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SUBJECT: INTERNATIONAL CRISIS GRP / IGC FWD RPT ON MILOSEVIC MANIPULATION OF
KOSOVO DISPUTE

ACTION: NO FURTHER ACTION REQUIRED

DUE DATE: 22 MAY 98 STATUS: C

STAFF OFFICER: COVEY

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PRESIDENT

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NATIONAL SECURITY ADVISOR

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→ Covey

international crisis group



May 7, 1998

The Honorable Samuel R. Berger
National Security Advisor
White House
1st Floor, West Wing
Washington, DC 20500

Dear Mr. Berger:

I am pleased to enclose ICG's second Yugoslavia report, "Again, the Visible Hand: Slobodan Milosevic's Manipulation of the Kosovo Dispute." The report, prepared by an ICG field analyst based in Belgrade, describes the complex political forces at work in the Federal Republic of Yugoslavia and attempts to explain why Milosevic has so far opted for a confrontational policy on Kosovo. The report also shows how the disunity of the Contact Group has wasted crucial time, and projects future short-term developments in Kosovo.

Finally, the report sets forth a number of recommendations, including that the international community consider the deployment of NATO forces in Albania along the borders with Kosovo and Macedonia. ICG also recommends that, if Belgrade does not enter into a substantive dialogue with Kosovo's Albanians within three or four weeks, the Contact Group nations should take steps to weaken the levers by which Milosevic controls his political machine. In addition, Kosovo's Albanian leaders and the Kosovo Liberation Army should also begin to feel the pressure of the international community.

I believe this report offers useful insights into both the current crisis and possible means for helping to resolve it. If you have any questions or would like further information, please do not hesitate to contact me.

Sincerely,

George C. Biddle
Vice President

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Again, the Visible Hand

Slobodan Milosevic's Manipulation of the Kosovo Dispute

ICG Yugoslavia Report No. 2

6 May 1998

Table of Contents

EXECUTIVE SUMMARY	1
I. An outline of the Kosovo crisis	2
A. Background	2
B. The contact group's key demands and Milosevic's responses	5
II. Milosevic and the political situation in Serbia, Montenegro, and the Federal Republic of Yugoslavia	10
A. Background	10
B. Developments in Montenegro	11
C. Developments in Serbia	12
III. Milosevic's goals and tactics	13
A. Overview	13
B. Milosevic's attempts to regain political power in Montenegro	14
C. Milosevic's attempts to shore up his political in Serbia	15
IV. Activities of the Kosovo Albanians during the Contact Group grace period ..	18
A. The KLA's activities	18
B. Statement and activities of Kosovo's Albanian leaders	20
V. Projection of future developments	21
A. Near term	21
B. Medium term	22
VI. Recommendations	24

ABOUT THE INTERNATIONAL CRISIS GROUP

LIST OF ICG BOSNIA PROJECT REPORTS



Again, The Visible Hand

Slobodan Milosevic's Manipulation of the Kosovo Dispute

Executive Summary

Kosovo, an impoverished region at the southern tip of Serbia, is drawing ineluctably closer to war with each passing day.

By night, men smuggle guns and ammunition from Albania to an Albanian militia determined to wrest Kosovo away from Serbia. The militia's fighters, angered by years of Serbian police violence against Kosovo's 90-percent Albanian majority, have killed Serbian police officers and murdered Albanians deemed to be loyal to the Serbian state.

The Serbian police attempted to neutralise the Albanian militia in March by mounting attacks on Albanian villages that left scores of civilians dead and brought a storm of international condemnation. For a time, the police hunkered down in their stations and checkpoints, while Yugoslav Army commandos entered the fray, killing several dozen Albanian arms smugglers during gun battles near the border. Over the May Day holiday weekend, however, police troops reportedly re-engaged Albanian villages with mortar fire.¹

A centuries-old conflict between the Serbs and Albanians for control of Kosovo lies at the heart of the present trouble. But the political dynamics in Serbia and in Montenegro, Serbia's partner in the Federal Republic of Yugoslavia, have also driven the latest violence in the troubled region.

Specifically, the political position of Serbia's leader, Slobodan Milosevic, is weakening. The reach of his authority has never been more limited. The breakdown of the country's economy has put him under financial pressure. He is facing an open rebellion by the government of Montenegro. In response, Milosevic is scrambling to strengthen himself by exploiting the Kosovo violence and demands by the Contact Group countries -- the United States, United Kingdom, France, Russia, Italy, and Germany -- that he sit down at a negotiating table with Albanian leaders and work out a new *modus vivendi* for their peoples. The Serbian leader has

¹ VIP Daily News Report, 28 April, 1998, p. 2; *Nasa Borba*, 4 May, 1998, p. 1.

answered the Contact Group's demands with a mixture of defiance and compliance. He has appealed to the Serbian people's sense of defiance and national honour to firm up his crumbling popularity. He has welcomed nationalist extremists into Serbia's government. He has publicly rejected any outside participation in talks with the Albanians even as the Albanian militia strives to provoke new police violence.

This International Crisis Group (ICG) report describes the complex political forces at work in the Federal Republic of Yugoslavia and examines how they are propelling Kosovo toward war. The report, prepared by an ICG field analyst based in Belgrade, attempts to explain why Milosevic has so far opted to ignore the seemingly compelling logic of peace and adopted a confrontational policy toward Kosovo's Albanians and the Contact Group. The report also shows how the disunity of the Contact Group has wasted crucial time, and it projects future short-term developments in Kosovo by carrying forward the thrust of the logic inherent in the present positions of Milosevic and Kosovo's Albanians.

Finally, the report recommends that the United Nations Security Council, the Contact Group countries, and the nations of the NATO alliance consider the deployment of NATO forces in Albania along the borders with Kosovo and Macedonia in order to slow the flow of weapons to the Albanian militia, to prevent the Kosovo conflict from spreading, and to facilitate timely and effective action should military intervention become necessary. The report also recommends that, if Belgrade does not enter into a substantive dialogue with Kosovo's Albanians within three or four weeks, the Contact Group nations and other countries interested in contributing to a resolution of the Kosovo dispute should take steps to weaken the levers by which Milosevic controls his political machine, including the mustering of their intelligence resources to locate, freeze, or confiscate Milosevic's personal overseas assets, including the financial assets of Serbian oil companies, banks, other enterprises closely linked with the regime.

Kosovo's Albanian leaders and the Kosovo Liberation Army should also begin to feel the pressure of the international community. The report recommends that the governments of the United States, the European Union nations, and the member-states of the NATO alliance, overtly and covertly, apply pressure on Albanian *émigré* organisations to stop financing armed groups in Kosovo. These governments should summon their intelligence and law-enforcement assets to identify and, if possible, prosecute Albanians and other individuals suspected of involvement in the illegal acquisition and shipment of weapons to Albanian militants in Kosovo.

