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Balkans Series

The Western Balkans: Returning Instability

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Key Findings

- In the last six months there have been growing political tensions in the Western Balkans, and the relative progress of the last three years may be compromised. The EU enlargement process has an uncertain future
- The effects on the wider region of the Greek economic crisis are beginning to appear and are intensifying longstanding local political problems
- The policy of the international community appears to be becoming increasingly fragmented and confused, with often contradictory and irreconcilable objectives being pursued simultaneously based on wishful thinking
- The policies of the Obama administration towards Russia, and the politics of energy issues generally, are having a more and more important influence on the region
- A period of more unstable governments is likely, as local governments in the Balkans find it increasingly hard to satisfy both the international community and EU entry requirements, against national and economic agendas of their electorates

Contents

Introduction	1
The Problems of Serbia and Kosova	2
The Marty report and the propaganda war	3
The Macedonian conundrum	5
Violence and negotiations in Tirana	5
A new face in Podgoritsa	6
Conclusion	6

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Introduction

The political climate in the western Balkans has become noticeably more tense and difficult in the last six months. Almost all governments have seen major changes and in some countries there have been violent street protests against existing governments and their policies. In others, such as Montenegro, longstanding central political figures like Milo Djukanovic have retired (if possibly temporarily) from main leadership roles. Economic stresses have intensified in European Union (EU) members in the region, such as Romania, and financial stability has only been achieved by draconian measures that have impoverished substantial sections of the population. It remains to be seen what the long-term effect of these measures will be on social stability.

The Greek crisis has at a financial level been stabilised temporarily on the basis of the May 2010 EU 'bailout' plan but there remains widespread speculation that a major debt rescheduling will be needed to avoid a future default. Whatever the details, the days of Greece as a main economic motor for regional development are clearly over for the foreseeable future, with capital withdrawal from Greek-owned banks in the Balkans and the return of 'gästarbeiters' from Greece a feature of the last two years. Turkey is increasing its regional influence, a matter of concern in the United States if documents released through 'Wikileaks' are an accurate reflection of official opinion.

Against this changing and uncertain background there has been a natural impulse in the international community to accelerate the integration of the Western Balkans into the EU accession process. The candidacy of Croatia is the most advanced, but many problems remain about Croatian admission. It is possible that Croatian admission and Turkish non-admission would precipitate the long predicted crisis of the final breakdown of Turkish-EU membership negotiations. The EU will have to assess whether this is a risk worth taking, given the vastly greater geo-strategic importance of a nation like Turkey compared to Croatia. It is also arguable that the medium/long-term effects of Croatian EU membership on Bosnia Herzegovina will be unhelpful. If Croatia joins the EU long before Serbia and Bosnia have only started the accession process, with membership many years away, it is an open question as to whether the Croatian part of Bosnia will remain a part of the Sarajevo-capital entity, whether what remains of the Croat-Muslim alliance will hold any substance, or whether it will gravitate towards Zagreb in an irreversible way. This development could accelerate already existing separatist tendencies in Republika Srpska towards Belgrade and reopen a major Bosnian crisis.

Some small EU nations, such as Romania, have said they will veto the Croatian admission unless they themselves are admitted to the full Schengen border control processes. The latter would be a highly controversial issue in many EU countries where immigration control is rising up the political agenda. In Croatia itself many of the economic and social stresses that affect other Balkan nations, and the world in general, are evident, with rising unemployment, frequent corruption allegations against members of the political elite, rising central government debt and over-dependency on a single industry, tourism, to provide sufficient cash to keep the economy afloat. Croatian EU admission is in essence a German -led project with a substantial input, on religious grounds, from Italy and Poland and whether it proceeds or not will be an indicator of the real influence of these forces in deciding the future shape and nature of the EU. Opinion in Croatia itself is not unanimous. Recent polls estimate about 20 per cent or more of the electorate support strongly anti-EU membership parties, largely on economic grounds. A recent poll gives a very small projected majority in the referendum that will be needed to validate the EU accession proposals. Underlying these tensions are fears of a loss of national sovereignty to the EU, so recently hard gained, and because currently much of the tourist wealth can be held in regional localities and not remitted to Zagreb with its large and expensive apparatus of ex-communist period officials.

