gemeinschaft* we have to frame the meaning of 'social trust' differently, because although the people living in a *gemeinschaft* do not need to trust everybody in it, they at least know with whom they are dealing. In *gesellschaft*, by contrast, they relate to strangers and thereby the question of social trust has a different meaning. We may say that in *gemeinschaft* there is a 'trust' in those one knows and is familiar with (even if it may be a hated neighbour), whereas in *gesellschaft* the relations to strangers place emphasis on the term 'social' (as opposed to 'communal'). In *gesellschaft social* trust implies that you have to place some confidence in the goodwill or just common interest of your fellow citizen or fellow urban dweller. Hence, the question of how social trust can be generated only makes sense in *gesellschaft*, since *gemeinschaft is* trust, but of a different kind than that which can be generated in *gesellschaft*. A village or a clan, where people can identify an individual with reference to a family or a village location, can be seen to correspond to the idea of a *gemeinschaft*. The *gesellschaft* analogy requires anonymous spheres and specific rules for relationships between individuals

---

[786] Personal communication (via email) with the translator Jose Harris. Please note that I do *not* wish to criticise the translation. but merely highlight (again) the problem with the discontinuity and different conception of the term 'civil society' in contemporary aid discourse. Again. positive connotations arising from the term are transported from a historical usage to which there is little reference.

[787] Please note that this does *not imply* that *Gemeinschaft* should be free from conflicts. for certainly it is not (neither are families or friendships): it simply implies that social trust and familiarity are part of how the concept was elaborated by Ferdinand Tönnies. *in opposition to Gesellschaft*.

who are *mostly* or *principally* strangers to each other. The crucial point to be made here is that the remoulding of a traditional society into one with universal liberal (western-style) values may in fact require a breaking down of traditional social institutions and networks, including the kind of social trust embedded in them, and thereby may generate social conflict. The alternative is that traditional networks and informal institutions are reproduced *within* a new formal institutional framework, that they become embedded in them and thereby shape them, which in turn makes those institutions less universal. Such a process might generate conflicts with the 'out'-groups, such as the 'ethnic other' or other 'clan-family networks'. Social trust is high within clans or ethnic groups which are in conflict with other clans or ethnic groups, and the problem is how to create social trust *between them* and thus reconciliation; how to transgress traditional loyalty networks and *extend* social trust beyond them. A requirement for the latter, and in order to create *trust in universal institutions,* may be the weakening of existing loyalty networks, which could otherwise be perceived as a threat to fair and non-corrupt institutions. The western liberal ideal type requires an atomisation of traditional structures and an *individualization* of society. The whole idea of *'one person one vote',* as well as the idea of *meritocracy* is founded upon such an individualisation process. The requirement of such transgressions constitutes a dilemma, and the promotion of social and cultural change through contemporary *biopolitical* aid policy, may thereby *generate* social conflicts as well as diffuse them.

What actual evidence is there that civil society and NGO-based aid can help promote reconciliation and social trust between ethnic communities? Thus far the record for Kosovo has been bleak, which became particularly evident in 2004. In Bosnia, which has been studied slightly more and which has received an additional five years of direct foreign control and involvement, the record does not seem much better. Any comparison with Bosnia should take into account that the cultural distance between the ethnic groups there is actually smaller than in Kosovo. Nevertheless, four years after Dayton a study by David Chandler concluded that there was little evidence of any progress in terms of 'civil society development' or democratisation.[788] Several years later a multi-disciplinary study undertaken for Sida in 2005 showed that there was no significant progress whatsoever in terms of reconciliation or social trust that could be recorded as a result of foreign assistance.[789] The evaluation was conducted

---

[788] Chandler, D (1999)
[789] Čukur, M et al (2005) "Returning Home: An Evaluation of Sida's Integrated Area Programmes in Bosnia and Herzegovina", Sida Evaluation 05/18.

in relation to the direct material aid of Sida's integrated area programmes, and three separate studies involving surveys and anthropological fieldwork showed the same results. Although foreign assistance was effective in terms of the material conditions it produced, there was no sign of reconciliation or increased social trust between ethnic groups and the report concluded that the popular assumption that cohabitation will lead to interaction and subsequent integration is a false one.[790] Even with a fairly modest definition of reconciliation, the report stated that there was little or no sign of it:

> Since interaction is so rare one could hardly speak of social reintegration, and certainly not of reconciliation.[791]

The report further concludes that although reconciliation is one of the aims with Sida's assistance, the evaluation in Bosnia confirms findings from studies in other parts of the world.[792] However, as already mentioned above one need not understand current aid policy fashion in terms of how effective it is in relation to promoting reconciliation, democratisation, and economic self-sustainability in the societies of concern, and not even its effectiveness in relation to the donor's own explicitly stated aims. Instead one may understand current aid policy as an expression of a wider political project, within which aid institutions are given certain opportunities through a new form of involvement. Subcontracting and biopolitical intervention is not just a characteristic of the aid industry, even though it takes certain features there, but a much wider phenomenon in western forms of governance. In this context aid policy should be understood as a reflection of western governance and global ambitions, and in terms of the possibilities provided, and what can be made possible through, biopolitical intervention.

The biopolitics of aid and the promotion of cultural change: in service of liberalism?

Liberal training and moral education implies the promotion of *attitude change* in society. As such it works with the ambition of influencing and controlling whole populations. Such western liberal ideas as gender-awareness, political individualism, market economy, inter-ethnic and inter-confessional toleration, and various programs against corruption, trafficking,

---

[790] Čukur, M et al (2005): 131
[791] Čukur, M et al (2005): 126
[792] Ibid: 131

and a wide range of related matters must be implanted in the population. The society needs to be *provided* with such liberal values and any existing loyalties based upon kin, clan, ethnicity, must be transgressed or transformed into a liberal *culture*. The shaping of a new society entails *cultural* change.

We here see the donor agencies, and the western intermediary NGOs, as the morally and culturally superior teachers, who train the morally and culturally inferior. For such a condition the concept of imperialism is more accurate, analytically and descriptively, than the term 'development cooperation'.[793] Rather than providing resources for self-governance or service-provision, it is a matter of preparation for self-governance. Self-governance is not an automatic right, but a conditional concession given by the Empire. It is conditional on free market, privatisation, and on certain style and language suitable to liberalism. The western NGOs are an instrument here for imperial penetration in the borderlands.[794] In this manner 'biopolitics' and therapeutic intervention with attitude control is a tool for the control of the borderlands of the global political economy or for the direct extension of its penetration. In cases where this form of aid-policy is not successful it is necessary to bring direct military intervention, control and containment. In this manner biopolitics with the focus on attitude and cultural change is an integral instrument of the new geoeconomics, but in the background as an alternative conventional geopolitics lurks. Returning to the discussion in the Introduction and chapter 2, and the distinction between geopolitics and geoeconomics, which was made by Neil Smith, we can here connect biopolitics to the geoeconomic imperial project.[795] Geoeconomics is focussed on global economic control but without the need for territorial control. Geopolitics and direct territorial control is always a latent possibility, as in Vietnam in the 1960s or Iraq after 2003, or in contemporary military protectorates, but it is considered a transitory stage towards the equilibrium of geoeconomic control. In order to shape the geoeconomic environment the most effective form of control is when states and populations voluntarily concede to the imperial project. In this manner the biopolitical ambition is a resource and instrument for the geoeconomic project and it is only when biopolitics fail that direct military control is deemed necessary. Hence, there is a direct neo-liberal international political economic framework for biopolitics. Geoeconomics and geopolitics express two forms of imperial rule, but it is not a question of either-or. They entail

---

[793] Compare Petras, J & H. Veltmeyer (2001) *in passim* and Chapters 7-8.
[794] Similar critique has been formulated by Hardt, M & Negri (2000); Petras, J & H. Veltmeyer (2001); Duffield, M (2001)
[795] See Introduction and Chapter 2; Smith, N (2003) and (2005)

their separate logics of *realpolitik* and the shift to geoeconomics accentuates the mobilisation of biopolitics, but does not exclude retreats to geopolitics. Geopolitical control is however not necessary if biopolitical governance can sufficiently sustain the geoeconomic project or, at the very least, contain the particular area from disturbing that project. In this new form of governing, and in order to implement the new radical agenda, the NGOs are a quite necessary tool and provide a more controllable, malleable, and probably cheaper structure for governing than would be possible with any donor-receiving government, whether it is one under democratic 'pressure' or under authoritarian rule. Through the NGO-model, donors can pick and choose, stimulate the direction of programmes through new funds, close off or cut funding at any time, test new avenues without being directly accountable for failures, discriminate between areas for operations, and so on, as well as reach directly into populations in the 'project society' of the operations. Furthermore, it is cheaper than investing in state institutions. In the geoeconomic imperial project some areas are more important than others, just as in geopolitics, and certain areas are only relevant in terms of containment and to ensure non-disturbance of the global project. The analytical power of these concepts obviously connects to ideology. One may like or dislike the imperial project, view it in terms of ethics or in terms of a 'national interest' but the asymmetric global re-structuration and reaffirmation is a continuous process. The project is good for some people, groups and individuals, and bad for others, and the winners and losers can be found both in the periphery and in the centre, although there are certainly more winners in the centre and more losers in the periphery.

CHAPTER 10

CONCLUDING SUMMARY[796]

This research took a departure in a critical scrutiny of international aid policy and its governing conceptions, and then developed a macro-historical approach in order to understand two sets of interrelated problems. First, it set out to answer questions of how Yugoslavia was transformed from being a model of development, in much of the Cold-War period, into becoming a symbol of state collapse, international aid, and intervention, in the post-Cold War period. Second, it outlined the changes in aid policy over the same period, and analysed how contemporary aid policy is conceptualising post-Yugoslav change, how it addresses issues of post-war social reconstruction and transition, which agents it identifies in the process of social political and economic change, and how it addresses issues of ethnicity, political economy and state-building. The research has analysed social change in the Yugoslav space, with focus on the reworking of the nexus between the political economy, the state, and ethnicity, *and* international aid policy, with focus on social reconstruction in Kosovo, and how it address the abovementioned nexus, within a single theoretical and macro-historical framework.

It is the struggle over reworking the nexus between state, ethnicity, and political economy, which constitutes the Yugoslav crisis, historically as well as today. Moreover, aid policy, of necessity, must address these issues and has historically as well as today been concerned with how to create development within a stable polity. The particular approach and perspective in focus has however changed over time and quite generally the emphasis on the state has given way to an almost extreme preoccupation with private agents. It is the contention here that both the changes in the Yugoslav system, especially the crisis leading to its collapse and the resulting political economy, *and* the character of contemporary aid policy, are expressions of a change in global capitalism and the international political economy, which has moved beyond its state-centred anchoring. Indeed the term globalisation, so popular since the second

---

[796] I have refrained from using footnotes, or references to authors and documents, for the arguments in this concluding summary. Such are instead to be found where more extensive argumentation is applied in the various chapters.

half of the 1990s, aims at the process of reshaping the relationship between the state and political economy.

Aid policy is in this manner an integral part of, and an expression of, the broader changes in international political economy, and the reshaping of global centre-periphery relations, rather than a mere independent mediator and mitigator of the exigencies induced by them. Contemporary aid policy is heavily governed and permeated by neo-liberal (market-liberal) conceptions and teleological assumptions of social change. As such it tends to focus on domestic causes of conflict or poverty, which in turn can be mediated by foreign assistance to the promotion of liberal democracy *cum* market economy, recently coupled with poverty reduction in the most severed areas. It thereby tends not only to screen off its own role in a wider system of political economy but also, and more seriously, it fails to account for social change and actually existing political economies and loyalty structures that themselves are a part of a political and economic project of conflict, or post-conflict.

The latter projects can be analysed as adjustments to the marginalisation induced by an untamed global market economy going under the name globalisation. Globalisation produces marginalisation of large areas in which alternative forms of political project and political economy are cultivated, with alternative forms of integration into the global political economy. In this respect the forms of political economy, or illiberal economies (shadow economies) that emerge in the periphery, and their connection to radical exclusivist political projects, such as ethno-nationalism, are interpreted as counter-movements to the disrupting effects of the wider movement of global neo-liberalism. In the same manner as Karl Polanyi (1944/57) analysed the emergence of fascism and communism, in the first decades of the twentieth century, as a countermovement, or second phase in a double-movement, to the ravaging social consequences of capitalism unleashed, i.e. the first phase of the double-movement, we may see the same logic at work in the post-Cold War period. Here too, laissez faire capitalism, a broken world order, and the disruption of social security and welfare systems, have the consequence of producing alternative forms of political economy, safety networks, and political allegiance.