I. An outline of the Kosovo crisis

A. Background

The situation in Kosovo began deteriorating drastically two years ago, after the Dayton peace agreement ended the fighting in Bosnia but left the Kosovo problem unresolved. Extremist Albanians, angered at the abrogation of Kosovo's autonomy by Milosevic in 1989 and the repression by the Serbian police since then, began killing Serbian police

officers, Serb civilians, and Albanians loyal to the Serbian state. In 1996, a tiny, hitherto unknown Albanian militia known as the Kosovo Liberation Army (KLA) began claiming responsibility for these attacks. During November 1997, the KLA effectively took control of a highland area in northern Kosovo known as Drenica. In late February 1998, a KLA ambush there killed four Serbian police officers. The police retaliated by attacking Albanian villages and killing at least 16 Albanians. The United States, Germany, United Kingdom, and other countries responded with demands that the Albanians and the Serbian authorities refrain from further violence and begin negotiations to resolve their differences. On 5 March 1998, after another Albanian ambush, the Serbian police attacked more Albanian villages with artillery, armoured vehicles, and infantry, killing about 80 Albanians, including several dozen women and children. There were clear signs too, that Milosevic has tried to strike back at the international community, and especially the United States and NATO, by attempting to undermine parliamentary support for Milorad Dodik, the moderate prime minister of the Serb entity in Bosnia and Herzegovina.²

At a meeting in London on 9 March 1998, the foreign ministers of the Contact Group nations called for the United Nations Security Council to impose an immediate arms embargo on the Federal Republic of Yugoslavia. The Contact Group also called for:

- 1) a ban on the delivery to the Federal Republic of Yugoslavia of equipment that could be used for internal repression or terrorism
- 2) a denial of visas to senior officials and representatives of Serbia and the Federal Republic of Yugoslavia who were deemed to be responsible for the repressive action by the security forces in Kosovo, and
- 3) a moratorium on government backing for export credits and other investments, including privatisation.

Russia did not agree to immediate imposition of the latter two measures.³

The Contact Group demanded, among other things, that Milosevic halt the violence by his police in Kosovo and enter, with no preconditions, into a dialogue with Kosovo's Albanian leaders. The Contact Group warned that if Milosevic did not comply with its demands within ten days, it would move to "further international measures, and specifically to pursue a freeze on the funds held abroad" by Serbia and the Federal Republic of Yugoslavia.⁴

Having given Milosevic seven extra days to comply with their demands, on 25 March 1998 the Contact Group foreign ministers decided to grant Milosevic an additional four-

² *Nasa Borba*, 27 April 1998, page 1.

³ Statement on Kosovo, London Contact Group Meeting, 9 March 1998, paragraph 7a-7d.

⁴ Statement on Kosovo, London Contact Group Meeting, March 9, 1998, paragraph 6.

week grace period. This decision, taken at a meeting in Bonn, was an attempt to cover up the failure of the Contact Group's member-nations to adopt a joint approach to dealing with Milosevic and Kosovo. The United States, Germany, and United Kingdom argued that Milosevic had not complied with the Contact Group's demands and that the assets freeze should be imposed. Russia, France, and Italy indicated that they were willing to accept Milosevic's responses and proposed that Milosevic be offered incentives to make compromises on Kosovo.

On 31 March 1998, the United Nations Security Council voted 14-0, with China abstaining, to impose an arms embargo on Serbia and Montenegro. The resolution calls on Milosevic's government to enter into a meaningful dialogue with Kosovo's Albanian leaders and expresses support for "an enhanced status for Kosovo which would include a substantially greater degree of autonomy and meaningful self-administration." The resolution also calls for action to "prevent arming and training for terrorist activities in Kosovo," an unambiguous reference to the KLA and its supporters abroad. The resolution lacks enforcement provisions.⁵ It is too soon to gauge the resolution's ultimate effect on the situation in Kosovo. But three things are certain:

- 1) Milosevic's police and the Yugoslav Army decisively outgun Kosovo's Albanians, especially in terms of artillery and other heavy weaponry; and the police and army will continue to resort to violent methods to prevent the KLA from smuggling weapons from Albania;
- 2) The more numerous Albanians can wage a guerrilla war in Kosovo's rough terrain for many years;
- 3) Both sides will continue to obtain weapons.

In a number of statements in late April, the United States warned that it would take unilateral action against Serbia and the Federal Republic of Yugoslavia if the Contact Group nations did not overcome their disunity and take a firm position on Kosovo. After a meeting in Rome on 29 April 1998, the Contact Group announced that all of its members except Russia would immediately impose a freeze on assets held abroad by the governments of the Federal Republic of Yugoslavia and the Republic of Serbia. Moreover, the Contact Group warned that if Belgrade did not stop blocking the commencement of a dialogue with Kosovo's Albanian leaders by 9 May 1998, all of the Contact Group nations except Russia would take action to stop new investment in Serbia. For the first time, the Contact Group stated that if the Belgrade leadership agreed to, among other things, a framework for dialogue with Kosovo's Albanian leaders, the Contact Group would take steps to "promote a clear and achievable path towards Belgrade's full participation in the international community."⁶

⁵ United Nations Security Council Resolution 1060, 31 March 1998.

⁶ Reuters, 29 April and 30 April, 1998; Statement by the Contact Group, 29 April 1998

It is difficult to believe that the Contact Group's assets freeze and threats will have much impact on Milosevic's decision-making. The Yugoslav and Serbian governments have clearly shunted most of their assets into domestic banks or into accounts in China and other countries whose banking system is beyond the reach of the Contact Group countries.⁷ But many political analysts in Belgrade observe that the Contact Group's offer to bring the Federal Republic of Yugoslavia back into the international community may have provided Milosevic with a way out of the present *impasse*.

B. The Contact Group's key demands and Milosevic's responses

Examination of Milosevic's response to the Contact Group's specific demands, as of 4 May 1998, yields a muddled mixture of defiance and compliance.

First Demand:

The Contact Group demanded that Milosevic commit himself to a dialogue with the leaders of the Albanian community of Kosovo. The dialogue is to be undertaken with no preconditions. The Contact Group offered its services to facilitate talks and stated that it regards "appropriate international involvement as an essential factor to establish confidence between the parties."⁸

Response:

Partial compliance. Publicly, Milosevic has made no explicit personal commitment to dialogue. He has rejected foreign participation of any kind in any dialogue with Kosovo's Albanian leaders. On 2 April 1998, in an open letter to the president of Serbia, Milan Milutinovic, and other officials in the republic's government, Milosevic proposed holding a referendum in Serbia on the question of participation of foreign representatives in the resolution of the Kosovo problem.⁹ Milosevic's call for this referendum and his marshalling of an overwhelming "no" vote have clearly been aimed at avoiding any personal commitment to a dialogue¹⁰.

Until 27 April 1998, offers by Milutinovic and Mirko Marijanovic, Serbia's prime minister, to enter into a dialogue with Albanian leaders were limited by preconditions, i.e., that talks be held within the framework of the Serbian constitution and under the Serbian government's auspices rather than under the auspices of the broader Yugoslav federation, that talks be limited to a solution within the territorial borders of Serbia, and

⁷ See BETA News Agency, 30 April 1998

⁸ Statement on Kosovo, London Contact Group Meeting, 9 March 1998, paragraph 7d; Statement by the Contact Group, 29 April 1998, paragraphs 5, 6, 6a.

⁹ *Nasa Borba*, 3 April 1998, p. 1.

¹⁰ According to the official results, about 5.3 million voters, about 73.5 percent of all registered voters in Serbia, cast ballots in the referendum. About 95 percent of them voted against foreign participation in resolving the Kosovo issue. *Nasa Borba*, 25-26 April 1998, p. 1; VIP Daily News Digest, 27 April 1998, p. 3.

that the Albanians accept the status of a minority. These preconditions -- as reasonable as they may be as eventual negotiating positions -- made every offer of talks a non-starter¹¹. On 27 April 1998, however, the Belgrade press published a letter sent by the Serbian government to Ibrahim Rugova, the president of the Albanians' parallel state in Kosovo. The letter proposed direct "talks about talks" with no apparent preconditions. The issue of foreign participation was not raised¹². Publicly, Albanian leaders dismissed the letter as an empty gesture¹³. It appears Rugova indirectly answered the letter and rejected the offer of such talks only because there was no mention of third-party participation in an eventual substantive dialogue.