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In reality, as other new EU members in the region have found, EU membership or non-membership will matter much less than its proponents and opponents claim. The example of Bulgaria is salutary where existing patterns of corruption and organised crime have continued after EU membership much as they did before it, but with the advantage that EU membership provides generous funding for the operations of kleptocratic elites.

The Problems of Serbia and Kosova

Politics in Serbia in the last year have, as elsewhere, been dominated by stresses in the economy. A banking and government crisis was avoided in 2009 by an agreement with the International Monetary Fund (IMF) that saved the country from the possibility of a major funding crisis, on terms which other Balkan nations have seen as particularly attractive for Serbia. Supporters of the deal have argued that it is vital to keep the Tadic government with its alleged 'European' orientation in place, and the benefits in terms of regional stability justify the money involved. Inflation is nevertheless rising to high levels, and unemployment and differences in wealth and income are growing rapidly also. It has been a priority for the European Union through its foreign policy arm to try to rapidly accelerate the progress of the country towards EU membership, and to that end a number of special privileges have been allowed, so that, for instance, much EU pre-accession legislation and ACQUIS laws have been passed by executive order and without any parliamentary debate whatsoever.

In the negotiations with the Kosova government that began on March 8th, the terms and atmosphere of the talks have been set by Baroness Ashton and Robert Cooper, the EU officials responsible, in a framework that is highly favourable to Serbia. Many issues that impinge on Kosova governance are being introduced at the margin of the talks, while serious war crime and human rights issues, like the fate of Albanians who disappeared during the war, can be avoided by Belgrade. As a result of the strong opposition of most sections of the majority population in Serbia to the ethos of the talks under EU control, if not always to the principle of talks, the Kosova government led by PDK leader Hashim Thaci collapsed in autumn 2010. The subsequent elections resulted in Thaci's PDK being the largest party, but requiring coalition partners to form a government. The radical Vetenvendosje movement with its rejectionist policy towards the terms of the 2008 independence framework polled well, as did Ramush Haradinaj's AAK party.

Vetenvendosje considers the independence process incomplete and would break off all talks with Serbia and reject the special terms for the 5 per cent Serbian minority contained in the Ahtissari plan. The centre- right Kosova Democratic League continued its long-term structural decline, with most of its votes concentrated in the Prishtina region and in the south-east.

In reality there has been little change in Serbian policies towards Kosova for many years, and some of the nostrums being put forward date from the Milosevic period, such as the partition of northern Kosova to form a kind of 'Republika Srbska' in Kosova. The United Nations UNMIK mission continues a shadowy existence in the land north of the Ibar River, but has little influence south of it. The climate in Prishtina is dominated by the inner wheelings and dealings of the post-war Kosova Albanian elite and the European Union's EULEX mission, which have an often uneasy coexistence. International community law-and-order campaigns continue as usual, but have little effect on most social problems, as the Albanian majority in most of Kosova and the Serbian minority in the north both see EULEX as inheritor of the discredited UNMIK international administration.

Serbia is able to retain its fixed policy stance for a number of reasons, but at the moment the most important is the fact that several EU member states have not recognised Kosova independence and have no obvious intention of doing so. This means EU policy cannot treat Kosova as a normal candidate member, and it remains outside the visa liberalisation scheme and other positives the EU has offered to Serbia, Albania and FYROM/Republic of Macedonia and other non-member states. Serbian policy has the underlying aim of seeking to gradually destabilise the post-conflict Kosova settlement and to produce a situation where Kosova is partitioned, with the mineral-rich north and perhaps some

sections of the east going to Serbia. Belgrade has studied the situation between Greece and FYROM/Republic of Macedonia and is operating in many similar ways to keep the smaller neighbour as poor and weak a state as possible. The more Serbia integrates prior to Kosova or Albania, it will attempt to obstruct their development towards EU membership. In the recent past, the backing of the United States for Albanian and Kosova aspirations would have served to counterbalance the generally more pro-Serbian inclinations in Brussels, but with the advent of the Obama administration that is not the case. Washington policy has been to increasingly withdraw from a pro-active role and leave the issues to the EU. The joint US-EU proposals over the Belgrade-Prishtina talks were badly received in late summer 2010 and contributed to the downfall of the previous PDK-LDK coalition government in Prishtina. The future of the 'Pax Americana' in the Balkans following the 1995 Dayton Accords now seems less secure than under the Bush administration.