Within this general framework of global process, the specific historical, cultural, political and economic, conditions in Yugoslavia shaped the outcome. Thus, the particular conditions in Yugoslavia must be analysed within the framework of the opportunities and limitations

provided by the changes in the global political economy and political order. It is in the interplay between the wider global opportunity structure and the particular local domestic political and social conditions and cultural heritage we can identify the space for political alliances, political and economic *agency*, and essentially *choice,* in Yugoslavia. Hence, the historical analysis must be undertaken at several levels.

The problem of contemporary aid policy accentuates such a perspective. Contemporary aid parlance in relation to the Balkans in fact *invites us* to explore the historical perspective at various levels, since it so often applies the analogy of the Marshall Plan to contemporary aid. Aid policy aims at intervention in societies, but rather than offering a bulwark against, or cushioning effect to, the potential strictures provided by the global political economy, aid policy itself is an expression of changes in the latter. Thereby, the macro-scope perspective offers a structure within which separate processes of social and political change, whether in terms of western aid policy or in terms of social change in the periphery, are contingent. Contingency, however, does not imply reductionism or determinism. The historical heritage, in the form of economic and cultural regional variations, informal and formal institutions, political and social alliance formations, are a necessary ingredient in any analysis of the specific outcomes at a regional or local level. Moreover, these ingredients themselves merely provide the conditions, opportunities and limitations, with which social and political agents are operating, and a full analysis has to address specific strategies used by those agents in order to understand the arrival at a particular trajectory of political and social change. In other words: capitalism as a system has an inherent logic and dynamic of its own in that it needs to expand or deepen in some direction but, within this logic, specific policy choices among the most powerful agents in the system shape the directions it takes and thereby the conditions for less powerful agents. Actual adjustments and their character, in turn, are the outcomes of particular political struggles and strategies (including discursive and conceptual ones) and should thereby, at that level, be interpreted as emergent rather than causative.

A shortcoming of contemporary aid policy and the conceptions governing it, is that the problems it wishes to address primarily are located *within* the receiver society, i.e. as endogenous. Further, there is a tendency towards teleological and linear conceptions of social change, by means of social engineering, bereft of a historical and social analysis of contingent social transformations taking place through the ongoing crisis itself, to which aid presumably responds. The alternative suggested here has been, on the one hand, to focus on the aid

industry as part of a wider system of political economy which itself is part to the crisis and, on the other hand, on the fact that the actual state collapse and crisis itself, contains and expresses a social transformation, with reworked networks of governance, social allegiance, and political economy. Since the Marshall Plan has been considered a particularly successful historical example of post-war reconstruction, and since it has been so widely appealed to, by way of analogy, to contemporary aid efforts in the Balkans, this deserves some scrutiny. However, a comparison with the Marshall Plan reveals that this analogy stands out by the contrasts to contemporary aid, rather than its similarities. The Marshall Plan was launched under a complete reconstruction of the global political economy and international order, towards a completely different conception of the economy, and the role of the state, *and* under the conditions that the receiving countries were absolutely vital to a future global economy as well as security structure. Moreover, it was essentially provided to the already rich and industrialised, with cooperative governments, and it involved a transfer of resources of a considerably different scope than contemporary aid. This highlights the historical perspective, and the necessity to qualify historical comparisons on several levels, including the macro-scope. The Marshall Plan and its aftermath is also the starting point for international development aid as a phenomenon as such. Since then, aid policy has however undergone considerable changes in trends, perspectives, practice and structure. One of the major changes has been a switching focus from the role of the state towards the role of the market in the development process and an increasing importance given to non state agents in general and non-governmental organisations in particular. Curiously, it is of course the state itself, and the potential welfare provisions it could provide, which is weak in those areas subjected to aid policy. In turn, all this is a reflection as well as an expression of changes in the international political economy. Thus, the wider context of international political economy and global orders remains a crucial frame of reference for the whole analysis.

A central thesis on the macro-historical level, is that the global political economy, and balance of power system, remained of central importance to the Yugoslav state in terms of its creation in 1918, then destruction and recreation during and after the Second World War, its peripheral position throughout this period, its consequent modernisation project from the 1950s onward and partial integration into the global political economy, and its eventual collapse and re-peripheralisation since the 1990s. The twentieth century opened with a disturbed balance of power system between the major European powers, with an increasing competition in the decay of British hegemony, and with severe social consequences and responses to an earlier

unleashed unregulated market. The two world wars may be seen as an extensive struggle with these problems. The United States rose as a leading power following the First World War and was set on opening up the world for its economic interests. The first move was in Europe, where the idea of national self-determination was launched as an ideological foundation for state-building upon the crushed European empires, the Ottoman and Habsburg (and further north Russia and the Hohenzollern part of Germany). However, the global systemic issues, and the institutional foundations for the international political economy, remained unsolved. Various attempts to return to the gold standard, which had been safeguarded by British hegemony, failed. The unleashed market forces resulted in a counter-movement in the form of communism and fascism, which both provided alternative ideas of social order. A new balance of power order and new institutions for a global political economy could emerge only after the Second World War, when fascism had been crushed.

This new order and these institutions were both dependent on the United States and its hegemonic position. However, US hegemony and its global economic aspirations were partly blocked by the Cold War with the Soviet dominated communist block. The new superpower and hegemonic safeguard of liberalism, the United States, could pursue its aspiration to a global economic space only in one half of the world, and was locked in a geopolitical struggle with its competitor in various areas across the globe. In half of the world, the United States could now, for its own economic interests, open up the colonial areas which formerly had been blocked under west European powers. The phenomenon of development aid policy, centred on state and nation building in former colonies, was instrumental to this purpose and aim of a global economic space. Here, the *realpolitik* was no longer based on geopolitics, or direct territorial control, but on geo-economics, or economic control. Building nation states of former colonies was a central aid policy and geo-economic concern. Geopolitics was however always present as a necessary backup where geo-economics failed. Thus, geopolitical considerations were at the centre in the bi-polar power struggle with the Soviet Union and in ensuring that former colonies did not fall in the communist camp. In this regard decolonisation was a form of re-colonisation under the pressure of geopolitical competition between the United States and Soviet Union. Elsewhere, geo-economic control was ensured through the United States absolutely dominant position, economically as well as militarily (and thereby politically in the vital international institutions such as the World Bank and IMF).

331

The first Yugoslav state was created after the First World War on the opportunities provided by the collapse of two European Empires, the Ottoman and the Habsburg, and inspired by earlier existing ideas of uniting the southern Slavs into one polity safeguarding their autonomy from more powerful neighbours. Albania too, had been created when the Ottoman state declined, largely as an externally driven process, but it had found a large part of its population outside that state, in Slavic lands. As such these states were under the auspices of the Versailles treaty, but continuously challenged. Yugoslavia was so both from its neighbours and from within. To the disappointment of the Croats, and the Albanians, the first Yugoslav state was largely dominated by the Serbian bourgeois elite. It survived for two decades largely as a bulwark against external threats, but was increasingly drawn under German economic influence and eventually taken under control by Hitler during the Second World War. Here, in the struggle for liberation from foreign powers, and in the struggle against foreign exploitation, the communist partisan movement was able to offer an ideological and institutional recipe, which gained increasing support. The second Yugoslavia, socialist and federal, was to a large extent a break with the first Yugoslavia.

The Yugoslav striving for independence clashed with the Soviet Unions aspirations for complete domination in the communist world. Soon, Yugoslavia found itself in a communist interdict, and in the difficult position of being communist outside the communist block. Gradually, it developed its own form of liberal socialism and non-alignment, which came to heavily rely on the west. It opted for a strategy of integration into the global economy and the international division of labour, based on a highly decentralised system of market oriented self-management socialism. Yugoslavia was however a highly heterogeneous area both in terms of ethnic national, cultural, divisions, and in terms of regional development. To a large extent this also precipitated political divisions within the federal state. A balance of decentralisation and federalisation, to concede to national and regional economic interests, and an economic policy to ensure Yugoslavia's credibility among foreign powers, constituted its continuous policy dilemma and created new strictures within the polity. Within a few decades it achieved considerable industrialisation and modernisation, but in the process became highly dependent on economic centres in the west, foreign credits and loans, foreign licences and market conditions, as well as partial export of its labour force. Meanwhile, in the process of decentralisation and federalisation, its institutions became considerably shaped and permeated by traditional loyalty structures, nepotism and clientelism, and in the case of Albanians in Kosovo by clan allegiance as well. Such structures were empowered and became

increasingly important, and the formal institutions increasingly exclusivist, under conditions of economic hardship and unemployment, which became manifest in the 1980s.

In the late 1960s expressions of legitimacy crisis became prevalent, which concerned the organisation of the state and the specific form of socialist political economy, but *not* the Yugoslav state itself, nor socialism as such. It led to a renegotiated state accompanied by a purge of liberal critics in several republics. In the 1970s the extensive decentralisation and federalisation resulted in Albanian domination in Kosovo, which until 1966 had been dominated by Serbia. With new institutions, including the university in Prishtina, came the formation of a new Albanian elite. It emerged in parallel with a growing social crisis and unemployment, as well as a continuously expanding regional development gap despite efforts to halt it. A crisis started in 1981 when the Albanians in Kosovo demonstrated and demanded the status of a republic. In the 1980s the Yugoslav economic and, consequently, social crisis grew increasingly as Yugoslavia struggled with the manifestation of the international debt trap and highly unsuitable international credit and loan conditions and reform prescriptions informed by the emerging neo-liberal dogma. In Kosovo inter-ethnic relations between Serbs and Albanians grew tenser. Moreover, a change in leadership at the federal top level was underway after three of the most prominent Yugoslav leaders, including Tito, had died within the span of a few years. The expression of Albanian nationalism in Kosovo became the sparkle for Serbian nationalism during the second half of the 1980s. Serbian complaints about discrimination and ill treatment in Kosovo merged with complaints over the 1974 federal constitution, considered unfavourable to the Serbs, and with the more general economic and social crisis throughout Yugoslavia. Eventually, as the whole global bi-polar order crumbled, along with the collapse of communism and the Soviet Union itself in Eastern Europe, the core pillars for the *raison d' être* of the Yugoslav state were in question. Its breakdown was however not an evident consequence of these changes, yet highly contingent on them. Nationalist and irredentist identity politics grew everywhere once its dynamic had been set in motion, and became a central legitimising principle in the struggle for political constituency. In Serbia the nationalist path was first a response to the situation in Kosovo and in the years 1989-1990 series of laws and measures were adopted which in effect abolished the autonomy of Kosovo. In response the Albanians boycotted the Serbian state and organised a completely parallel society, with their own education system, sport, media, political and cultural organisations. It was financed through taxes, remittances from the diaspora, as well as through so called illiberal economic activity and to some extent foreign aid. Throughout the whole

region, alternative forms of political economy expanded as an adjustment and adaptation to global marginalisation of the formal economy. The structures here were built on earlier existing networks and traditional loyalties. With the complete marginalisation of the formal economy, the illiberal – or shadow – economy, more suitable and adaptable to global competition and integration, grew increasingly important. At the very local level it was supplemented by individual survival strategies, informal trade and services, and subsistence farming. Part of the illiberal economy is pure black market, or criminal, activity. It has thrived well on the conditions of war and imposed international sanctions. The networks through which it operated were directly linked to state organisations and institutions, and in the case of Kosovo to would become state-builders. The networks had partly dissimilar characteristics in Serbia and Kosovo, with the Serbian characteristic being more loosely knitted informal networks but directly linked to parts of the state machinery, while in Kosovo they have tended to be tightly knitted around family and clan allegiance, and in direct opposition to the Serbian state. This has however not intimidated joint business across ethnic borders. Moreover, international democracy aid through the 1990s tended to aim at anti-state organisations in Serbia, and to an opposition and resistance in a society characterised by political fragmentation and atomisation, whereas in Kosovo it tended to support the organisational infrastructure for ethnic exclusivism and irredentism and hence legitimise the parallel society. The parallel Albanian society was further radicalised in the second half of the 1990s, and eventually the United States, drawing with it much of the international community, came to support the most radical and ethnic exclusivist forces within it while at the same time de-legitimising the more moderate forces. The effect of this has been notable ever since.