Milosevic has made other moves that display some willingness to engage the Albanians in a serious dialogue at some point:

- Clearly at Milosevic's behest, Milutinovic traveled to Pristina personally with an offer to engage Albanian leaders in talks. The Albanian leaders -- possibly out of fear of possible KLA retaliation -- refused even to present him with a proposal for ground rules to govern a possible future dialogue.
- Milosevic appointed Ratko Markovic to lead the Serbian negotiating team for talks with Albanian leaders. Milosevic also named Vladan Kutlesic to represent him personally during any upcoming dialogue. Markovic was the man who drafted the amendments to the Serbian constitution that abrogated Kosovo's autonomy in 1989; Kutlesic is a specialist in constitutional law and has functioned as a contact between Milosevic and major Western embassies in Belgrade. It has long been Milosevic's habit to cast expendable loyalists in controversial roles where they would enjoy a glorious but brief period of public attention before being driven like scapegoats into a political abyss. But Markovic and Kutlesic are clearly political animals of a different breed, and their appointments might be a signal that something serious is in the works¹⁴.
- Milosevic and the other members of his regime have snubbed the leaders of Kosovo's Serbs and were doing so even as the KLA was escalating its violence against Serb civilians and Serbian police officers in the troubled region. Milosevic turned his back on Serb leaders from Croatia and Bosnia in a similar fashion when he was preparing to cut deals behind their backs in 1993, 1994, and 1995. Serbian state television's news programs, which are Milosevic's main propaganda outlet, have taken pains to highlight the government's willingness to negotiate, albeit without international participation. These news broadcasts have also played down reports of demonstrations in Kosovo by

¹¹ VIP Daily News Report, 16 April 1998, p. 1.

¹² This letter, which was signed by Ratko Markovic, the leader of the Serbian negotiating team on Kosovo, states: "In my opinion, everyone must enter into the dialogue without preconditions and that none of the participants must prejudge its results." *Politika*, 27 April 1998, p. 16.

¹³ Beta News Agency, 26 April 1998; VIP Daily News Bulletin, 28 April 1998, p. 2.

¹⁴ *NIN*, March 26, 1998; Reuters, 31 March 1998; *Nasa Borba*, April 18-19, 1994, p. ix.

Serbs upset about Milosevic's decision in late March to implement an agreement allowing Albanian students to return to Kosovo's schools.

- Statements by Milosevic and the Serbian government have explicitly ruled out any acceptance of Kosovo's independence or the elevation of Kosovo's status to that of Yugoslavia's constituent republics. But, significantly, these statements have not contained any rhetoric about protecting or defending a "unified Serbia." This was the rallying cry for the constitutional changes that quashed Kosovo's autonomy in 1989. The conspicuous absence of this slogan now may signal that the regime is readying some kind of firm offer of autonomy or a return to something like the status quo before the constitutional amendments were adopted.

Second Demand:

The Contact Group initially demanded that Milosevic withdraw his special police units from Kosovo and cease operations by the security forces that affect Kosovo's civilian population¹⁵. But the demand for withdrawal of these forces was absent from the Contact Group statement on 29 April 1998 and replaced by a general condemnation of the violence in Kosovo "and in particular the excessive use of force by the Yugoslav Army and the proliferation of arms in the country."¹⁶

Response:

No compliance with the original demand. Some Contact Group countries, however, cite the continuing violence and gun-running by the KLA and argue that it is unrealistic to expect Milosevic to comply with the initial demand or to expect the Yugoslav Army to sit on its hands and watch while an illegal separatist militia arms itself and carries out attacks on the police and civilians.

According to Western diplomats and Belgrade press reports, the presence of the most-elite elements of the Republic of Serbia's police ministry's special-operations units is no longer apparent in Kosovo¹⁷. Some Belgrade media have reported that these units have pulled back to positions just across Kosovo's northern border. Other elements of the Serbian police ministry's military forces remain in Kosovo, however, though they are no longer manning checkpoints or other highly visible positions. The total troop strength of the special police forces in Kosovo had been estimated at 500-600 men in mid-April. Cars bearing registration tags from the Bosnian towns of Zvornik and Bijeljina and parked in police station parking lots are an indication that the Serbian police have had to summon personnel from the Serb-held territory in Bosnia. The police are armed with armoured personnel carriers and vehicles equipped with 20-millimeter and 30-millimeter anti-aircraft cannons, which are utilised solely against ground targets. The special police

¹⁵ Statement on Kosovo, London Contact Group Meeting, 9 March 1998, paragraph 7d.

¹⁶ Statement by the Contact Group, 29 April 1998, paragraph 3.

¹⁷ *Nasa Borba*, 4 May 1998, p. 2.

units have enjoyed artillery and helicopter support. Police checkpoints, which are now under the control of regular Serbian police personnel, dot the main road between Pristina, Pec, and Djakovica.

The Yugoslav Army has taken an active role in operations against the KLA since mid-April. On 23 April 1998, Yugoslav Army commandos had artillery and helicopter support during an attack on KLA units smuggling weapons from Albania through the mountains above the towns of Decani and Djakovica. Artillery and helicopter activity was also reported during a similar operation in the area of Decani on 27 April 1998. Yugoslav Army units, including tanks, have been photographed along the Pristina-Pec road, near areas under KLA control.¹⁸

The involvement of the army against the KLA indicates that bitter rivalries between the army's command, on the one hand, and Milosevic and his police, on the other hand, have been patched up at least temporarily. But political analysts in Belgrade say the army will be loathe to get involved in fighting to disarm KLA units in the region's interior without specific orders from the federal Supreme Defence Council, the Federal Republic of Yugoslavia's highest security decision-making body. The Supreme Defence Council has apparently not taken up the Kosovo dispute since January because of deep political differences between Milosevic and the president of Montenegro, Milo Djukanovic. These differences are discussed below.

Third Demand:

The Contact Group demanded that Milosevic accept a proposal of the Organisation for Security and Co-operation in Europe for a new mission by Filipe Gonzalez, the Personal Representative of the OSCE's Chairman-in-Office and Representative of the European Union to the Federal Republic of Yugoslavia. Gonzalez's new mission would include a specific mandate for addressing the problems in Kosovo. The Contact Group also demanded that Milosevic allow for the return of the long-term OSCE missions to Kosovo, Sandzak, and Vojvodina, which Belgrade expelled after the Federal Republic of Yugoslavia was barred from the OSCE in 1992.¹⁹

Response:

No public compliance; but Gonzalez is rumoured to have already begun assembling a local staff in Belgrade. Milosevic publicly rejects the proposal for the Gonzalez mission and categorically rejects participation by any foreign representatives in resolving the

¹⁸ Associated Press and Reuters, 23 April, 24 April, and 25 April 1998; VIP Daily News Report, 28 April 1998, p. 1; Reuters, 28 April 1998.

¹⁹ Statement on Kosovo, London Contact Group Meeting, 9 March 1998, paragraphs 6 and 7d; Statement by the Contact Group, 29 April 1998, paragraphs 7 and 8.