The Obama administration has put a heavy emphasis on improved relationships with Russia, and heralded the arms control agreements recently signed as an example of what can be achieved, as well as a rare foreign policy success for the administration. It must be open to doubt if this is the entirety the case, as arms control negotiations and deals go on under all US administrations and Russian governments and some notable agreements have been reached in the past with Moscow. It is clear though that Washington has little or no desire to offend Russia in the Balkans and this gives Serbia further political space in which to operate and maintain a highly conservative and nationalist Kosova policy. Washington is concerned about the growing influence of Ankara through the so called 'neo-Ottoman' policy of the Erdogan government. In the minds of the Christian Right in the US and other conservative opinion-constituencies, this translates into support of a new kind for Christian-majority nations like Serbia, against Islamic-majority Turkey. The policy has many dangers. Turkey is a long-standing and loyal NATO member and ally of the United States, and the growing perception in Ankara of this bipolar reading of the region is unwelcome and unpopular. EU membership has been written off now by most Turkish elite opinion as any kind of immediate prospect, but NATO membership is one of the building blocks of modern Turkish identity and any disturbance in support for it would be highly destabilising in the wider Middle East as well as the Balkans. It also reinforces the nationalist agenda in Serbia, which is a country with a substantial Muslim minority in Sandjak and elsewhere. Brussels and Washington are understandably concerned that the severe economic weakness of Greece and booming Turkish economy will lead to regional security imbalances and intensified problems over Cyprus, the Aegean seabed, and other potential flashpoint issues.

Economic issues reinforce many of these difficulties. The Obama administration and the EU put a high premium on the growing economic unification of the Balkan region under the leadership of the energy industry. This is a highly questionable perspective, which, in practice, hands many cards to the Russians and Gazprom as the primary gas suppliers in Eastern Europe, and to Serbia as the country with the greatest Russian influence. Agriculture is increasingly neglected as a primary industry in international thinking for the region, although all nations in the region except Serbia are burdened with high and rising food import bills and food prices are rapidly becoming a more and more divisive political issue. Serbian grain and primary commodity trade with Russia is increasing again, and Russian banks are now able to operate in Serbia easily after the prohibitions of the immediate post-Milosevic years. It is sometimes forgotten that out of the 80,000-plus pages of the legal ACQUIS that candidate nations must accept before they can become European Union members, over 60,000 are concerned with agriculture.

The Marty report and the propaganda war

The general difficulties and declining general climate in the region have been made markedly worse by the 'Marty report' from the Council of Europe in Strasbourg, and unconnected but similarly influential EU initiatives to change the current political leadership in Montenegro. The substance of the Marty document has been widely debated and the mixture of propaganda and intemperate and unproven allegations has received

widespread international publicity. The most cogent case against what Marty alleges has been made by ex-ICTY lawyer Geoffrey Nice in a recent issue of the 'London Review of Books', but other commentators have also pointed out the lack of evidence for the allegations, the dubious nature of the claims made and, most important of all, the lack of evidence connecting the organ trading allegations with Kosova Prime Minister Hashim Thaci himselfⁱ.

The report has nevertheless affected the general image of Kosova quite deeply, particularly in nations like Spain and Italy where Serbia has always had a strong support constituency in various quarters. It will no doubt slow down the international recognition process and has produced a feeling at Kosova Albanian street level that the world is moving against them. This is likely to make the proposed talks with Serbia even less productive than they otherwise would have been. Thaci was withdrawn from a central role for a time, so the Serbs have achieved a propaganda victory within Serbia for the Tadic government's intransigent and dogmatic positions on many issues. Thaci has the political ability and general standing through his wartime role to be able to sell major concessions to the Kosova Albanian public that no other Kosova politician has. This started with the agreements in 1999-2000 to demobilise the Kosova Liberation Army and concluded with the many concessions to Serbian interests in the Ahtissari plan document prior to independence. The international community may feel Kosova, like Montenegro, now needs a new and more neutral postmodern image and the removal of Thaci from a central role for a period was certainly a consequence of the Marty report, but in time they may come to regret the decision if they seriously expect a better relationship between Belgrade and Prishtina to develop. His restoration as leader of the new government is a welcome recognition of the electoral democracy in Kosova. The whole affair illustrates the survival of obsolete 'spin' notions of the type that were common in the New Labour period in the UK, and seem to have resurfaced, like the explosion of the national debt through Keynesian economics in Obama's Washington.