The fact that democracy aid in the 1990s ended on disparate regional targets was a logical, but partly unintentional, consequence, of the principles and aims under which contemporary aid policy operate. These contemporary principles and aims are themselves an integral part to a new form of governing, of defining development and security, and more fundamentally, an expression of new trends in the international political economy. Contemporary aid policy operates with subcontracting and outsourcing and extensive networks of private actors, such as consultants and NGOs. It aims at working directly on populations and on transforming attitudes and behaviour. Where previously the state and its institutions, and the idea of creating development and welfare services and provisions in nation-states, where at the centre, the focus has now shifted to direct intervention in societies on the level of populations, through a large number of agents and implementers that can be engaged on short-term basis,

and excluded or included in a more flexible and selective manner. Whereas conditionality and desert (deservedness) is calculated where resource transfer is concerned, a more ambitious effort at transforming society through moral training and *cultural change* has consolidated and expanded. In this manner a global biopolitical ambition is operated through contemporary aid policy and its networks. These aid operating networks are themselves an integral part of a wider system and network or global governance. Moreover, there has been a re-conceptualisation of security and development and a merger of them, in the sense that underdevelopment as such is defined as a security concern (producing conflict, refugee flows, harbouring criminal networks, and more recently terrorism), and that development is impossible without security and vice versa. Here there is an inbuilt pressure for more intervention and even of using military force whenever the biopolitical project fails. In some cases, such as Kosovo, the opportunities for biopolitical intervention are opened up through the military intervention, and military force is an essential back-up to the whole project. Kosovo is at the same time governed directly through international agents and through aid policy networks working on cultural and attitude change.

The form of governing through biopolitical control and intervention is an important aspect of securing geo-economics as an imperial project. Geoeconomics, or ruling through economic control, is an alternative to the direct territorial control of geopolitics, but the former has an inherent potential to resort to the latter. Geopolitics, and territorial and military control, is therefore by no means irrelevant, but remains a necessary complementary. Regions like the Balkans, especially Kosovo, may be of a peripheral importance to the global geo-economic project, but they belong to the anomalies that need to be contained from, or absorbed in, the norms of a global geo-economic project or empire. The term empire is here more conceptually and analytically accurate and precise than the term 'globalisation'. The latter term, rather than concept, tends to obscure agency, power relations, and beneficiaries within this order and indeed mystify the reshaping of relations as a kind of inevitable process without agency, almost like a 'natural law' to which states (and other actors) merely have to adapt. It is nothing of the sort. Instead it is a political project, propelled by policies and power relations that secure geo-economic supremacy. Adaptation and adjustment come in many forms, one being the expansion of illiberal economies connected to traditionalist networks of loyalty and welfare security as well as particularistic ideologies.

The term civil society has achieved an important role in the new biopolitical project and contemporary aid discourse with its focus on NGOs and populations, as opposed to state and welfare institutions. The term has a long history in western European political thought, where it has been intimately connected to the state and conceptualised as a society ruled by law. It has, as such, a positive connotation. In the modern period, from the late eighteenth century onwards, it was gradually redefined to refer to activity in a public space located between the two poles of the state and the family. Nevertheless, it was connected to the state, which was the essential framework for any possibility of civil society, and it typically included the sphere of the market and market relations. It is only very recently, in the past decades, the term has become applied to non-state organisations, or to organisations in opposition to the state. This way of conceptualising civil society started with reference to communist states in Eastern Europe, and was then expanded into a more general conceptual tool within aid policy. As such the term has remained the same while the concept has changed considerably. Today, the concept is historically empty and highly ambiguous as it tends to be completely detached from the state, and even the market, and viewed in terms of non-profit private agents. However, this vagueness, and historical emptiness, serves a practical political purpose within aid policy since it without specificity enables a redirection of financial support, and agency, *away* from the state and *to* an organisational infrastructure of private agents. It enables a completely novel assemblage of agents and discursive practice for aid policy and international governance. It has become instrumental to global biopolitics and empire.

A primary assumption is that so called civil society organisations constitute an infrastructure upon which democracy and liberalism can be built. A problem is that, if considered as such, it does not fit well with ethnic particularism or traditional structures, which form the basis for trust, allegiance, and social security in places like Kosovo. Attempts at transgressing such forms of social organisation, norm and value systems, have so far been without success. In fact, the international community has instead politically legitimised and supported the forces of ethnic nationalism and structures of ethnic organisation. The international administration that took over Kosovo in June 1999 had, in the first six years of its rule, not been able to mitigate inter-ethnic tensions in Kosovo. Instead, it drew upon it a considerable frustration and growing mistrust from Albanians as well as Serbs. A large part of the problem for the international administration was bred into it from its very birth, through the radical forces that had been supported from the outset. Ethnic cleansing, violence, and destruction of property and religious monuments took place in the midst of international presence. In 2003

336

international financial support diminished, after an initial physical reconstruction. Serious miscalculations were made by strategic international agents when they mistook the initial reconstruction of buildings and roads, and the economy coming to the surface and thriving on international presence, for a potential trend of revival. A set-back, sobering the UN administration, came with the sudden eruption of ethnic violence in May 2004. There has been no development plan, no coherent strategy, not even a poverty reduction strategy, no reliable statistics upon which to base any form of planning, and no viable alternative to shadow, informal, diaspora or aid-subsistence economy. Ethnic violence, ethnic exclusivist identity politics, particularism, traditional loyalty structures empowered through emerging institutions, and consolidation of organised crime, has been the trend. Further, no regional solution has been provided, nor a local multi-ethnic solution for social, political and economic development. Although there has been a great deal of activity, patch-work aid projects, considerable international presence, and an explosion in foreign-sponsored NGOs, one must not mistake activity for achievement.

After several years of protectorate it appears that the international administration had lost initiative in Kosovo. Here, all the weaknesses of international instruments have come to the fore, and especially the lack of instruments for addressing ethnic nationalism. A profound dilemma was created at the very beginning through the NATO intervention in Kosovo with military means. For the Albanians the objective is an independent state and for the most radical forces that were supported this is means to an end of a unified greater Albania. For the Kosovo Serbs this is an unthinkable solution, which they believe would threaten their very existence in Kosovo. And, disregarding minorities, an independent Kosovo would mean that the borders of a state were altered through the use of force, and a new state thus created. This would violate the very foundations of international law, the Helsinki agreement, and the so called Badinter principles, which are applied in order to uphold Bosnia as a single state. Thus, if Kosovo becomes independent, an international precedent is set, which can have repercussions globally, for example in places like Chechnya or Kurdistan. It could, potentially, open up the issue of Bosnia and the question of its Croatian and Serbian populations. It could open up the issue of the Macedonian state, which has a large Albanian minority. Thus, independence for Kosovo is a hard nut to crack. On the other hand, if Kosovo is to remain a part of Serbia against the explicit will of the, at present perhaps close to 90 %, Albanian population, then new violent conflicts are an imminent risk. Violence could then be directed at the international presence there, if it becomes perceived as an obstacle to the goal

of the local majority population. Should the international military presence then fight a war against those on behalf of whom it claimed to intervene, in order to force them under a state in which they do not wish to live, or should international law and principles be trashed? Moreover, which international forum can address the issue? The UN Security Council is an unlikely candidate since one may assume that Russia (with Chechnya) and China (with Taiwan) would be highly reluctant to opt for Kosovo's independence, for the pure fact that it would set precedents. Thereby, the only avenue is a bilateral agreement between Serbia (Belgrade and the local Kosovo Serbs) and the Kosovo Albanians. Still, disregarding the poor political atmosphere for such negotiations, even a bilateral solution could send messages of possible precedents to minority and majority populations elsewhere in the Balkans and across the globe.

The undefined status of Kosovo is thereby a heritage to the international community, offered by the United States and NATO, which has provided them with a pressure to solve the squaring of the circle. Moreover, thus far it has directly blocked the possibilities for conventional development work. Conventional development work is necessary for creating state institutions and a legal and institutional framework for implementing the conditions for a liberal market economy, as well as for ownership over a poverty reduction strategy targeted at the most sensitive groups. Such institutions are also necessary for having a capable local partner in combating threats to the liberal world in terms of fighting black market activity, containing and reducing refugee flows, and more recently terrorism. A problem is that conventional development work was designed to work with states. In practice almost any development programme will soon be confronted with issues relating to the state, including legal issues. A judicial state is also necessary for international credits as well as agreements. The consequence in Kosovo has been that as long as its status is undefined, any development process, as well as investment, has remained blocked. A consequence, in turn, which contributes to further frustration, unemployment, political, economic and social dire straits, and a good recruiting ground for an illiberal economy and radicalised networks.

While the specific strategies and forms of adaptation to global marginalisation are as particular for Yugoslavia, Serbia, or Kosovo, as for any other region, they are an expression of a more general dismal trend. The global political economy, shaped by the most powerful state or states and the institutions they control, and ultimately backed by military capabilities, greatly impacts all areas in the world by establishing a particular opportunity structure for

338

policy choice. In its present form of geo-economic imperialism it contributes to the destruction of formal economies and the social contracts they uphold, in many marginalised areas, and thereby propels the reshaping of states and societies, which may well be pushed, at least partly, into illiberal trajectories as an alternative path to integration into the global economy. Economies are always socially and politically embedded, and adaptation to global marginalisation constitutes a re-embedding in alternative and more particularistic political projects and social networks. As such, they can be interpreted as counter-movements, or the second phase of a double movement, where the first movement is laissez faire market capitalism unleashed upon the globe. This first movement is by no means a 'natural' historic process, but the consequence of policy choice. Across the field of policies, contemporary aid policy is itself shaped by it and thereby an integral part of the process. Moreover, aid policy is instrumental in the new security policy, which often produces unintended consequences and outcomes. Although many individual aid projects provide services, poverty reduction, emancipation, or increased life chances for selected individuals or groups, the dismal conclusion here is that a general trend has been that the aid industry is part of a wider superstructure of a new geo-economic imperialism. The conceptions through which it is governed are intimately anchored in this project, and it is organised according to the principles in it. Regarding the design of specific aid policy, there are ideological and cultural elements which shape the conceptions of any particular area in which it operates. Such conceptions may be deeply detached from actual processes or empirical realities in the aid-receiving society and serve primarily as a reassertion of the self-assumed role of the industry. At some point one must hope that a new global political economy and security structure, allowing inclusion as well as diversity, cultural and regional particular solutions, public and social welfare for the multitude, environmental sustainability, and a more fair deal for the marginalised, will come in place; in the meantime one may prepare to witness much destitution, destruction and violent confrontation.

REFERENCES

Ahmeti, S (1994) "Forms of Apartheid in Kosovo" in Janjić, D & S. Maliqi (eds) (1994) "Conflict or Dialogue", Subotica: 108-114

Alvarez-Cuadrado, F (2004) "Growth Outside the Stable Path: Lessons from the European Reconstruction" Department of Economics, University of Washington.

Amin, S (1992) "Empire of Chaos", Monthly Review Press, New York.

Amsden, A. H, Kochanowicz, J and L. Taylor (1994) "The Market Meets its Match – Restructuring the Economies of Eastern Europe", Harvard University Press, Cambridge Massachusetts

Andersen, A (2002) "Transforming Ethnic Nationalism: the politics of ethno-nationalistic sentiments among the elite in Kosovo", thesis for the Cand. Polit. Degree in Social Anthropology, University of Oslo. Available at: www.aasmundandersen.net (entered 2 March 2005)

Anderson, B (1983) "Imagined Communities: Reflections on the Origins and Spread of Nationalism" Verso, London;

Andor, L & M. Summers (1998) "Market Failure", Pluto Press, London.

Arrighi, G (2000) "The Balkan War and US Global Power" both appearing in: Ali, T (Ed)(2000) "Masters of the Universe? NATO's Balkan Crusade", Verso, London & New York.

Asplund, J (1991) "Essä om Gemeinschaft och Gesellschaft", Bokförlaget Korpen, Göteborg.