Kosovo dispute.²⁰ On 27 March 1998, two days after the Contact Group gave him the four-week grace period, Milosevic felt confident enough to turn the tables on the OSCE, telling its chairman-in-office, Bronislaw Geremek of Poland, that Belgrade would approve no OSCE mission until the Federal Republic of Yugoslavia was allowed to join the OSCE.²¹

Fourth Demand:

The Contact Group demanded that Milosevic co-operate with the office of the prosecutor of the International Criminal Tribunal for the Former Yugoslavia in its efforts to gather information related to the violence in Kosovo.²²

Response: No compliance; but the April 29 Contact Group statement did not refer to the International Criminal Tribunal. Milosevic's government has refused visas to forensic pathologists working for Physicians for Human Rights, a non-governmental organization operating under a mandate from the International Criminal Tribunal for the Former Yugoslavia. Furthermore, on March 9 Serbian police officers and firemen buried the bodies of 46 Albanians, including 14 women and 12 children, killed during the Drenica crackdown. The burial likely contaminated evidence.²³

Fifth Demand:

The Contact Group demanded that Milosevic implement an education agreement signed by Serbian government officials and representatives of Kosovo's Albanians in 1996. The agreement provides for the return of ethnic Albanian students to their classrooms at Pristina University and primary and secondary schools throughout the region.²⁴

Response:

Compliance. After two years of foot-dragging, the Serbian government suddenly pledged to implement the education agreement. An accord was signed by Serbian officials and Albanian representatives on 23 March 1998. The building of the Institute of Albanian Studies in Pristina was handed back to the Albanians and reopened on 31 March 1998. Classes have begun in schools throughout the region, but Serb students have protested the return of Albanian students and professors to Pristina University. The letter sent by Ratko Markovic to Ibrahim Rugova and published in *Politika* on 27 April 1998 contains

²⁰ *Nasa Borba*, 3 April 1998, p. 1, quoting Milosevic's letter to Milutinovic: "[W]e have refused to accept the participation of foreign representatives in resolving of our country's domestic questions, and especially in resolving of the problems in Kosovo and Metohija. These are Serbia's internal matters."

²¹ *Nasa Borba*, 28-29 March 1998, p. 1.

²² Statement on Kosovo, London Contact Group Meeting, 9 March 1998, paragraph 6 and paragraph 7d.

²³ *Nasa Borba*, 10 March, 1998, p. 3.

²⁴ Statement on Kosovo, London Contact Group Meeting, 9 March, 1998, paragraph 6.

assurances that the Serbian government will continue to implement the education agreement.²⁵

II. Milosevic and the political situations in Serbia, Montenegro, and the Federal Republic of Yugoslavia

A. Background

A lust for power, and nothing else, has driven Milosevic's decision-making since he climbed to the top of the political pyramid in Serbia in the late 1980s. Despite his best efforts, however, Milosevic's power has been waning steadily since January 1990. The reach of his patronage network, which once stretched into Croatia and Bosnia, has now receded to within the borders of Serbia itself. Few observers in Belgrade believe Milosevic would not sign away Kosovo, just as he did Serbia's claims to territory in Bosnia and Croatia, if his personal political survival depended upon it.²⁶

Further deterioration of Milosevic's position is inevitable. The strength of his popularity and patronage network depends, for the most part, on money and favors, and Milosevic's resources are running low. The Federal Republic of Yugoslavia's economy is slowly starving as the result of international economic sanctions left in place after the signing of the Dayton peace accords. Known as the "outer wall," these sanctions bar the Federal Republic of Yugoslavia from entry into the International Monetary Fund and World Bank and thus cut the country off from normal capital flows. The European Union has also canceled trade preferences for the Federal Republic of Yugoslavia, restricting the country's ability to deal profitably with its major trading partners. The "outer wall" was left in place after the conclusion of the Dayton agreement in order to guarantee that Milosevic fulfilled the commitments he made in the peace accord and took steps to resolve the Kosovo dispute.

Milosevic has taken pains to hide the breadth of his own arbitrary decision-making powers by creating the impression that the Federal Republic of Yugoslavia and its constituent republics function according to the rule of law and under a government that is a mixture of a presidential and a parliamentary system. The Federal Republic of Yugoslavia has a bicameral federal parliament. The 138 deputies in its Chamber of Citizens (108 from the Republic of Serbia and 30 from the Republic of Montenegro) are elected by a popular vote in their respective districts. The 40 deputies of the Chamber of the Republics (20 from the Republic of Serbia and 20 from the Republic of Montenegro) are chosen by the respective republican parliaments. The parliaments of the two constituent republics are unicameral, and their members are elected by popular vote. The Republic of Serbia's parliament has 250 deputies; the Republic of Montenegro's has 71 deputies.²⁷

²⁵ Nasa Borba, 1 April, 1998, p. 1; VIP Daily News Report, 26 March, 1998; Politika, 27 April 1998, p. 16.)

²⁶ See ICG Yugoslavia Report 1, Serbia: The Milosevic Factor, 24 February 1998.

²⁷ Politicki i Poslovni Imenik, Tanjug, pp. 3, 5, 32, 46.

Milosevic's effort to maintain the impression of constitutional rule in Serbia and the Federal Republic of Yugoslavia required him to change his public office in July 1997. Specifically, the constitution of the Republic of Serbia barred Milosevic from seeking a third term as Serbia's president²⁸. Rather than run roughshod over this term limitation, Milosevic used his control over both houses of the federal parliament to have himself elected to a four-year term as president of the Federal Republic of Yugoslavia.²⁹ At the time, Milosevic's supporters also controlled both the Serbian and Montenegrin parliaments, and his position seemed unassailable.

In the fall of 1997, however, a presidential election in Montenegro and parliamentary elections in Serbia weakened Milosevic's position. Moreover, they created the potential for the Serbian ruler's possible unseating, at least as a constitutional ruler.

B. Developments in Montenegro

During anti-Milosevic street demonstrations in Belgrade over the winter of 1996-97, Milo Djukanovic, who was then the prime minister of Montenegro, broke ranks with Milosevic and publicly blamed him for Yugoslavia's political and economic isolation. Djukanovic's move split Montenegro's ruling party -- the Democratic Party of Socialists, the sister party of Milosevic's Serbian Socialist Party -- between the supporters of Djukanovic and the supporters of Momir Bulatovic, Milosevic's pawn in Montenegro.

Djukanovic immediately became Milosevic's most salient rival. Milosevic and Bulatovic supporters browbeat Djukanovic for months in the media, but his popularity in Montenegro rose. In a fraud-ridden, two-round election in September and October 1997, Djukanovic narrowly defeated Bulatovic to become Montenegro's president. Bulatovic, crying foul, immediately threatened to order his supporters into the streets to prevent Djukanovic from taking office. The Supreme Defense Council debated whether to declare a state of emergency in Montenegro in order to preserve Bulatovic's hold on power. According to *Vreme* magazine, an independently owned Belgrade weekly, Milosevic and Yugoslavia's defence minister, Pavle Bulatovic, a relative of Momir Bulatovic, advocated introducing a state of emergency. The Yugoslav Army's chief of staff, General Momcilo Perisic, and Yugoslavia's prime minister, Radoje Kontic, disagreed with the move. Perisic later went public, explaining that an attempt by the army to secure Bulatovic's position in Montenegro might lead to a civil war.³⁰

In mid-January 1998, a day before Djukanovic's inauguration, Bulatovic loyalists incited riots in Montenegro's capital, Podgorica. The unrest failed to keep Djukanovic from

²⁸ Constitution of the Republic of Serbia, Article 86.

²⁹ Constitution of the Federal Republic of Yugoslavia, Article 97. The article, as it now stands, limits Milosevic to a single term.

³⁰ *Vreme News Digest Agency*, 17 January, 1998, p. 5; *Nasa Borba*, 13 January 1998; interviews with Perisic, *Vecernje Novosti*, December, 1997.)

assuming the presidency. But peace was restored only after he agreed to call early parliamentary elections. The balloting has been scheduled for 31 May 1998.

The importance for Milosevic of the parliamentary elections in Montenegro can hardly be overstated. If Milosevic's supporters and their fellow travellers win a majority in the Montenegrin parliament, the Serbian leader will enjoy enough power to neutralise Djukanovic and form a new Montenegrin government. It would also allow Milosevic to have his way in the federal parliament and could lead to the adoption of new constitutional amendments that would weaken the republics in favor of the federation and beef up Milosevic's presidential powers. If, however, Milosevic's supporters fail to emerge with a victory in Montenegro, Djukanovic would have his way in Montenegro and his supporters would take seats in the federal parliament's Chamber of the Republics. If their numbers are sufficient, the Djukanovic deputies could force a reshuffling of the federal government, a dissolving of the federal parliament, and new elections for the Chamber of Citizens whose outcome, for Milosevic, would be anything but certain. Theoretically, such developments could lead to Milosevic's impeachment by the federal parliament³¹. Depending on Milosevic's sense of desperation, defeat for his forces in Montenegro might lead to more street violence and the imposition of a state of emergency or some other form of direct rule from Belgrade.