Washington has defended Thaci from the wilder and most irresponsible allegations, but in a context where the US Embassy in Prishtina initially did little in concrete terms to protect his political, as opposed to his legal, position. The idea seems to persist in some quarters in the international community that Balkan leaders can be moved and manipulated in a cost-free way to engineer what are seen as desirable political changes. This is (like some other policy initiatives of the IC at the moment) deeply influenced by nostalgia for the pre-Kosova war 1990s in the region, the reinstatement in some countries of political figures influential in that period and an attempt to move back to the 1990s 'New World Order' atmosphere.

In fact the capacity of the US and its allies to directly control international events in small countries is declining, and the notion of 'managing' small nations is ineffective and out-of-date, as current events in the Middle East bear out daily. It is also reminiscent of the reactionary notion of 'Managing Milosevic's Serbia' that was prevalent in the UK under the Major Conservative government, when what was actually required was the removal of the Milosevic regime. The emphasis on the primacy of diplomacy under Obama may be desirable as a moral ideal, but has little purchase in a region where, in the last analysis, a highly conservative neo-realism and military force has always determined inter-Balkan state relationships in all historical periods. In the same way, whatever the state of the EU accession/membership process for a particular country, the European developmental 'model' also has little real substance. In practice all countries in the region get EU aid and development money, which is just and which they need, and some get a more advantageous entry into the EU labour market, although with current high EU unemployment levels this is less important than it may appear in the Balkan media. There is, in practice, growing disconnect between politics and economics – the IC is behaving in the region as though the post-2008 world economic crisis had not occurred and the crisis in Greece in particular, where it must be clear to all unbiased observers that vast quantities of EU aid money through structural and other funds that went to Greece did not supersede the basic realities of political economy, even if it takes a period of time before the effects show through. It is ironic that the EU has in part engineered the departure of Milo

Djukanovic from a central political role in Podgoritsa, when his skill in navigating the financial crisis avoided what could have been a major crisis in that small and vulnerable economy, and, as a key US-oriented politician who has done much to bring Montenegro to closer links with NATO and participation in US-led coalitions, Washington was unable to protect his political position from the European assault on it.

The Macedonian conundrum

In the same way, the government in Skopje has also done quite well in navigating the crisis, with a good export-led recovery this year, a conclusion to the privatisation process of major assets of interest to multinational companies, and the maintenance of currency stability, when many experienced observers of the Skopje scene believed a change in the value of the Euro and the Dinar was inevitable in 2009-2010. As a food and base metal producer of consequence, the country has benefited from rising world commodity prices, and in the near future is likely to benefit from the reorganisation of its tobacco production and higher leaf prices. The difficulties with trade with Greece have been serious in one or two sectors, such as quarrying and businesses linked to the Greek construction industry, but have not spread to the wider economy given the expansion of trade with Turkey, Russia, Germany, Ukraine and other partners. Russian investments have increased, mainly in the energy industries. There has been little progress with either NATO or EU membership issues and the Nimitz UN mission that has been trying to resolve the 'name' dispute for many years has an uncertain future.

Political tension nevertheless remains high, with the possibility of the government calling a snap election. The conservative Christian-nationalist aspect of Gruevski's party which has given it support in some quarters in the USA has led to a government-sponsored programme of new church building. While much of this has been uncontroversial, some churches built in historic monuments such as Skopje Castle have been resented by the Albanians and other predominantly Moslem minorities. Within those minorities, religious proselytism by more culturally radical Islamists has been in progress, although there is as yet no indication that this is leading to political radicalism outside the traditional Albanian nationalist agendas. The Albanian political leadership has been fragmenting somewhat and new parties have been forming. Ali Ahmeti remains the most supported and important leader with his BDI party, but the party of Menduh Thaci has lost support recently. There has been little or no progress in implementing aspects of the 2001 Ohrid Accords agreement in recent years.