Atmar, M. H (2001) "Politicisation of Humanitarian Aid and Its Consequences for Afghans" in "Disasters" 2001, 25(4): 321-330

Babić, M & E. Primorac (1986) "Some Causes of the Growth of the Yugoslav External Debt", Soviet Studies, Vol XXXVIII, No 1, January 1986: 69-88

Backer, B (2003) "Behind Stone Walls" Dukagjini, Peje.

Baldwin (1985) "Economic Statecraft" Princeton University Press

Ballentine, K & J. Sherman (Eds) (2003) "Beyond Greed and Grievance"; Lynne Rienner, Boulder, London.

Banac, I (1984) "The National Question in Yugoslavia: Origins, History, Politics" Cornell University Press

Barnett, N "Balkans facing uncertain future", Jane's Intelligence Review, May 2003

Bauböck, R (1996) "Social and Cultural Integration in a Civil Society", in Bauböck, R; Heller, A & R. Zolberg (eds)(1996) "The Challenge of Diversity: Integration and Pluralism in Societies of Immigration", Avebury

Baučić, I (1973) "Radnici U Inozemstvu Prema Popisi Stanovništva Jugoslavije 1971" (Yugoslav workers abroad according to the 1971 Census), Migracije Radnika Knjiga 4, Radovi Instituta za Geografiju Sveučilišta u Zagrebu.

Berdal, M & M. Malone (2000) "Greed and Grievance: Economic Agendas in Civil Wars" Lynne Rienner, Boulder, London;

Bertsch, G (1974) "Value-change and Political Community: The Multinational Czechoslovak, Soviet, and Yugoslav Cases" Sage Publications

Bianchini, S (1998) "The Idea of State in Post-Communist Balkan Societies" in Bianchini, S & P. Shoup (Eds) (1998) "State Building in the Balkans – Dilemmas on the Eve of the 21st Century" Europe and the Balkans and Longo Editore, Ravenna: 53-80.

Bićanić, R (1973) "Economic Policy in Yugoslavia", Cambridge University Press

Black, A (1984) "Guilds and Civil Society: European Political Though from the Twelfth Century to the Present" Methuen Press.

Black, A (2003) "Guild and State: European Political Thought from the Twelfth Century to the Present", Transaction Publishers, New Brunswick & London

Black, A (2001) "Concepts of civil society in pre-modern Europe" in Kaviraj, S & S. Khilnani (2001) "Civil Society: History and Possibilities", Cambridge University Press: 33-38

Blagojević, M (1997) "The Other Side of the Truth: Migrations of Serbs from Kosovo" in Duijzings, G et al (Eds) (1997) "Kosovo-Kosova: Confrontation or Coexistence", Peace Research Centre, University of Nijmegen

Block, F & M. Somers (1984) "Beyond the Economistic Fallacy: The Holistic Social Science of Karl Polanyi" in Skocpol, T (Ed) (1984) "Vision and Method in Historical Sociology" Cambridge University Press: 47-84

Bodin, J (1576/1962) "The Six Books of a Commonweal" Edited by MacRae, K.D (1962), Cambridge Massachussetts

Bogosavljević, S (1994) "A Statistical Picture of Serbian-Albanian Relations" in Janjić, D & S. Maliqi (Eds) (1994) "Conflict or Dialogue", Open University, Subotica: 17-29

Bokovoy, M (1998) *Peasants and Communists – Politics and Ideology in the Yugoslav Countryside 1941-53.* University of Pittsburgh Press

Bolzić, S (2005) "Blocked Transition and Post-Socialist Transformation: Serbia in the 1990's", University of Belgrade (unpublished manuscript).

Boutin, C (2003) "Organised Crime, Drug and Human Trafficking in Europe" Report to the Sub-Committee on Democratic Governance for the NATO Parliamentary Assembly. Assembly documents available at www.nato-pa.int (entered 29 September 2004)

Braudel, F (1982) "Vardagslivets strukturer - Det möjligas gränser: Civilisationer och kapitalism 1400-1800" Gidlunds (In English: "The Structures of Everyday Life: Civilization and Capitalism 15th – 18th Century Vol I" Harper & Row 1982)

Bregovic, B & B. Mijatovic (eds) (2002) "Corruption in Serbia" CLDS (Centre for Liberal Democratic Studies), Beograd 2002

Brenner, R (1977) "Origins of Capitalist Development: A Critique of Neo-Smithian Marxism", New Left Review 104, July-August 1977: 25-93

Brett, A (1997/2003) "Liberty, Right & Nature", Cambridge University Press

Brigg, M (2002) "Post-development, Foucault and the colonisation metaphor" in "Third World Quarterly", Vol 23, No 3, Carfax Publishing / Taylor & Francis: 421-436

Brubaker, R (1996) "Nationalism Reframed: Nationhood and the National Question in the New Europe" Cambridge University Press.

Bujošević, D & I. Radovanović (2001) "October 5: A 24 – Hour Coup", Second Edition, Press Documents 10, Media Center, Belgrade.

Burgh, S (1983) "Conflict and Cohesion in Socialist Yugoslavia – Political Decision Making since 1966" Princeton University Press

Byrnes, R. F (Ed) (1976) "Communal Families in the Balkans: The Zadruga, *essays by Philip E. Mosely and Essays in His Honor*", University of Notre Dame Press, Notre Dame-London

Carlbom, A (2003) "The Imagined *versus* the Real Other", Lund Monographs in Social Anthropology 12, Lund

Carruthers, Susan L (2000) "The Media at War – Communication and Conflict in the Twentieth Century" St. Martins Press, New York

Castells, M (1996) "The Rise of the Network Society" Vol 1 of "The Information Age: Economy, Society and Culture", Blackwell, Oxford

Castells, M (1998) "End of Millennium" Vol 3 of "The Information Age: Economy, Society and Culture, Blackwell, Oxford.

Cerny, P (1998) "Neomedievalism, Civil War and the New Security Dilemma: Globalisation as Durable Disorder", in "Civil Wars" 1998, Spring; 1(1): 36-64

CeSID (2000) "Guide through Electoral Controversies in Serbia" CeSID (Centar za Slobodne Izbore i Demokratiju), Beograd.

Chandler, D (1999) "Bosnia – Faking Democracy After Dayton" Pluto Press.

Chandler, D (2001) "Faking Democracy in Kosovo", Spike Politics, 17 Nov 2001 www.spiked-online.com/Articles/00000002D2FA.htm (entered 1 May 2004)

Chandler, D (2004) "Building Civil Society from Below", Millennium: Journal of International Studies, Vol 33, No 2, 2004: 313-339

Charitos, P. G (1999) "The Crime Against Yugoslavia: 100 Violations of International Law", in Terzić, S et al (1999) "Europe at the Crossroad: New Walls or a United Europe", Historical Institute of Serbian Academy of Sciences and Arts, Belgrade

Chepulis, R (1984) "The Economic Crisis and Export-Led Development Strategy of SFR Yugoslavia:
    In between possibilities and limitations", Paper for the Mediterranean Studies Seminar,
    Dubrovnik IUC, April
Cicero, "The Republic", 1: 39, 41, 49, in Cicero (1998) "The Republic and The Laws", in translation
    by Niall Rudd, Oxford World Classics, Oxford University Press
Ciluffo, F & G.Salmoiraghi (1999) "And the Winner is...the Albanian Mafia" Center for Strategic and
    International Studies, Massachussets Institute of Technology
Clark, C & K. Johnson (1976) "Development's Influences on Yugoslav Political Values" Sage
    Publications, Beverly Hills / London
Clark, H (2000) "Civil Resistance in Kosovo", Pluto Press, London
Clinton, B (2004) "My Life", Alfred A Knopf, New York
Clissold, Stephen (1979) "Croat separatism: Nationalism, Dissidence and Terrorism" Conflict Studies
    No 3, January 1979, Institute for the study of conflict, London
Cocozzelli, F (2004) "Political Parties in Kosovo 2003", GCS Quarterly 11 (Winter 2004), Social
    Science Research Council. Available at:
    www.ssrc.org/programs/gsc/publications/quarterly11/cocozzelli.pdf (8 March 2005)
Cohen, L (2001) "Serpent in the Bosom: The Rise and Fall of Slobodan Milošević" Westview Press
Council of Europe Parliamentary Assembly, 7 September 1999, Doc 8503: 9-10
Cox, R (1995) "Critical Political Economy", in Hettne, B (1995) "International Political Economy –
    Understanding Global Disorder" Zed Books, London.
Cox, (2002) "The Political Economy of a Plural World: Critical Reflections on Power, Morals and
    Civilization" Ripe Series in Global Political Economy, Routledge, London
Craig-Nation, R, synopsis presented at the conference "Europe and the Balkans", Bologna, February
    2000.
Čavoski, K (1986) "Why there is more free speech in Belgrade than in Zagreb", Index on Censorship,
    No 8, 1986: 22-23
Čolović, I (1997/2000) "Politika Simbola" Biblioteka, Beograd
Čukur, M et al (2005) "Returning Home: An Evaluation of Sida's Integrated Area Programmes in
    Bosnia and Herzegovina", Sida Evaluation 05/18, Sida, Stockholm
Daalder, I. H & M. E O'Hanlon (2000) "Winning Ugly: Nato's War to Save Kosovo", The Brookings
    Institution Press, Washington
DAC (1997) "DAC Guidelines on Conflict, Peace and Development Co-Operation", Paris:
    Development Assistance Committee, Organisation for Economic Cooperation and
    Development (OECD)
D'Andrea Tyson, L (1980) "The Yugoslav Economic System and Its Performance in the 1970s"
    Institute of International Studies, University of California at Berkeley
Dauphinee, E. A (2003) "Rambouillet: A Critical (Re)Assessment" in Bieber, F & Ž. Daskalovski
    (Eds) (2003) "Understanding the War in Kosovo", Frank Cass, London: 101-121
Derlugian, G. M (1998) "The Social Cohesion of the States" in Hopkins, T & I. Wallerstein (1998)
    "The Age of Transition – Trajectory of the World System 1945-2025" Zed Books,
    London & New Jersey: 148-177
Dimitrijević, V & V. Pejić (1994) "The Effects of UN Sanctions against Yugoslavia (Serbia and
    Montenegro)" Centre for Human Rights, Belgrade
Duffield, M (1997) "Evaluating Conflict Resolution: Context, Models and Methodology", Discussion
    Paper (Bergen, Christian Michelsen Institute).
Duffield, M (1998) "Post-Modern Conflict: Warlords, Post-Adjustment States and Private Protection"
    in "Civil Wars" 1998, Spring 1(1):65-102
Duffield, M (2001) "Global Governance and the New Wars: The Merging of Development and
    Security", Zed Books
Duffield (2001b) "Governing the Borderlands: Decoding the Power of Aid", in "Disasters" 25 (4):
    308-320
Duffield, M & N. Wadell (2004) "Human Security and Global Danger: Exploring a Governmental
    Assemblage" Department of Politics and International Relations, University of
    Lancaster
Delanty, G & P. O'Mahony (2002) "Nationalism and Social Theory", Sage Publications

Dillon, M & J. Reid (2001) "Global Liberal Governance: Biopolitics, Security and War" in "Millennium" Vol 30, No 1, 2001: 41-66

Denitch, B (1976) "The Legitimation of a Revolution" Yale University Press.

Devetak, S (1988) "The Equality of Nations and Nationalities in Yugoslavia", Ethnos 32, Braumüller, Wien

Dimitrijevic, V (1995) "The 1974 Constitution and Constitutional Process as a Factor in the Collapse of Yugoslavia", in Akhawan, P & R. Howse (Eds) (1995) *Yugoslavia, the Former and the Future: Reflections by Scholars from the Region*, United Nations Research Institute for Social Development, Geneva: 45-74

Dinkic, M (2000) "Ekonomija Destrukcije" Stubovi Kulture, Beograd 2000

Djilas, M (1969) "The Imperfect Society" London

Duijzings, G (2000) "Religion and the Politics of Identity in Kosovo" Hurst & Company, London

Dunn, J (2001) "The Contemporary political significance of John Locke's conception of civil society" in Kaviraj, S & S. Khilnani (Eds)(2001) "Civil Society: History and Possibilities", Cambridge University Press.

Durham, E. M (1928) "Some Tribal Origins, Laws and Customs of the Balkans" George Allen & Unwin Ltd. London;

Durham, E. M (1909) "High Albania" Beacon Press.