According to the Belgrade and Podgorica press, the political parties in Montenegro have broken down into two camps with one party hanging in the balance. In the Djukanovic camp are the Democratic Party of Socialists, the National Party, and the Social Democratic Party; these parties are conferring with Montenegro's Albanian parties and the Muslim Party for Democratic Action about the formation of a coalition government after the elections. The Bulatovic camp is led by his breakaway faction of the Democratic Party of Socialists, which is called the Socialist National Party; it has been joined by Milosevic's Yugoslav United Left (YUL), the Serbian National Party, and the ultranationalist Serbian Radical Party of Vojislav Seselj. The middle-of-the-road Liberal Alliance is independent of the two blocks.³² Many political analysts in Belgrade say a Djukanovic victory is a foregone conclusion, because Djukanovic's people dominate the government election commission and the commission will count the ballots; other analysts say the race is neck and neck.

C. Developments in Serbia

Until the latest Kosovo crisis erupted over the winter, Milosevic's political popularity in Serbia had never been lower.³³ Dissatisfaction stemming from the country's economic woes was apparent even within the Socialist Party and YUL, and political observers were

³¹ See Constitution of the Federal Republic of Yugoslavia, Article 97, which provides for impeachment if the parliament finds that the president has violated provisions of the constitution. See also VIP Daily News Report, 30 April 1998, p. 3; Nasa Borba, 18-19 April 1994, p. 3.

³² VIP Daily News Report, 16 April 1998.

³³ See ICG Yugoslavia Report 1, Serbia: The Milosevic Factor, 24 February 1998.

predicting that Milosevic's parties would split in the same way that Montenegro's ruling party had split between the supporters of Djukanovic and Bulatovic. Milosevic's Socialists and YUL managed to win only 110 of the 250 seats in Serbia's republican parliament during elections in the September 1997. In order to form a government they had to enter into a coalition. The only two potential coalition partners were the Serbian Radical Party, which captured 82 seats, and the next biggest party, the nationalist and anti-Communist Serbian Renewal Movement of Vuk Draskovic, which won 45 seats.³⁴

III. Milosevic's goals and tactics

A. Overview

Since last summer, Milosevic's top priority has been to re-extend his authority over all of the Federal Republic of Yugoslavia and prevent further erosion of his power base in Serbia. To this end, he sought, among other things, to obtain a lifting of the "outer wall" of sanctions and the admission of the Federal Republic of Yugoslavia to the United Nations, the Organisation for Security and Co-operation in Europe, and other international bodies. Milosevic's quandary, however, was how to get the sanctions lifted in a way that would not further weaken his hold on power. For months, he and his proteges pleaded with Western envoys to lift the sanctions, promising that they would even see to a resolution of even the Kosovo problem if the world would trust them. No one did.

At the same time, Milosevic took steps to bolster his position by feeding his political machine with the usual favours and payoffs. He issued un-backed currency in order to make pension payments in time for last autumn's election season. He also sold off a 49 percent stake in the Republic of Serbia's telecommunications enterprise to Italian and Greek companies in order to raise hard cash. He arranged barter deals with Russian and Chinese energy firms to keep the country supplied with petroleum products and natural gas. And he desperately scrounged for investors willing to buy Serbian enterprises and other assets for hard currency.

Over the winter, Milosevic clearly monitored the Albanian violence in Kosovo and the KLA's mounting strength. It is probable that he decided to play the Kosovo card after the KLA's attacks could no longer be ignored and after concluding that he would soon be unable to raise sufficient funds to keep his political machine running. It stands to reason that since 9 March 1998 he has measured the nature and degree of the pressure the Contact Group has brought to bear upon him. He has calculated that the effects of the "outer wall" of sanctions and any punitive measures the Contact Group might be able to muster would pose less danger to his personal power than the danger inherent in making the concessions necessary to resolve the Kosovo dispute to the minimal satisfaction of the Albanians. This is due at least in part to the fact that the pressure the Contact has chosen

³⁴ Politicki i Poslovni Imenik, Tanjug, pp. 3, 5, 32, 46.

to apply has been directed at the Federal Republic of Yugoslavia, Serbia, and Montenegro and not at Milosevic personally or at the levers that he uses to maintain power.³⁵ It remains unknown to what extent the "carrot and stick" approach taken by the Contact Group in Rome on April 29 will change Milosevic's calculus.

B. Milosevic's attempts to regain political power in Montenegro

If Milosevic is to restore his power base in the Federal Republic of Yugoslavia as a whole, he must, if possible by means of the ballot box, regain control of the government of the Republic of Montenegro.

To this end, he has exploited the Kosovo issue in an attempt to regain popularity and draw public attention away from the miserable state of the economy.

Milosevic's proteges have also targeted Djukanovic with all of the same slings and arrows they used in years past to attack the Slovenes, the Croats, Bosnia's Muslims, and their other old enemies in the former Yugoslavia. The Milosevic-controlled media portray Djukanovic as a mafia thug. He is referred to as the "illegal" president of Montenegro and as a "mercenary" and a "separatist" who is plotting to tear Montenegro away from Federal Republic of Yugoslavia. Pavle Bulatovic, the federal defense minister, has accused Djukanovic of supporting Kosovo's secession from Serbia. And stories have circulated in Belgrade that Milosevic's secret police have prepared a dirty-tricks campaign to make it appear that Djukanovic is linked with gun running to Kosovo's Albanians.

For now, Milosevic is taking all important decisions at the federal level and ignoring the Montenegrin government -- even to the point of not sending Djukanovic an invitation to attend an official reception marking the anniversary of Yugoslavia's statehood.³⁶ The federal authorities have kept Montenegro's borders with Albania and Croatia closed since 1996. Customs checkpoints have been set up on the Montenegrin border with Serbia. A recent decision by the Yugoslav federal government and the Yugoslav National Bank -- both controlled by Milosevic -- to devalue the country's currency was taken with no input from the Montenegrin government. It is a foregone conclusion that Montenegro's pension fund and other entitlement funds will not receive a fair share of the cash Milosevic's government will, if past behavior is any indication, begin to print in order to secure social peace and maintain political support.

Djukanovic has responded to Milosevic's political and economic assault with appeals to the international community for support. The Montenegrin leader has taken trips to Germany, France, Italy, and the United States and received financial and diplomatic backing. Djukanovic has also demanded that the Federal Republic of Yugoslavia's parliament convene as soon as possible to discuss fulfilling the international community's prerequisites for a lifting of the "outer wall" of sanctions. Domestically, the Montenegrin

³⁵ See ICG Yugoslavia Report 1, Serbia: The Milosevic Factor, 24 February 1998.

³⁶ VIP Daily News Report, 28 April, 1998, p. 3.

government says it will impose price controls for basic foodstuffs and services and will compensate the republic's enterprises for the losses they will incur. Djukanovic has promised that Montenegro's banks will begin returning small amounts of the personal hard-currency savings that were on deposit when the banks, effectively, went belly up in the early 1990s. He has promised that Montenegrin pensioners will receive three payments (for February, March, and April) in time for the May 31 elections. Economists estimate that the republic will need 90 million Yugoslav dinars (about 15 million German marks) a month to make these pension payments, and domestic press reports say that it can only raise this kind of money by begging or borrowing abroad or by selling state enterprises³⁷.