Violence and negotiations in Tirana

The violent street demonstrations in the Albanian capital Tirana that left four citizens dead did not appear with as much prominence in the international media as they might have done because of the critical stage of the Egyptian street protests at the time (January 20-22). They were nevertheless an important turning point, where the acute tensions between the government and opposition that have existed since the last disputed national elections, spilt over into the streets. The government of Sali Berisha had already been somewhat destabilised in the Christmas period with the indictment on serious corruption charges of Ilir Meta, leader of the centrist party in the coalition. The coalition remains in place for the time being, although the future is unclear.

The question is bound to arise as to whether there is now a danger of a return to 1997-type chaos and violence, when a previous Berisha government was overthrown after a period of political tension. The highly adversarial relationships between the parties are very similar, but Berisha's state apparatus in the police and army is much better organised than it was then, if still prone to human rights violations and violence in public order matters. The international community is aware of the dangers and is putting intense pressure on Berisha and Rama, the leader of the Socialist opposition to moderate their confrontational instincts. The forthcoming local elections in the early summer may act as a safety valve for the current tensions, although if they are marred by violence and manipulation that benefit may be very short-lived. The IC may have less capacity to control events than it believes,

as Berisha knows he still has majority support in the key US Albanian diaspora, and Edi Rama is very 'European' in his general orientation, which does not appeal much to this mainly right-wing Republican constituency.

At the economic level, many families are experiencing serious hardship as a result of declining *gästarbeiter* remittances from Greece and Italy, particularly the former nation, but this is not something that can easily be blamed on Berisha. The Tirana government is now somewhat isolated and may well feel it can get away with vigorous repression of all opposition without serious international consequences. In the diplomatic orbit, Berisha benefits from the increasing standing of Turkey, while Rama is weakened by the difficulties of Greece, unlike in 1997. Berisha is still quite popular in Kosova as a result of the pan-Albanian content of some of his recent speeches and strong defence of the Kosova government from the Martyr allegations. Kosova money and business acumen are playing a more important role in Tirana economic life and the new motorway linking the two countries also has moved the centre of gravity of Albanian politics northwards which benefits Berisha. A prolonged power struggle seems the most likely outcome of the current log jam in Tirana politics. The EU has lost its most important 'carrot' to influence events with the grant of visa-free travel to Albanians, the most important aspiration of the ordinary Albanian family. The general prospect of EU membership in any immediate future is now off the agenda and is so remote for Kosova that it only forms a rhetorical background to politics, much as the ideals of the Roman republic often provided a rhetorical backdrop to much political discourse in Imperial Rome.

Another background factor that may come into play is the pattern of problems in the Albanian-majority inhabited Preshevo valley in south-east Serbia. The agreements made for reform in 2000 to end the violence there have produced limited concrete results and the massive new Serbian army base in the north of the Preshevo valley is a symbol of Belgrade intransigence over many issues. In these circumstances, tensions are rising and a renewal of the previous military campaign by the Albanians cannot be ruled out, as recent patterns of arrests by the Serbian authorities show.

A new face in Podgoritsa

The resignation of long standing Montenegrin leader Milo Djukanovic from the Prime Minister's post and his replacement by the young Igor Luksic was a condition for the positioning of Montenegro within the EU accession process in the Christmas/New Year period. But Djukanovic remains leader of his party and is a powerful figure in the background. There is nothing to prevent his return to power at some point. It remains to be seen whether much will actually change in the *modus operandi* of Podgoritsa politics. Entrenched power groups remain untouched and much local attention will be focussed on the increasingly bitter split in the church between pro-Serbian and anti-Serbian groups.

Conclusion

The current position resembles others in the last twenty years when, from time to time, the United States has seemed to tire of a leading role and wishes to pass over much responsibility to the Europeans, only to find that European division and incapacity requires a reassertion of US leadership. It remains to be seen how long it will take for the increasing tensions and problems indicated above to bring a greater degree of realism in the Obama administration about what is actually happening in the Balkans and a reevaluation of the United States role.

see 'London Review of Books', 3 February 2011

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The views expressed in this paper are entirely and solely those of the author and do not necessarily reflect official thinking and policy either of Her Majesty's Government or of the Ministry of Defence.

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