Dyker, D (1990) "Yugoslavia – Socialism, Development and Debt", Routledge, London & New York

Đurić, Jelena (2000) "The Use of Myths for Creating and Destroying a Society" in Skoplanac Brunner, N et al (Eds) (2000) "Media and War" Agency Argument, Belgrade: 153-176.

Ekström, S (2005) "Vad mord vill säga", in Johansson, K (Ed) (2005) "Hedersmord: Tusen år av hederskulturer" Historiska Media, Lund

Economic Strategy and Project Identification Group (ESPIG), "Towards a Kosovo Development Plan: The state of the Kosovo economy and possible ways forward", Policy Paper No. 1, Prishtina, August 2004

Europe No 4, Jan-Feb 1996, The European Movement in Serbia, Europe Press Ltd, Belgrade

European Commission, External Relations DG Western Balkans: CARDS Assistance Programme to the Western Balkans Regional Strategy Paper 2002-2006

Falk, R (1995) "On Humane Governance: Towards a New Global Politics" Polity Press; Keane, J (2003) "Global Civil Society?" Cambridge University Press

Farquhar, M "Structure of KLA Explored", Tribunal Update No 383, 26 Nov 2004, and "Trial Hears of KLA Tactics", Tribunal Update No 389, 14 Jan 2005, Institute for War & Peace Reporting, London.

Ferguson, J (1995) "An Essay on the History of Civil Society" (Edited by Fania Oz-Salzberger), Cambridge Texts in the History of Political Thought, Cambridge University Press

Foucault, M (1976/1978) "The History of Sexuality Vol 1: The Will to Knowledge" Penguin Books, London

Foucault, M (1997/2003) "Society Must Be Defended", Penguin Books, London

Fox, Fiona (2001) "New Humanitarianism: Does it Provide a Moral Banner for the 21st Century?" in "Disasters", 2001, 25(4): 275-289

Galeotti, M (1995) "The drug threat from Eastern Europe", Jane's Intelligence Review, Nov 1995.

Gantzel, J. K (1994) "War in the Post World War II World: Empirical Trends, Theoretical Approaches and Problems on the Concept of Ethnic War" Paper presented at Symposium on Ethnicity and War, San Marino Centre for Inter-Disciplinary Research on Social Stress

Gelevska, I "Breaking News: Albanians at War Against Albanians", Reality Macedonia, 26 March 2002, at: www.realitymacedonia.org.mk/web/news_page.asp?nid=1664 (entered 28 September 2004)

Gellner, E (1983) "Nations and Nationalism" Blackwell, Oxford.

Gërxhani, K & A. Schram (2005) "Clan-Based Polarization in Transition: A Political Economic Analysis", Amsterdam Institute for Advanced Labour Studies & Amsterdam School for Social Science Research, University of Amsterdam

Gërxhani, K & A. Schram (2000) "Albanian Political-Economics: Consequences of a Clan Culture" in "Journal of Institutional Innovation, Development and Transition", Vol 4, 2000: 5-14

Gilbert, C. L & D. Vines (Eds) (2000) "The World Bank: Structure and Policies", Cambridge University Press: *especially Chapter 3 by Ravi Kanbur and David Vines, chapter 6 by Francisco H. G. Ferreira and Louise C. Keely, and chapter 11 by Raul Hopkins et al.*

Gill, S (1995) "Theorizing the Interregnum" in Hettne, B (1995) "International Political Economy – Understanding Global Disorder" Zed Books, London.

Gilpin, R (1987) "The Political Economy of International Relations" Princeton University Press

Goati, V (1997) "The Impact of parliamentary democracy on ethnic relations in Yugoslavia 1989-1995" in Janjić, D (Ed)(1997) "Ethnic Conflict Management" Longo Editore, Ravenna: 53-93

Goati, V (2000) "Elections in FRY from 1990 to 1998" Centar za Slobodne Izbore i Demokratiju, Beograd.

Golubović, Zagorka (1988) "Kriza identiteta savremenog Jugoslovenskog Društva" Filip Višnjić, Beograd

Gordy, Eric D (1999) "The Culture of Power in Serbia – Nationalism and the Destruction of Alternatives" The Pennsylvania State University Press

Gounev, P (2003) "Stabilizing Macedonia: Conflict Prevention, Development and Organized Crime", in "Journal of International Affairs", Fall 2003: 229-240

Gowan, P (1999) "The Global Gamble: Washington's Faustian Bid for World Dominance", Verso, London

Gowan, P (1999b) "Irrväg till Kosovo", Manifest, Stockholm (Swedish translation of "The Twisted Road to Kosovo" originally published in "Labour Focus on Eastern Europe", No 62, 1999

Gowan, P (2000) "The Euro-Atlantic Origins of NATO's Attack on Yugoslavia" in Ali, T (2000) "Masters of the Universe? NATO's Balkan Crusade" Verso, London & New York: 3-45

Gramsci, A (1995) "Selections from the Prison Notebooks" International Pub.Inc., New York

Gramstad, S (2001) "Kosovo Municipal Elections 2000", Nordem Report, at: www.humanrights.uio.no/forskning/publ/wp/wp_2001_02.htm (21 March 2005)

Gregory, D (2004) "The Colonial Present" Blackwell Publishing.

Griffiths, H (1999) "A Political Economy of Ethnic Conflict, Ethno-nationalism and Organised Crime" in "Civil Wars" Vol 2, No 2 (Summer 1999), Frank Cass, London: 56-73

Grossmith, C. J (1976) "The Cultural Ecology of Albanian Extended Family Households in Yugoslav Macedonia" in Byrnes, R. T (1976) "Communal Families in the Balkans: The Zadruga" University of Notre Dame Press.

Hardt, M & A. Negri (2000) "Empire" Harvard University Press, Cambridge Massachusetts & London

Hardten, E (1997) "Administrative Units and Municipal Reforms in Kosovo 1959-92" in Duijzings, G et al (Ed)(1997) "Kosovo-Kosova: Confrontation or Coexistence", Peace Research Centre, University of Nijmegen: 158-170

Harvey, D (1982/1999) "Limits to Capital", Verso, London & New York.

Harvey, D (2001) "Spaces of Capital", Routledge, New York

Hayden, R (1999) "Humanitarian Hypocrisy", Centre for Constitutional Rights, University of Pittsburgh

Hayden, R (1999b) "Blueprints for a House Divided: The Constitutional Logic of Yugoslav Conflicts" The University of Michigan Press

Hedges, C (1999) "Kosovo's Next Masters" in "Foreign Affairs" 78, No 3 (May/June 1999): 24-42

Hegel, F (1991) "Elements of the Philosophy of Right" (Edited by Allen W. Wood), Cambridge Texts in the History of Political Thought, Cambridge University Press (in translation by Nisbet, H.B)

Held, D (1995) "Democracy and the Global Order: From the Modern State to Cosmopolitan Governance" Polity Press, Cambridge

Hettne, B (1995) "Introduction: the international political economy of transformation" in Hettne, B (ed) (1995) "International Political Economy – Understanding Global Disorder" Zed Books, London.

Hislope, R (2001) "The Calm Before the Storm" Paper presented for the Annual Meeting of the American Political Science Association, San Fransisco, California

Hobsbawm, E & Ranger, T (Eds) (1983) "The Invention of Tradition" Cambridge University Press;

Hobsbawm, E (1990) "Nations and Nationalism since 1780" Cambridge University Press;

Hoogvelt, A (1997) "Globalisation and the Post-Colonial World: The New Political Economy of Development" MacMillan

Holzner, M (2003) "Kosovo: A Protectorate's economy", Vienna Institute Monthly Report 2003/1, at: www.wiiw.ac.at/balkan/files/Kosovo%20wiiw%20Monthly%20Report%202003-1.pdf (entered 5 May 2004)

Hoptner, J.B (1962) "Yugoslavia in Crisis 1934-1941" Columbia University Press

Horvat, B (1982) "Politička Ekonomija Socijalizam" Globus, Zagreb: 10; English edition (1982) "The Political Economy of Socialism" M.E Sharpe, Inc.

Hristov, B "DPA accuses: PDP's Ramadani and Aliti are smugglers, NDP are war profiteers", Reality Macedonia, 19 April 2002, at: www.realitymacedonia.org.mk/web/news_page.asp?nid=1800 (28 September 2004)

Humanitarian Policy Group. Reports from the 'Overseas Development Institute', London HPG Report 8: August 2000 (by Macrae, J & N. Leader), HPG Report 10: April 2001 (by Curtis, D), HPG Report 12: December 2002 (by Macrae, J et al), HPG Report 14: July 2003 (by Macrae, J et al), HPG Report 18: July 2004 (by Macrae, J & A. Harmer). Overseas Development Institute, London

Ikeda, S (1996) "World Production" in Hopkins, T & I. Wallerstein et al (1996) "The Age of Transition: Trajectory of the World-System 1945-2025" Zed Books, London: 38-86

Islami, H (1994) "Demographic Reality of Kosovo" in Janjić, D & S. Maliqi (1994) "Conflict or Dialogue" Subotica: 30-53

Jakupi, A (1999) "The Origin and Motives of Serbian Myths on Kosova", Eurobalkans, No 34-35, Spring-Summer 1999, Athens: 21-27

Janjić, D (1994) "National Identity, Movement and Nationalism of Serbs and Albanians", in Janjić, D & S. Maliqi (Eds) (1994) "Conflict or Dialogue", Open University, Subotica: 117-176

Janjić, D (1995) "Serbia Between the Past and the Future" in Bianchini, S & P. Shoup (Eds) (1995) "The Yugoslav War, Europe and the Balkans: How to Achieve Security" Europe and the Balkans & Longo Editore, Ravenna: 63-71

Janjić, D (1997) "Serbia between an Identity Crisis and the Challenge of Modernization" in Janjić, D (Ed) (1997) "Serbia between the past and the future" Institute for Social Sciences & Forum on Ethnic Relations, Belgrade: 19-54

Janjić, D (1998) "National identity Building Processes in Post-Communist Society: Serbian Case 1989-1996" in Bianchini, S & G. Schöpflin (Eds) (1998) "State-Building in the Balkans – Dilemmas on the Eve of the 21st Century" Europe and the Balkans & Longo Editore, Ravenna: 339-362

Janjić, D (2004) "Kosovo: Five Years of International Administration", Paper for the Ninth Annual ASN World Convention, Harriman Institute, Columbia University 15-17 April 2004.

Jelavich, C and B (1977/1993) "The Establishment of the Balkan National States, 1804-1920", University of Washington Press, Seattle and London

Jović, D (2003) "Yugoslavism and Yugoslav Communism: From Tito to Kardelj" in Djokić, D (Ed) (2003) "Yugoslavism: Histories of a Failed Idea, 1918-1992", Hurst & Company, London: 157-181

Judah, T (2000) "Kosovo: War and Revenge" Yale University Press, New Haven

Judah, T (2000b) "A History of the Kosovo Liberation Army" in Buckley, J. B (Ed)(2000) "Kosovo: Contending Voices on Balkan Interventions", Cambridge: 108-115

Kaldor, M (1999) "New & Old Wars", Polity Press, Cambridge.

Kaldor, M & V. Bojičić (1999) "The Abnormal Economy of Bosnia-Hercegovina" in Schierup, C-U (1999) "Scramble for the Balkans" MacMillan, Basingstoke: 92-117

Kaldor, M (2003) "Global Civil Society: An Answer to War" Polity Press

Kanbur, R & L. Squire (2001) "The Evolution of Thinking about Poverty: Exploring the Interactions" in Meier, G. M & J. E. Stiglitz (Eds) (2001) "Frontiers of Development Economics", World Bank & Oxford University Press, Washington & New York

Karan, M (1985) "Krvna Osveta" Partizanska Knjiga, Ljubljana / OOUR Izdavačko Publicistička
 Delatnost, Beograd.

Karpat, K (1973) "An Inquiry into the Social Foundations of Nationalism in the Ottoman State: From
 Social Estates to Classes, From Millets to Nations", Research Monograph No. 39,
 Center of International Studies, Woodrow Wilson School of Public and International
 Affairs, Princeton University.