C. Milosevic's attempts to shore up his political power in Serbia

1. Marshall support by playing the nationalist card

Milosevic has exploited the Kosovo dispute in an attempt to restore his popularity in Serbia and draw public attention away from the economy's dreadful condition.

He devised the 23 April referendum to appeal to the Serbs' traditional sense of defiance, their sense of being underdogs ready to take on more powerful enemies, ignoring, of course, the fact that no foreign state, not even Albania, has advocated independence for Kosovo or military intervention on behalf of the KLA.³⁸ As mentioned above, another purpose of the referendum was to insulate Milosevic from personal responsibility for the Kosovo problem and shift responsibility for possible sanctions and war onto the Serbian "nation" as a whole.

2. The alliance of convenience with the Serbian Radical Party

a. Milosevic and Seselj

After months of haggling, Milosevic chose the ultranationalist Serbian Radical Party of Vojislav Seselj as a coalition partner for the Socialist Party and YUL in Serbia. This decision was significant because the Radical Party is the most dangerous political party in Serbia. Its leader, Vojislav Seselj, has been able to attract consistent support from die-hard nationalist extremists despite a general cooling of the nationalist passions in Serbian society overall since 1995.

Controversy and dramatic turnabouts have characterized Milosevic's political relationship with Vojislav Seselj since 1990. Milosevic has imprisoned Seselj. He has freed Seselj from prison. He has ignored Seselj. And at various times he has used his media clout to

³⁷ VIP Daily News Report, 3 April 1998, p. 2.

³⁸ Significantly, the referendum campaign was not accompanied by hysterical calls for Serbs to rush to the region's defence of the region's Serbs as was the case before the wars in Croatia and Bosnia. This has left Milosevic enough manoeuvring room to make a deal.

promote Seselj in order to present himself to voters as a moderate and to diplomats as the lesser of two evils. Milosevic practically employed the Radical Party to carry out much of the dirty work of ethnic cleansing during the wars in Croatia and Bosnia, and Radical Party members have also been responsible for attacks on minority-group members in Serbia. Milosevic has also used Seselj and his Radical Party thugs to lambaste and on several occasions, literally, to beat up leaders of Serbia's mainstream democratic opposition.

b. Effects of the coalition

The immediate effects of Milosevic's decision to bring Seselj into the Serbian government are profound.

First, Milosevic has opted, yet again, to exploit Seselj in order to promote himself to the international community as the lesser of two evils, as a moderate holding back the forces of nationalist extremism. This time, Milosevic has even gone so far as to allow Seselj and his ilk into the halls of government. Western governments would be wise not to be taken in by this move, because if anything is certain about Milosevic's decision to allow Seselj into the government it is that Milosevic would never have taken it unless he was certain he could control Seselj or neutralise him whenever he desired. Milosevic's method for controlling Seselj's influence on the government has already become apparent. He has diluted the Radical Party's influence over the government ministries by engulfing Radical ministers in a swarm of Socialist deputy ministers and by creating parallel chains of command that allow Socialist ministers to bypass their Radical deputies.³⁹

Second, bringing Seselj and his party into the government positions them to absorb part of the political fallout kicked up by any economic sanctions the international community might impose.

Third, Milosevic's acceptance of the Radicals as coalition partners has set up the Radicals to bear some of the brunt of any popular reaction against a war in Kosovo. It also sets them up to bear part of the brunt of any popular reaction against a deal on Kosovo. Political analysts in Belgrade observe that if Milosevic were planning to negotiate with Kosovo's Albanians, it would clearly be more to his advantage to have Seselj in the Serbian government than in opposition. These political analysts speculate that Milosevic will reward Seselj and his party well, so long as they play his game. The most important reward, recognition of the Radical Party as a legitimate party worthy of participating in the government, has already been delivered. The rest will probably come in the form of money and positions in the management of state enterprises rather than in the form of real political power and influence in the government.⁴⁰

³⁹ VIP Daily News Report, 20 April 1998, pp. 2, 3.

⁴⁰ VIP Daily News Report, March 25, 1998.

Fourth, bringing an external threat like Seselj into the government has, for the time being at least, silenced potential moderates and rivals to Milosevic within the Socialist Party of Serbia and YUL. Anyone who might have been pondering whether to break ranks with Milosevic in Serbia as Djukanovic did in Montenegro has now hunkered down to wait for a more opportune moment.

Fifth, Milosevic may be able to use Seselj as a cat's paw during negotiations on Kosovo's future status. Seselj has already stated publicly that he fully expects at some time in the near future to be negotiating with the leaders of Kosovo's Albanians. Furthermore, his statements have sketched out elements of a deal that might be acceptable to the Serbian side. These statements might, in fact, be a trial balloon. For example, Seselj, who once called for the immediate deportation of 300,000 "illegal" Albanian immigrants, made the following statement to a Belgrade magazine:

"The members of the Albanian national minority could get certain autonomous rights, maximum autonomous rights, broader than those envisaged in the documents of the United Nations and the Conference on Security and Cooperation in Europe, and in the convention of the Council of Europe. We support autonomy for the Albanians as a national minority in Serbia, and not autonomy for Kosovo and Metohija. We are therefore opposed to territorial autonomy.

"If the Albanians wish to fit into our state and social institutions, then we will give them cultural autonomy, meaning full autonomy in the spheres of education, health care, information, culture, pensions, and social insurance. All the contributions collected from the members of the Albanian national minority will be channelled into the funds that finance these services. They should not ask the state to cover these costs. What would they pay then? Only tax. The government would distribute the tax revenue through the budget and finance local self-government. In this regard, we propose that local self-government organs include assemblies based on the two-chamber principle.

"We would also present another concession. If members of the Albanian national minority did not wish to serve in the army, they would be exempted from it."

"I think that would be the maximum. No national minority in any state has anything similar."⁴¹

3. Economic measures

The Kosovo dispute has given Milosevic the opportunity to undertake potentially unpopular economic measures without bearing political responsibility for them. These

⁴¹ NIN, 2 April 1998.

measures have increased his ability to use the economy, and specifically the conversion rate of the Yugoslav dinar, to his political advantage.

First, the end to yet another highly touted effort at reforming the country's economy came when Danko Djunic, a reform-minded minister, resigned and was replaced by Jovan Zebic, the same man who managed Yugoslavia's finances in 1993 when the country suffered the worst bout of hyperinflation ever recorded in the history of economic statistic keeping.

Second, the government devalued the Yugoslav currency from 3.3 dinars to 6.0 dinars to one German mark. Independent economists now forecast that a new period of high inflation is in the offing because the regime lacks sufficient foreign currency reserves and access to foreign capital to maintain stable prices and real incomes for long. This portends more devaluations to come.

IV. Activities of the Kosovo Albanians during the Contact Group grace period

The activities of the KLA and the statements of Kosovo's Albanian leaders have played into Milosevic's hand since the beginning of the latest Kosovo crisis. This is especially true of the violence and arms smuggling carried out by the KLA, which is apparently and unfortunately feeling no international pressure to halt its attacks.

A. The KLA's activities

The single most important activity carried out during the Contact Group grace period by any segment of Kosovo's Albanian community has been the KLA attacks on Serb police officers, the murders of Albanian civilians deemed to be loyal to the Serbian state, and the efforts by the KLA to increase its troop strength, organise new units, and smuggle weapons from across the Albanian and Macedonian borders. KLA soldiers have told Western reporters repeatedly that they are not interested in any negotiated settlement with the Serbian government unless it leads to Kosovo's independence and that they are willing to fight until that result is achieved. The same KLA soldiers said that if loss of civilian life was the price that had to be paid for Kosovo's independence, then so be it.