Keane, J (1988) "Democracy and Civil Society", University of Westminster;

Keane, J (Ed) (1988) "Civil Society and the State" Verso, London

Keane, J (1999) "Old Images, New Visions" in Skenderović Ćuk, N & M. Podunavac (Eds) (1999)
 "Civil Society in the Countries in Transition" Open University and Agency of Local
 Democracy Subotica, Subotica: 9-19

Keane, J (2003) "Global Civil Society?" Cambridge University Press

Knightley, P (1975/2000) "The First Casualty" Prion Books, London.

Kostovičova, D (1997) "Parallel Worlds: Response of Kosovo Albanians to loss of autonomy in
 Serbia 1986-1996" Keele European Research Centre

Kostovičova, D (2000) "Kosovo's Parallel Society: The Successes and Failures of Non-Violence" in
 Buckley, W. J (ed) (2000) "Kosovo: Contending Voices on Balkan Interventions",
 Cambridge: 142-148

Kosovo Standard Implementation Plan, 31 March 2004, available at:
 www.kosovo.com/ksip_english31Mar.doc (entered 3 May 2004)

Kymlicka, W (1999) "Misunderstanding Nationalism" in Beiner, R (Ed) (1999) "Theorizing
 Nationalism" State University of New York Press: 131- 140.

Lampe, John (1996) "Yugoslavia as History" Cambridge University Press

Lazić, M (Ed) (1995) "Society in Crisis: Yugoslavia in the Early 1990s", Filip Višnjić, Beograd

Lazić, M (Ed) (2000) "Račji Hod", Filip Višnjić, Beograd

Lazić, M & S. Cvejić (2005) "Stratification Changes in Serbian Society: A Case of Blocked Post-
 Socialist Transformation" in Milić, A (Ed) (2005) "Transformation and Strategies:
 Everyday Life in Serbia at the Beginning of the 3rd Millennium, Institute for Social
 Research, Faculty of Philosophy, Belgrade: 35-59

Lijphart, A (1994) "Electoral Systems and Party Systems: A Study of Twenty-Seven Democracies,
 1945-1999", Oxford University Press

Lijphart, A (1984) "Democracies: Patterns of Majoritarian Rule and Consensus Government" Yale
 University Press

Likić-Brborić, B (2003) "Democratic Governance in the Transition from Yugoslav Self-Management
 to a Market Economy: The Case of Slovenian Privatization Debates 1990-1992"
 Uppsala Studies in Economic History 69, Uppsala

Limani, Z & M. Hajrullahu et al. "Talk of Haradinaj Indictment Unnerves Kosovo", IWPR Balkan
 Crisis Report, Issue No 531-534, December 2004, Institute for War & Peace Reporting,
 London

Little, R & M. Wickham-Jones (Eds) (2000) "New Labour's Foreign Policy: A New Moral Crusade?"
 Manchester University Press

Locke's "Two Treatises of Government" Edited by Mark Goldie: Locke, J (2002) "Two Treatises of
 Government", Everyman, London

Locke, G. N. W (1997) "The Serbian Epic Ballads: An Anthology", Nolit, Belgrade; See also Jakupi,
 A (1999) "The Origin and Motives of Serbian Myths on Kosova", Eurobalkans, No 34-
 35, Spring-Summer 1999, Athens: 21-27

Loquai, H (2000) "Der Kosovo-Konflikt: Wege in einen vermeidbaren Krieg", Nomos Verlag, Baden-
 Baden

Luković, Petar "Media and War: Yugoslavia, the Mirror of Hatred" in Biserko, Sonja (1993)
 "Yugoslavia Collapse War Crimes" Centar za Antiratni Akcija, Beograd: pp. 73-78

Macrae, J (1998) "The Death of Humanitarianism?: An Anatomy of the Attack", Disasters, 22 (4):
 309-317

Magnusson, K (1989) "Jugoslaver i Sverige: Invandrare och identitet i ett kultursociologiskt
 perspektiv", Centre for Multiethnic Research, Uppsala University

Magnusson, K (1981) "Nationalitetsproblem i Jugoslavien: Krisen i Kosovo", Bidrag till Öststatsforskningen Vol 9, Nr 2, 1981, Nordiska kommittén för öststatsforskning

Magnusson, K (1987) "The Serbian Reaction: Kosovo and Ethnic Mobilization among the Serbs" Nordic Journal of Soviet and East European Studies, Vol 4:3, 1987: 3-30

Magnusson, K (1999) "Rambouilletavtalet: Texten, förhandlingarna, bakgrunden" Current Issues # 1, Centre for Multiethnic Research, Uppsala: 69;

Malcolm, N (1998) "Kosovo – A Short History" Papermac, London

Maliqi, S (1994) "Self-Understanding of the Albanians in Non-Violence" in Janjić, D & S. Maliqi (1994) "Conflict or Dialogue", Open University, Subotica: 237-247

Maliqi, S (1997) "Demand for a New Status: The Albanian Movement in Kosovo" in Janjić, D (Ed) (1997) "Serbia between the past and the future" Institute of Social Sciences & Forum for Ethnic Relations, Belgrade: 267-283

Maliqi, S (1998) "Kosova: Separate Worlds", Dukagjini Publishing House, Prishtina.

Mandelbaum, M (1999) "A Perfect Failure", Foreign Affairs, Vol 78, No 5, September/October 1999

Mann, M (1986) "The Sources of Social Power Vol 1 – A History of power from the beginning to A.D. 1760" Cambridge University Press

Marsilius of Padua "Defensor Pacis", in translation by Gewith, A, (1956/2001) for 'Records of Western Civilization', Columbia University Press

Martin, Terry (1999) "Modernization or Neo-Stalinism? – Ascribed nationality and Soviet Primordialism" in Fitzpatrick, S (Ed) (1999) "Stalinism – New Directions" Routledge, London & New York: 348-367

Matić, J (1996) "The Media and Ethnic Mobilization: The formula for Kosovo", in Bianchini, S & D. Janjić (Eds) (1996) "Ethnicity in Postcommunism", Institute of Social Sciences, Forum for Ethnic Relations, and International Network Europe and the Balkans, Belgrade: 231-236

Memorandum SANU (1989) "Memorandum SANU Grupa akademika Srpske akademije nauka i umetnosti o aktuelnim društvenim pitanjima u našoj zemlji", Naše Teme, 33, 1-2: 128-163

Mertus, J (1999) "Kosovo: how myths and truths started a war", University of California Press

Mihailović, S (Ed) (1997) "Između Osporavanja i Podrške – Javno mnenje o legitimitetu treće Jugoslavije" Friedrich Ebert Stiftung & Institut Društvenih Nauka, Beograd

Mihailović, S et al (2000) "Javno Mnenje Srbije" Centar za Proučavanje Alternativa, UGS, Nezavisnost, and Udruženje za Unapredivanje Empirijskih Istraživanja, Beograd

Mihailović, S (1999) "Virtuelna Legitimacija Treće Jugoslavije" in Slavujević, Z & S. Mihailović (1999) "Dva Ogleda O Legitimitetu: Javno mnenje o legitimitetu treće Jugoslavije" Institut Društvenih Nauka, Beograd

Minić, Jelica (1997) "Economic Programmes of Political Parties in Serbia – Possibilities of a European Option" in Janjić, D (Ed) (1997) "Serbia between the past and the future" Institute for Social Sciences & Forum for Ethnic Relations, Beograd: pp. 129-152

Missiroli, A (2004) "The EU and its changing neigbourhood – Stabilization, integration and partnership" in Dannreuther, R (Ed)(2004) "European Union Foreign and Security Policy – Towards a neighbourhood strategy", Routledge

Milazzo, Matteo (1975) "The Chetnik Movement & Yugoslav Resistance" Johns Hopkins University Press

Milward, A (1984) "The Reconstruction of Western Europe 1945-1951" Methuen & Co. Ltd

Mitevski, R "Powerful Ethnic Albanian Clans Clash in Debar", Reality Macedonia, 17 July 2002, at: www.realitymacedonia.org.mk/web/news_page.asp?nid=2100 (28 September 2004)

Moore, B (1966) "Social Origins of Dictatorship and Democracy" Beacon Press, Boston

Mouzelis, N (1986) "Politics in the Semi-Periphery: Early Parliamentarism and Late Industrialisation in the Balkans and Latin America", MacMillan

Mrkšić, D (1995) "The Dual Economy and Social Stratification" in Mladen Lazić "Society in Crisis" Filip Višnjić, Belgrade 1995; p.37.

Nazi, F (2000) "Balkan Diaspora 1: The American-Albanian community" in Buckley, W. J (ed) (2000) "Kosovo: Contending Voices on Balkan Interventions", Cambridge: 149-152

Nečak Luk, A (1995) "The Linguistic Aspect of Ethnic Conflict in Yugoslavia" in Akhavan, P & R Howse (Eds) (1995) "Yugoslavia – the former and future: Reflections by Scholars from the Region", The Brookings Institution, Washington and UNRISD, Geneva 112-120

NGO Policy Group (2001) "Third Sector in Serbia – Status and Prospects" Center for the Development of Non-Profit Sector. Belgrade, 2001

Qirezi, A, "Old Foes Unite to form New Kosovo Government", IWPR Balkan Crisis Report, Issue 524-530, November 2004, Institute for War & Peace Reporting, London

Oz-Salzberger, F (2001) "Civil society in the Scottish Enlightenment" in Kaviraj, S & S. Khilnani (Eds)(2001) "Civil Society: History and Possibilities", Cambridge University Press

Pantić, M (Ed) (1995) "Memorandum of the Serbian Academy of Sciences and Arts: Answer to Criticisms", Serbian Academy of Sciences and Arts, Belgrade

Pavlowich, S. K (1988) "The improbable Survivor – Yugoslavia and its Problems 1918-1988 " Hurst & Company, London

Pavlowich, S (1999) "A History of the Balkans 1804-1945" Longman, London & New York

Pellnäs, B (2004) "Naiv tro på USA-myt om folkmord", Dagens Nyheter, 7 February, 2004

Pender, J (2002) "Empowering the Poorest? The World Bank and the Voices of the Poor" in Chandler, D (Ed) (2002) "Rethinking Human Rights: Critical Approaches to International Relations" Palgrave Macmillan, New York: 97-114

Petković, M (1998) "Albanian Terrorists", Kalekom, Belgrade

Petras, J & H. Veltmeyer (2001) "Globalization Unmasked: Imperialism in the 21" Century", Fernwood Publishing, Zed Books

Petrović, R & M. Blagojević (1992) "The Migration of Serbs and Montenegrins from Kosovo and Metohija: Results of the survey conducted in 1985-1986", Demographic Studies Vol III, Serbian Academy of Sciences and Arts, Department of Social Sciences, Beograd

Phillips, J (2004) "Macedonia: War-lords and Rebels in the Balkans", I.B. Taurus & Co Ltd, London.

Polanyi, K (1944/1957) "The Great Transformation" Beacon Press, Boston.

Poulton, H (2003) "Macedonians and Albanians as Yugoslavs" in Djokić, D (Ed) (2003) "Yugoslavism: Histories of a Failed Idea 1918-1992" Hurst & Company, London: 115-135

Pugh, M (1998) "Military Intervention and Humanitarian Action: Trends and Issues" in "Disasters" 1998, 22 (4): 339-351

Pugh, M (2001) "The Challenge of Civil-military Relations in International Peace Operations", Disasters, 25 (4): 345-357

Puhovski, Z (1995) "Yugoslav Origins for the Post-Yugoslav Situation and the Bleak Prospects for Civil Society" in Akhavan, P & R. Howse (1995) "Yugoslavia the Former and Future" Brookings Institution & UNRISD, Geneva: 121-138

Pumphrey, D and G. "The Racak Massacre: Casus Belli for NATO" at: www.aikor.de/Artikel/gp-rac-e.htm (entered 1 March 2005)

Pupavac, V (2001) "Therapeutic Governance: Psycho-social Intervention and Trauma Risk Management", Disasters, Vol 25 (4): 358-372

Pupavac, V (2003) "Gender, Human Rights and Therapeusing Development", School of Politics, University of Nottingham

Putnam, R (1993) "Making Democracy Work", Princeton University Press

Putnam, R (2000) "Bowling Alone: The Collapse and Revival of American Community", Simon & Schüster, New York.

Rambouillet: "Interim Agreement for Peace and Self-Government in Kosovo", 23 February 1999, Cologne.

Ramet, S (1992/1984) "Nationalism and Federalism in Yugoslavia 1962-1991" Indiana University Press

Raufer, X (2002) "At the heart of the Balkan chaos: The Albanian Mafia" at: www.xavier-raufer.com/english_5.php (entered 2 February 2005).

Reifer, T & J. Sudler (1996) "The Interstate System" in Hopkins, T & I. Wallerstein (1996) "The Age of Transition – Trajectory of the World System 1945-2025", Zed Books, London & New Jersey: 13-37

Reno, W (2000) "Shadow States and the Political Economy of Civil Wars" *in* Berdal, M & M. Malone (2000) "Greed and Grievance – Commercial Agendas in Civil Wars", Lynne Rienner, Boulder & London: 43-68

Reno, W (1998) "War-Lord Politics and African States", Lynner Rienner, Boulder Colorado

Reuter, J (1984) "Educational Policy in Kosova" *in* Pipa, A & S. Repishti (Eds)(1984) "Studies on Kosova", East European Monographs, Boulder, Columbia University Press, New York

Rothstein, B (2003) "Sociala fällor och tillitens problem", SNS Förlag, Stockholm

Rus, V & F. Adam (1986) "Moć i Nemoć samoupravljanja" Globus, Zagreb

Rusinow, D (1977) *The Yugoslav Experiment 1948-1974,* Hurst & Company

Rusinow, D (2003) "The Yugoslav Idea before Yugoslavia", in Djokić, D (Ed) (2003) "Yugoslavism: Histories of a Failed Idea, 1918-1992", Hurst & Company, London: 11-26.

Salihu, A, M. Hajrullahu & J. Xharra (2004) "Radicals Test the Ground in Drenica", Balkan Crisis Report, No 498, 20 May 2004, Institute for War & Peace Reporting, London.

Sampson, S (1996) "The Social Life of Projects: Importing Civil Society to Albania" in Hann, C & E. Dunn (Eds) (1996) "Civil Society: Rethinking Western Models" Routledge London: 120-138

Sampson, S (2002) "Weak States, Uncivil Societies and Thousands of NGOs: Benevolent Colonialism in the Balkans" in Resic, S (Ed)(2002) "Cultural Boundaries of the Balkans", Lund University Press: 27-44

Schierup, C-U (1990) "Migration, Socialism and the International Division of Labour: The Yugoslavian experience" Aldershot, Avebury

Schierup, C-U (1999) "Memorandum for Modernity? Socialist Modernisers, Retraditionalisation and the Rise of Ethnic Nationalism" in Schierup, C-U (Ed) (1999) "Scramble for the Balkans: Nationalism, Globalism and the Political Economy of Reconstruction" MacMillan

Schrenk, M, C. Ardalan & N. A El-Tatawy (1979) "Yugoslavia: Self-management Socialism and the Challenges of Development" World Bank Report, Johns Hopkins University Press

Schwarz, P "'Operation Horseshoe'-propaganda and reality" at: www.wsws.org/articles/1999/jul1999/hs-j29_prn.shtml (entered 1 March 2005

SELDI - Southeast European Legal Development Initiative (2002) "Anti Corruption in Southeast Europe: First Steps and Policies", Center for the Study of Democracy, Sofia

Seper, J (1999) "KLA finances war with heroin sales", Washington Times, May 3, 1999, http://members.tripod.com/~sarant_2/ks18kla.html (entered 22 February 2005)

Seper, J (1999) "Bin-Laden & KLA", Washington Times, May 4, 1999, at: /www.diaspora-net.org/food4thought/binladen_kla.htm (both entered 22 February 2005).

Shoup, P (1968) "Communism and the Yugoslav National Question", Columbia University Press.

Sida, Department for Cooperation with Non-Governmental Organisations and Humanitarian Assistance & Conflict Management. "Sida's policy for civil society" April 2004, Stockholm. Available at: www.sida.se (entered 25 July 2005).

Simić, A (1973) "The Peasant Urbanites: A Study of Rural-Urban Mobility in Serbia", Seminar Press, New York/London.

Sirc, Ljubo (1979) "The Yugoslav Economy under Self-Management" MacMillan

Skocpol, T (1977) "Wallerstein's World-System" in "American Journal of Sociology" 82/March 1977.

Skocpol, T (1979) "States and Social Revolutions: A Comparative Analysis of France, Russia and China" Cambridge University Press

Skocpol, T (1984) "Sociologys Historical Imagination" in Skocpol, T (Ed) (1984) "Vision and Method in Historical Sociology"Cambridge University Press: 1-21

Skocpol, T (Ed) (1985) "Bringing the State Back In: Strategies of Analysis in Current Reserch" in Evans, P. B et al (Eds) (1985) "Bringing the State Back In" Cambridge University Press

Skocpol, Theda (1994) "Social Revolutions in the Modern World" Cambridge University Press

Skopljanac Brunner, Nena et al al (Eds) (2000) "Media and War" Agency Argument, Belgrade

Slavujević, Zoran. Đ & S. Mihailović (1999) "Dva Ogleda o Legitimitetu – Javno mnenje o legitimitetu treće Jugoslavije" Friedrich Ebert Stiftung & Institut Društvenih Nauka, Beograd

Slavujević, Z (1999) "Delegitimizacija Sistema i Njegovih Institucija" in Slavujević, Z & S.

Mihailović (1999) "Dva Ogleda O Legitimitetu: Javno mnenje o legitimitetu treće Jugoslavije" Institut Društvenih Nauka, Beograd

Sluga, G (2001) "The Problem of Trieste and the Italo-Yugoslav Border" State University of New York Press

Smith, A. D (1986) "The Ethnic Origins of Nations", Blackwell

Smith, A. D (1991) "National Identity" Penguin Books, London

Smith, A. D (1995) "Nations and Nationalism in a Global Era" Polity Press

Smith, Anna Maria (1994) "New Right Discourse on race and sexuality" Cambridge University Press

Smith, N (2003) "American Empire: Roosevelts Geographer and the Prelude to Globalization" University of California Press

Smith, N (2005) "The Endgame of Globalization" Routledge, New York & London

Solana, J (1999) "NATO's success in Kosovo" in "Foreign Affairs" Vol 78, Nov/Dec 1999

Spasić, I & M. Subotić (2001) "R/evolution and Order: Serbia after October 2000", Institute for Philosophy and Social Theory, Belgrade

Stability Pact for South-Eastern Europe, June 1999, Cologne

Stalin, J (1913/1936) "Marxism and the Nationalities Question" Second Edition, London, Lawrence & Wishhart Ltd, London & Liverpool

Stanojević, M (1992) "Regulation of Industrial Relations in Post-selfmanagement Society" in Kuzmanić, T & A. Truger (1992) "Yugoslavia War" Peace Institute Ljubljana: 53-59

Stavrianos, L. S (1958) "The Balkans since 1453", Hurst & Company, London

Stefanova, R (2004) "Fighting Organized Crime in a UN Protectorate: Difficult, Possible, Necessary" in "Sotheast European and Black Sea Studies", Vol 4, No 2, May 2004: 257-279

St Erlich, V (1976) "The Last Big Zadrugas: Albanian Extended Families in the Kosovo Region" in Byrnes, R. T (1976) "Communal Families in the Balkans: The Zadruga" University of Notre Dame Press.

St. Erlich, V (1966) "Family in Transition: A Study of 300 Yugoslav Villages", Princeton University Press

Stiglitz, J (2002) "Globalization and its Discontents", W. W. Norton & Company, New York & London

Stiglitz, J (2003) "The Roaring Nineties: Why we're paying the price for the greediest decade in history" Penguin Books, London.

Stoianovich, T (1994) "Balkan Worlds: The First and Last Europe" M. E Sharpe, New York/London

Stojicic, D (1999) in Radojko Mrljes & Milomir Kragovic "The History of Serbian Culture" Mrljes Publishing, Beograd 1999

Stråth, B (1990) "Introduction: Production of Meaning, Construction of Class Identities, and Social Change" in Stråth, B (Ed) (1990) "Language and the Construction of Class Identities" Report from the DISCO II Conference on Continuity and Discontinuity in the Democratisation Process, Göteborg University: 1-23

Stråth, Bo (2003) "The State and its critics: is there a post-modern challenge?" in Skinner, Q & B. Stråth (Eds) (2003) "States and Citizens: History, Theory, Prospects", Cambridge University Press: 167-190

Sörensen, J. S (1997) "Pluralism or Fragmentation" in "WARREPORT" May 1997, Institute for War & Peace Reporting, London: 34-35

Sörensen, J. S (2002) "Balkanism and the New Radical Interventionism" in "International Peacekeeping" Vol 9, No 1, Spring 2002, Frank Cass, London: 1-22

Sörensen, J. S (2005) "Kultur, institutioner och social tillit: en diskussion av Rothsteins ansats och historisk kontext" in "Statsvetenskaplig Tidskrift" No 1, 2006, Lund

Sörensen, J. S (1996) "Bosnien-Hercegovina mellan demokrati och etnokrati: påtvingad majoritetsmodell som krigsprovocerande faktor" i Milivojević, N et al (Eds) (1996) "Bortom Kriget" Carlssons, Stockholm: 130-138

Tamir, Y (1993) "Liberal Nationalism", Princeton University Press.

Thaqi, H (2000) "The KLA Brought NATO to Kosova" in Buckley, J. W (2000): 282-290.

The Code of Leke Dukagjini. Translated by Leonard Fox (1989) Gjonlekaj Publishing Company, New York.

Thomas, R (1999) "Serbia under Milošević: Politics in the 1990s" Hurst & Company, London.

Thompson, Mark (1994) "Forging War: The Media in Serbia, Croatia, and Bosnia-Hercegovina" Article 19, London

Tilly, C (1990/1992) "Coercion, Capital and European States" Blackwell Publishers

Todorova, M (2000) "The Balkans: From Invention to Intervention" in Buckley, W. J (Ed) (2000) "Kosovo: Contending Voices on Balkan Interventions", Cambridge: 159-169

Tomasevich, J (1955) "Peasants, Politics and Economic Change in Yugoslavia" Stanford University Press

Tomasevich, J (1975) "War and Revolution in Yugoslavia 1941-45 – The Chetniks" Stanford University Press

Tomc, G (1988) "Classes, Party Elites, and Ethnic Groups" *in* Rusinow, D (Ed) (1988) "Yugoslavia: A Fractured Federalism" The Wilson Center Press, Washington: 58-77

Trifunovska, S (Ed) (1994) "Yugoslavia Through Documents From its creation to its dissolution", Martinus Nijhoff Publishers, Dordrecht / Boston / London

Troebst, M (1998) "Conflict in Kosovo: Failure of Prevention?" European Centre for Minority Issues Working Paper # 1, Flensburg

Tönnies, F (1887/2001) "Community and Civil Society" In translation by Harris, J & M. Hollis, Cambridge Texts in the History of Political Thought, Cambridge University Press (Original in German 1887 "Gemeinschaft und Gesellschaft: Abhandlung des Communismus und des Socialismus als empirischer Culturformen" Leipzig

Uzelec, A, "Witness Disputes Racak Findings" IWPR Tribunal Update No 391, 28 Jan 2005, Institute for War & Peace Reporting, London.

Van Gelderen, M (2002) "Der Moderne Staat und seine Alternative: Althusius, Arnisaeus und Grotius" in Politische Begriffe und Historisches Umfeld in der Politica Methodice Digesta des Johannes Althusius, Sonderdruck band 100, Wolfenbutteler Forschungen, Herzog August Bibliothek, Wolfenbuttel

Van Gelderen, M & Q. Skinner (Eds) (2002) "Republicanism: A Shared European Heritage", Vol. I & II, Cambridge University Press.

Vickers, M (1995) "The Albanians: A Modern History" I.B Tauris, London & New York

Vickers, M & J. Pettifer (1997) "Albania – From Anarchy to Balkan Identity" Hurst & Company, London

Vickers, M (1998) "Between Serb and Albanian: A History of Kosovo", Hurst & Company, London

Von Hippel, K (2000) "Democracy by Force – U.S Military Intervention in the Post-Cold War World" Cambridge University Press

Vujović, S (1995) "Changes in Living Standards and Way of Life among Social Strata" in Lazić, M (Ed) (1995) "Society in Crisis: Yugoslavia in the early '90s" Filip Višnjić, Beograd

Vuković, I (1985) "Autonomaštvo i separatizam na Kosovu", Nova Knjiga, Beograd

Wachtel, A. Baruch (1998) "Making a Nation, Breaking a Nation – Literature and Cultural Politics in Yugoslavia" Stanford University Press

Walker, T & A. Laverty (2000) "CIA aided Kosovo guerrilla army", The Sunday Times, 12 March 2000.