1. New KLA violence

The bodies of six Albanian men, presumably abducted and executed by members of the KLA, were found near the Kosovo village of Orahovac on April 6. All six were employees of Serbian-run institutions, including a gas station. The families had gone to the police asking for their help.⁴²

⁴² VIP Daily News Report, 9 April 1998, p. 2; Vreme, 11 April 1998, pp. 16, 17.

On 14 April 1998 a Serb policeman was wounded in Pristina when unknown persons threw two hand grenades into the yard of a police station.⁴³ On the same night, a policeman was shot and wounded near the village of Vucitrn. Police checkpoints were also been fired on with automatic weapons, machine guns, and rocket propelled grenades.⁴⁴

In mid-April, Serb and Montenegrin families near the town of Decani, some of them Serb refugees from Albania who were resettled near the village of Babaloc, fled their homes after hearing gunfire nearby at night. Three of the men were beaten; one had to be hospitalised.

On the night of 15-16 April, border guards of the Yugoslav Army became involved in a shoot out with some 60 Albanians who were attempting to smuggle crates of weapons on horseback from Albania over the mountains above the town of Djakovica. The army said it had seized 156 automatic rifles, 61 semi-automatic rifles, four machine guns, 10,000 rounds of ammunition and uniforms bearing United States, German, Canadian, and Croatian markings.⁴⁵

In separate incidents on April 22 and 23, Yugoslav army troops reportedly killed a total of 23 Albanians who were part of caravans bringing weapons across the border from Albania. No Yugoslav Army troops were killed, but one Serbian police officer was killed and another wounded in a KLA ambush in Drenica on 23 April 1998⁴⁶.

On 29 April 1998, the Serbian police shot and killed an Albanian man on his way to a funeral of KLA soldiers in the village of Prilep; the Albanian, who was wearing military fatigues, reportedly opened fire on the police. Later in the day, a Serbian policeman was killed by a rocket-propelled grenade fired at a checkpoint in Dulje, a village south of Pristina⁴⁷.

2. Organisation and arming

The Serbian police crackdown in Drenica during early March provided the KLA with a fresh momentum. Since then, according to Western press reports, financial contributions have been pouring into the organisation for arms purchases. New recruits are returning to Kosovo from abroad to fight⁴⁸.

⁴³ VIP Daily News Report, 15 April 1998, p. 1.

⁴⁴ VIP Daily News Report, 16 April 1998, p. 2, and 28 April 1998, p. 1.

⁴⁵ Reuters, 16 April 1998.

⁴⁶ *Nasa Borba*, 25-26 April 1998, p. 1.

⁴⁷ Reuters, 29 and 30 April 1998.

⁴⁸ The Christian Science Monitor, 15 April 1998.

The KLA still controls swathes of Drenica. Western diplomats believe KLA contingents in Drenica receive weapons and supplies along a tenuous track leading from northern Albania and over the mountains between Djakovica and Decani.

Reports abound of masked Albanian men checking cars plying Kosovo's back roads. There has been at least one KLA bus hijacking, during which the passengers were robbed. Albanian men are digging trenches and building bunkers on private land, in some places within 500 meters of Serbian police stations and checkpoints. Throughout the region, signposts with the names of villages have been painted over in order to confuse Serbian police officers from outside the Kosovo. Albanian peasants have complained to Western journalists that KLA units from outside the area have taken over their villages and set up checkpoints against their will. Some Albanian Catholics have reportedly refused calls from the KLA to join their forces.

The KLA has obtained new camouflage uniforms, including American infantry jackets with KLA shoulder flashes. They carry AK-47 assault rifles with wooden stocks, which are of Chinese manufacture and clearly originated in Albanian army arsenals that were plundered during the unrest in Albania last year. The KLA carries new American-made hand grenades; some personnel have American-made side arms; and units carry new Motorola two-way radios. Serbian government statements say the KLA has even brought police stations under desultory mortar fire.⁴⁹

B. Statements and activities of Kosovo's Albanian leaders

On 29 April 1998, a statement attributed to the KLA declared that "a state of war" exists in Kosovo but that the KLA was "ready to participate in talks with the enemy under the mediation of a third party." The KLA statement warned that any dealing done without its participation would lead to "punitive" measures.⁵⁰

KLA soldiers and officers consistently tell Western reporters that they have no more time for Ibrahim Rugova, the leader of the Democratic League of Kosovo (LDK) and "president" of the Albanian parallel state in Kosovo. Rugova continues to make wild disclaimers about the KLA, insisting that he is not sure whether the organisation even exists and insinuating that it is some kind of plot by the Serbian police.⁵¹ Despite unambiguous and repeated statements by Western diplomats warning Kosovo's Albanians that they can expect no support for their demands for independence from Serbia, Rugova continues to demand Kosovo's secession.⁵² The Albanian leader has, however, appointed a team of advisers to prepare a platform for eventual discussions with Belgrade.

⁴⁹ VIP Daily News Report, 27 April 1998, p. 1.

⁵⁰ VIP Daily News Report, 30 April 1998, p. 2.

⁵¹ See, for example, VIP Daily News Report, 27 April 1998, p. 1.

⁵² VIP Daily News Report, 17 April 1998, p. 1.

Rugova's public posturing in favour of independence is clearly linked with LDK's split into a moderate wing, under his leadership, and a radical wing, whose members are clearly closer to the KLA in their demands. Hidajet Hyseni, until recently an LDK leader, announced in mid-April that he has formed a new party, the Democratic Movement of Kosovo. The new party is being supported by former political prisoners who have accused Rugova of being too ready to make a compromise on the Kosovo's future.⁵³

V. Projection of future developments

A. Near term

If Milosevic does not accept dialogue with Kosovo's Albanian leaders, Kosovo's descent into war will almost certainly continue, and probably at an accelerating pace. The Federal Republic of Yugoslavia's public reactions to the Contact Group threats and offers seem to indicate that Milosevic will not back down and that further bloodshed is unavoidable.

Domestic political analysts in Belgrade have noted that the Contact Group's 29 April 1998 position, which offered Milosevic incentives if he co-operates on Kosovo, has already lead Belgrade to soften its opposition to dialogue with Kosovo's Albanian leaders.

These analysts predict that Belgrade will reverse course and open its doors to the OSCE and EU representative, Felipe Gonzalez, and the OSCE missions. Calling the referendum "chewing gum for peasants" that can be easily scraped up from Serbia's short-term memory, these analysts say Milosevic will send his *protégés* forth to announce that his defiant stand against the pressures of the outside world has succeeded, that the OSCE and EU have agreed to welcome the Federal Republic of Yugoslavia into their fold, that Gonzalez is welcome to contribute to resolving the Kosovo dispute, and that the Contact Group has paved the way for a removal of the "outer wall" of sanctions. Milosevic will, in this way, seek to mitigate the danger of more serious economic sanctions. He will drag out the "talks about talks" for months, if not longer, and milk the Kosovo dispute for all the domestic political capital he can.

Milosevic's apparent co-operation will also put pressure on Kosovo's Albanian leaders to accept far less than independence or a republican status within the Federal Republic of Yugoslavia. It will put the onus on the KLA to halt its violence and on the Contact Group and OSCE countries to take action if the KLA does not desist with its attacks and gun smuggling.

The KLA, meanwhile, has given no sign that it is willing to step back from its demands for independence. In fact, the 29 April 1998 statement attributed to the KLA clearly threatens the lives of any Albanian leaders who deal behind the KLA's back for anything less. KLA leaders are obviously aware that perhaps the only hope they have of convincing

⁵³ VIP Daily News Report, April 17, 1998, p. 1.

the Contact Group countries, or some other foreign governments or international bodies, to support the militia's fight for independence would be media reporting of Serbian police violence with many Albanian civilian casualties. It is therefore prudent to assume that the KLA will continue to provoke the Serbian authorities to retaliate against Albanian villages just as they responded to similar provocation in Drenica in early March.

Continued KLA attacks may force the Contact Group countries to condemn the KLA as a terrorist organisation. This would be a major victory for Milosevic going forward into the medium term, because it would enable him to blame the KLA and Albanian leaders for any breakdown in the "talks about talks" or a subsequent substantive dialogue.

B. Medium term

Some Western diplomats and domestic political analysts speculate that Milosevic has already concluded that Kosovo's future will lie outside of Yugoslavia because Serbia and the Serbs have already lost Kosovo demographically and cannot control it militarily for long. Arriving at such a conclusion and taking a decision to act upon it are clearly two different things, however, and there is no evidence that Milosevic, who is anything but a strategic thinker, has taken such a decision. It would be wise to assume, however, that the circumstances that will develop in Kosovo will force him, or anyone who follows him, to take this decision.

Given the emotional attachment many Serbs have for Kosovo, the only way Milosevic could sign Kosovo away without succumbing to the political fallout generated by its loss would be to let the violence in Kosovo run its course. This produces four probable scenarios:

- 1) If the Serbian police and Yugoslav army neutralise the KLA, Serbia will continue to hold Kosovo for the foreseeable future. Milosevic will remain Serbia's paramount leader and acquire political capital for being the man who saved Kosovo from an Albanian threat. Milosevic's dividends will only accrue for a brief period. Serbia will have to maintain a massive police presence that it can ill afford. Serbia's economy will continue to starve behind the "outer wall." Milosevic's authority will continue to weaken and he will eventually fall. The Albanians will arm themselves for another day.
- 2) If the Serbian police and Yugoslav army fail to neutralise the KLA and a protracted period of violence ensues, Milosevic will be able to defend his position by arguing that resisting the Albanian separatists is necessary in order to defend Serbia's territorial integrity and the Serbs' national honour. He will cast himself as the defender of the nation. Dissidents will be branded as traitors just as they were during the wars in Croatia and Bosnia. Serbia will continue to maintain a massive police and military presence that it cannot afford. Serbia's economy will continue to weaken

behind the "outer wall." Milosevic's power will continue to wane, but slowly. And the civilian death toll will mount.

- 3) If the KLA and other Albanian groups succeed in prying the Serbian police from all or part of Kosovo, Milosevic will have to negotiate Kosovo's secession. Milosevic can, however, argue that he did all he could to save the region for Serbia. He will blame the international community, Serbia's republican leaders, the Serbian police, and the Yugoslav Army and its commanders for the defeat just as he blamed the Bosnian Serb and Croatian Serb leaders for the loss of Serb-held swathes of Bosnia and Croatia in 1995. This would absolve him of responsibility for the debacle; and his power within a diminished Serbia would be secure for the short term.
- 4) If the international community intervenes as the result of widespread violence against civilians by the Serbian police and the Yugoslav Army, Milosevic will again cast himself in the role of the underdog warrior who gave his all to save Kosovo for Serbia but failed to overcome the superior strength of the nation's enemies. He will gladly let the international community violate its own principles regarding the inviolability of post-World War II borders, then stand back and proclaim to his people that it was beyond his means to prevent the loss of Kosovo. Again, this would absolve him of responsibility for the debacle; and his power within a diminished Serbia would be secure for the short term.

In each of the above scenarios, there exists the danger of huge population shifts. Thousands of Albanians might leave Serbia proper for Kosovo, Albania, or other destinations. Many members of the Serb minority in Kosovo might flee their homes for Serbia and points west. If these population shifts were to occur, the demographic preponderance of the Serbs in a diminished Serbia would likely increase. Given the support population exchanges and ethnic cleansing have had in Serbian intellectual and leadership circles, these developments would be seen by many influential people in Belgrade as the silver lining on a dark cloud.

The consequences of Kosovo becoming independent would likely be disastrous for Macedonia, Serbia's neighbor to the south, which has a sizeable and restive Albanian minority of its own. KLA soldiers have told Western reporters that an uprising of the Albanians in western Macedonia is also one of their goals. Macedonia's army and police are in no shape to resist it.

VI. Recommendations

Agree on a military strategy...

NATO's involvement is essential to help contain and defuse the crisis in Kosovo. The Kosovo crisis threatens the peace and stability of South-eastern Europe, and the NATO alliance is the only institution capable of heading off such a threat. The United Nations Security Council, the Contact Group countries, and the member-nations of the NATO alliance should consider the deployment of NATO forces in Albania along the borders with Kosovo and Macedonia in order to slow, if not stop, the flow of weapons to the KLA, prevent the Kosovo conflict from spreading, and facilitate rapid and effective action should military intervention become necessary. An OSCE presence on the Serbian-Albanian border is not enough.

...while increasing economic and political pressure on the parties to engage in genuine negotiations...

The Contact Group countries must not allow Slobodan Milosevic to drag out the process of entering into a dialogue with Kosovo's Albanian leaders. If Belgrade does not begin a substantive dialogue with Kosovo's Albanians within three to four weeks, steps should be taken to weaken the levers by which Milosevic controls his political machine. Power is the Alpha and the Omega for Milosevic. If he infers that he will lose political power unless he engages in a dialogue about Kosovo, it is probable that he will engage.

Any economic sanctions, however, must be carefully calibrated and targeted to hit Milosevic, and not the people of Serbia and the Federal Republic of Yugoslavia as a whole. Comprehensive sanctions that target the broad mass of people will only strengthen Milosevic's power relative to the rest of Serbian society and prolong the process of resolving Kosovo's future status. Rather, the Contact Group members and countries interested in seeing the Kosovo dispute problem solved should muster their intelligence resources and locate, freeze, or confiscate all of Milosevic's overseas assets, including the financial and other assets of the Serbian oil companies, banks, and other enterprises symbiotically linked with his regime.

The diplomats of the Contact Group member states and other countries interested in contributing to a resolution of the Kosovo crisis should also give Milosevic explicit notice that his personal hold on power will not be secure for much longer if he continues to obstruct a settlement that all the people of Serbia, Kosovo, and the Balkans deserve. Kosovo's Albanian leaders and the Kosovo Liberation Army have been warned time and again that Kosovo's independence will not be recognised and that the violence must stop. These warnings have failed to produce any effect. KLA members are still fighting to shift Serbia's recognised international border, and they are threatening to carve away territory from neighbouring Macedonia. The KLA must, therefore, begin to feel the pressure of the international community.

The governments of the United States, the European Union, and the NATO countries should, overtly and covertly, apply pressure on Albanian *émigré* organisations to stop financing any armed groups in Kosovo. These governments should summon their intelligence and law enforcement assets to identify and, if possible, prosecute Albanians and other individuals suspected of involvement in the illegal acquisition and shipment of weapons to Albanian militants in Kosovo.

International Crisis Group
Belgrade
6 May 1998

ABOUT THE INTERNATIONAL CRISIS GROUP

We want to head off crises before they develop,
rather than react to crises after they happen.

Senator George Mitchell, ICG Board of Trustees Chair

The International Crisis Group (ICG) is a multinational non-governmental organisation founded in 1995 to reinforce the capacity and resolve of the international community to head off crises before they develop into full-blown disasters. ICG board members - many of them high profile leaders in the fields of politics, business and the media - are committed to using their influence to help focus the attention of governments, international organisations and the private sector on impending crises and to build support for early preventive action.

Since February 1996 ICG has been engaged in Bosnia and Herzegovina in support of the international effort to implement the Dayton Peace Agreement. Based in Bosnia, the ICG staff have monitored progress towards implementation of the peace accord, identifying potential obstacles, and advocating strategies for overcoming them. ICG's priority has been to assist the international community and to pre-empt threats to the peace process before they have a chance to re-ignite the conflict that has ravaged the region since 1991.

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