Wallensteen, P (1971) "Ekonomiska sanktioner" Prisma, Stockholm

Wallerstein, I (1974) "The Modern World System: Capitalist Agriculture and the Origins of the European World-Economy in the Sixteenth Century" Academic Press, New York

Walston, J (1988) "The Mafia and Clientelism: Roads to Rome in Post-War Calabria" Routledge, London & New York.

Wilson, D (1979) "Tito's Yugoslavia" Cambridge University Press 1979

Woodward, S (2001) "Humanitarian War: A New Consensus?" in "Disasters" 2001, 25 (4): 331-344

Woodward, S (1995) "Socialist Unemployment: The Political Economy of Yugoslavia 1945-1990" Princeton University Press

Woodward, S (1999) "Kosovo and the Region: Consequences of the Waiting Game", Centre for Defence Studies, Kings College, London.

Woodward, S (2001) "Humanitarian War: A New Consensus?" in "Disasters" Vol 25, No 4, 2001

Young, B (1999) "Nothing from Nothing is Nothing: Privatisation, Price Liberalisation and Poverty in the Yugoslav Successor States" in Schierup, C-U (Ed)(1999) "Scramble for the Balkans: Nationalism, Globalism and the Political Economy of Reconstruction" MacMillan:147-170

Županov, J (1977) "Sociologija i samoupravljanje", Školjska knjiga, Zagreb

Xhudo, G (1996) "Men of Purpose: The Growth of Albanian Criminal Activity" in "Transnational Organised Crime", Vol 2, No 1, Spring 1996: 1-20, Frank Cass, London.

Documents from Governments and International Organisations

World Bank Group

Document of the World Bank: "Memorandum of the President of the International Development Association to the Executive Directors on a Transitional Support Strategy of the World Bank Group for Kosovo" Report No 280006-KOS (available at www.worldbank.org, (entered 26 April 2004)

Document of the World Bank Report No 280006-KOS; UNDP "Human Development Report Kosovo 2002", and "Human Development Report Kosovo 2004" (available at www.ks.undp.org).

World Bank, Poverty and Economic Management Unit Europe and Central Asia Region, "Kosovo Poverty Assessment" Vol 1 and Vol 2, December 2001. Document of the World Bank Report No 23390-KOS.

The World Bank Group homepage, see The World Bank and Civil Society at: http://web.worldbank.org/WEBSITE/EXTERNAL/TOPICS/CSO/0,,contentMDK:200 (entered 25 July 2005

United Nations: UNSC-related Reports, UN Agencies and UNMIK

United Nations Security Council, Report of the Secretary-General on the United Nations Interim Administration in Kosovo, 22 April 2002, S/2002/436

United Nations Security Council, Report of the Secretary-General on the United Nations Interim Administration Mission in Kosovo, S/2003/113, 29 January 2003: 4

UNDP Human Security Report (2000) "Human Security in South-East Europe" United Nations Development Programme

UNDP "Human Development Report Kosovo 2004 - The Rise of the Citizen: Challenges and Choices", United Nations Development Programme

UNDP Early Warning Report Kosovo: Report # 5, September-December 2003, United Nations Development Programme

UNDP Early Warning Report Kosovo: Report # 6, January-April 2004; and 'fast facts on Early Warning Report # 8, January 2005, United Nations Development Programme

UNMIK Press Office, Press Release 8 March 2005, "SRSG's statement on the Prime Minister's resignation" UNMIK/PR/1325

The World Bank and Civil Society at: http://web.worldbank.org/WEBSITE/EXTERNAL/TOPICS/CSO/0,,contentMDK:200 (entered 25 July 2005)

USAID Kosovo Civil Society Fact Sheet "Civil Society and Government" at: www.usaid.gov/missions/kosovo/USAID_Kosovo_fact_sheets/civsoc_fact_she... (entered 25 July 2005); OSCE Mission in Kosovo "Civil Society" at: www.osce.org/kosovo/13376.html (entered 25 July 2005)

Websites

Governments, Government Agencies and International Governmental Organisations

CARDS Assistance Programme to the Western Balkans - Regional Strategy Paper 2002-2006' and
other aid-related documents available on EU homepages:
http://europa.eu.int/comm/europeaid/projects/cards/publications_eu.htm
http://europa.eu.int/comm/external_relations/see/news/ip03_920.htm
Danish Refugee Council: www.drc.dk/kosovo
DFID homepage at: www.dfid.gov.uk and on Civil Society:
www.dfid.gov.uk/aboutdfid/intheuk/workwithcs/sc-how-to-work-what.asp
European Agency for Reconstruction at: www.ear.eu.int/kosovo/main/main.htm and
EAR Kosovo Annual Programme 2004 at:
www.ear.eu.int/kosovo/main/kosovo-a1c2f3.htm
EU Commission/World Bank/UNMIK "Towards Stability and Prosperity: A Programme for
Reconstruction in Kosovo" EU Commission and World Bank in support of the UN
Mission in Kosovo, November 1999
European Commission 'Regional Strategy Paper 2002-2006' and other aid-related documents on EU
webpages: http://europa.eu.int/comm/europeaid/projects/cards/publications_eu.htm
(entered 29 April 2004) and
http://europa.eu.int/comm/external_relations/see/news/ip03_920.htm (entered 2 May
2004).
German Criminal Intelligence Agency: Bundeskriminalamt, Wiesbaden, Germany: www.bka.bund.de
And www.bka.de
Interpol - Drugs Sub-Directorate: www.interpol.int and
www.interpol.int/public/Drugs/heroin/default.asp (entered 2 February 2002) and
various links available from Europol at www.europol.net
Italian Ministry of Interior and Anti-Mafia Directorate: Ministero Dell'Interno – Direzione
Investigativa Antimafia at: www.interno.it/disp_ps/dia Consulted Reports: Activity and
Results reports 1999-2003 (Direzione Investigativa AntiMafia: Attività Svolta e
Risultati Conseguiti 1999, 2000, 2001, 2002, 2003)
OECD / DAC available at: www.oecd.org/dataoecd
Sida, Department for Cooperation with Non-Governmental Organisations and Humanitarian
Assistance & Conflict Management, "Sida's policy for civil society", April 2004,
Stockholm: www.sida.se
Swedish Criminal Intelligence Service: Kriminalunderrättelsetjänsten (KUT) and Swedish Customs
Agency reports:
http://www.polisen.se/inter/mediacache//4347/3473/Mot_narkotika3x.pdf and
http://www.polisen.se/inter/mediacache//4347/3473/Nark_arsrapport2002.pdf, and
http://www.polisen.se/inter/mediacache//4347/3473/organiserad_brottslighet_2001.pdf.
and http://www.polisen.se/inter/mediacache//4347/3473/Org_brottslighet04.pdf. and
http://www.polisen.se/inter/mediacache//4347/3473/statistik_rkp02.pdf.
The Stability Pact (www.stabilitypact.org).
United Nations Special Rapporteur on Human Rights submitted to UNHCHR, Geneva 1997:
www.hri.ca/fortherecord1998/documentation/commission/e-cn4-1998-9.htm (entered 3
March 2005
United States Senate Republican Policy Committee (31 March 1999) "Report on KLA Drug and
Criminal Links" at: www.kosovo.com/rpc2.html (entered 22 February 2005
USAID Kosovo NGO Sustainability Index 1999, p. 59: www.usaid.gov (entered 25 July 2005).
United States State Department
http://www.state.gov/www/policy_remarks/1998/980223_gelbard_belgrade.htm
(entered 21 February 2005)

Confessional Communities

Serbian Orthodox Diocese of Raška and Prizren at: www.kosovo.com/testimonials
Serbian Orthodox Diocese of Raška and Prizren: www.kosovo.com
>   www.kosovo.com/news/archive/ticker/2004/November_19/17.html
>   www.kosovo.com/news/archive/ticker/2004/November_19/6.html

Other: NGOs, lobby groups, minority groups, media, etc.

Balkania.net: http://members.tripod.com/Balkania/resources/terrorism/kla-drugs.html (entered 8
>   October 2004).
British Helsinki Human Rights Group" at www.bhhrg.org/CountryReport.asp (entered 1 May 2004);
European Roma Information Office webpage at: www.Romnet.Hu.
Freedom House "Nations in Transit 2004: Serbia and Montenegro with an addendum on Kosovo"
>   www.freedomhouse.org and
>   http://unpan1.un.org/intradoc/groups/public/documents/NISPAcee/UNPAN016587.pdf
Lijphart on electoral system: http://janda.org/c24/Readings/Lijphart/Lijphart.html (entered 21 March
>   2005).
Radio Free Europe: www.rferl.org/nca/features/2002/07/26072002164641.asp
Stability Pact Watch: www.stabilitypactwatch.info
The Advocacy Project: www.advocacynet.org/news_view/news_68.html
The Aftermath of the Publications of the German Government Documents" (translated by Eric
>   Canepa) at: www.zmag.org/crisescurevts/germandocsmore.htm (entered 1 March 2005)
United States Republican Policy Committee (31 March 1999) "The Kosovo Liberation Army: Does
>   Clinton Policy Support Group with Terror, Drug Ties?, www.kosovo.com/rpc.htm
>   (entered 18 October 2004)

Newspapers, News & Information agencies, and newspaper websites

ERP KIM Info-Service, Newsletter 18-04-03, "Steiner: Albanian National Army is a Terrorist
>   Organization", 18th April 2003 at: www.kosovo.com/erpkim18apr03.html (entered 2
>   March 2005).
Free Republic, "Kosovo PM Indicted for War Crimes", Makfax Independent News Agency,
>   Macedonia: http://209.157.64.200/focus/f-news/1353235.posts (entered 8 March 2005).
IWPR Tribunal Update No 396, 4 March 2005, Institute for War & Peace Reporting, London.
IWPR Tribunal Update No 397, March 11, 2005, Institute for War & Peace Reporting, London.
IWPR Tribunal Update No 396, 4 March 2005, Institute for War & Peace Reporting, London
JANE's Intelligence Review: "The Albanian Cartel: Filling the Crime Void", Jane's Intelligence
>   Review, November 1995; "Life in the Balkan 'Tinderbox' Remains as Dangerous as
>   Ever", Jane's Intelligence Review, 1 March 1999; "The Balkan Medellin", Jane's
>   Intelligence Review, 1 March, 1995; Balkans facing uncertain future", Jane's
>   Intelligence Review, May 2003.
Koha Ditore, Economic & European News, 9 October 2003, Prishtina, Kosovo
Koha Ditore, Economic & European News, 16 May 2003, Prishtina, Kosovo
Nacional: Issue 287 17/5 2001; Issue 288 24/5 2001; Issue 289 31/5 2001; Issue 290 7/6 2001; Issue
>   291 14/6 2001; Issue 292 21/6 2001; Issue 294 5/7 2001; Issue 297 26/7 2001; Issue
>   298 2/8 2001; Issue 299 9/8 2001; Issue 300 16/8 2001; Issue 302 30/8 2001; Issue 306
>   27/9 2001; Issue 307 4/10 2001; Issue 318 20/12 2001; Issue 331 21/3 2002, Zagreb,
>   Croatia

Interviews

Authors interview with:

Gorana Krstić, Economic Institute Beograd, Belgrade 6 Nov 2001
Predrag Marković, Director of G17+, Belgrade 2 Nov 2001
Jovan Dulović, Reporter at Vreme Magazine, Belgrade 26 and 29 July 2002
Srdan Bogosavljević, Director of SMRI, Strategic Marketing and Media Research Institute,
          Belgrade 26 July 2002
Albin Kurti and Darden Velija, Kosovo Action Network, Prishtina 13 May 2004
Igo Rogova, Kosovo Women Network, Prishtina 14 May 2004
In addition an few people who have to remain anonymous have been interviewed, including
UNMIK officials in Prishtina in May 2004