



UNITED STATES INSTITUTE OF PEACE www.usip.org

SPECIAL REPORT

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ABOUT THE REPORT

This report examines the current status of Macedonia's peace agreement in light of the country's September 15 parliamentary elections, which brought a new coalition government to power. The report proposes a set of recommendations to Macedonia's officials and to U.S. and European Union policymakers who are involved with the agreement's implementation.

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The information in this report is based on the author's observations and interviews she conducted during a trip to Macedonia during the September elections.

The views expressed in this report do not necessarily reflect those of the United States Institute of Peace, which does not advocate specific policies.

Brenda Pearson

Putting Peace into Practice

Can Macedonia's New Government Meet the Challenge?

Briefly . . .

- Macedonia's September 15 parliamentary elections were the first since the country narrowly avoided an all-out civil war with the brokering of the Ohrid Framework Agreement by the United States and the European Union (EU) in August 2001. Macedonia's future as a unitary state largely depends upon the successful implementation of the Framework Agreement. The underlying problems that sparked the seven-month conflict between ethnic Albanian insurgents and Macedonian security forces remain unresolved and could again erupt.
- The recent polls were perhaps the most free and fair since Macedonia gained independence from the disintegrating Yugoslav federation in 1991. The new government led by the Social Democrats has little time to waste in translating electoral promises into reality. Ethnic Macedonians and Albanians alike expect significant economic improvements quickly.
- Intra-Albanian rivalries in parts of Macedonia are marked by murders, bombings, kidnappings, and sheer banditry; gunfire exchanges between unidentified Albanians and Western peacekeepers often go unreported. Macedonian paramilitaries pose a threat to peace on the other side of the ethnic divide.
- Lingering bitterness about the conflict remains high in Macedonia, despite the relatively low number of casualties. Great damage has been inflicted on the social fabric of the country. The uneasy coexistence between ethnic Albanians and Macedonians has been ruptured, and incidents suggesting a breakdown in civil society are frequent.
- The North Atlantic Treaty Organization's (NATO) mission in Macedonia was extended for a fourth time until December 15, 2002. The presence of 750 NATO soldiers, though largely symbolic, has enforced a cessation of interethnic hostilities and anchors Western commitment to the peace agreement.
- The West has avoided negotiations regarding the final status of Kosovo, but the constant deferment affects stability in Macedonia. The Kosovo issue remains open, and ethnic Albanian insurgents in Kosovo and in Macedonia are likely to exploit the instability in Macedonia for their nationalist agenda.

SPECIAL REPORT 96

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CONTENTS

Introduction	2
Background	3
A Peaceful Resolution to the Conflict	4
The Framework Agreement	6
Cost of the Conflict	9
Paying for Peace	10
Final Exam: Elections	10
The Next Government	11
European Crisis Management	12
Conclusions	13
Recommendations	14

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- European management of the crisis has been mixed but greatly exceeds the low expectations set a year ago. Claims of success in achieving 95 percent of the terms laid out in the Framework Agreement, the cornerstone of the West's peace initiative in Macedonia, are misleading. The enormous gap between legislative adoption and actual implementation of government reform has not narrowed.
- The new government's first contentious issue will be managing the political implications of the census being conducted this month. The international community's inclination to treat the census results as a statistical exercise, without understanding the underlying politics of ethnic competition, could spark another round of attacks from disgruntled Albanian guerrillas who remain outcast.

Introduction

In February 2001, a small group of armed ethnic Albanians took control of Tanusevci, a tiny village on the Kosovo-Macedonia border, and rejected Macedonian and international entreaties to withdraw. The insurgents identified themselves as soldiers of the National Liberation Army (NLA) and claimed to be fighting for greater political and economic rights. The Macedonian government accused them of trying to divide the country along ethnic lines with support from ethnic Albanians in Kosovo and Albania.

Fighting soon spread from isolated incidences in the predominately ethnic Albanian parts of the country to within shooting distance of the capital, Skopje, pitting the ethnic Albanian insurgents against the predominately ethnic Macedonian government forces. Large swatches of territory were embroiled in the seven-month armed struggle, resulting in about 200 casualties and more than 180,000 internally displaced people (IDPs). The overall security situation in the country seriously deteriorated as areas came under NLA control; ethnically motivated riots spread to the hinterland, and the government distributed arms to ethnic Macedonian paramilitary groups and to citizens living in ethnically mixed cities.

The Macedonian military's response to the crisis was largely inept. Inheriting an extremely weak military structure from the former Yugoslav army when the country declared independence in 1991, Macedonia's military took a long time to organize its counteroffensive, which emboldened the Albanian fighters. Yet the country's political leaders insisted upon a military solution to the conflict long after it became clear that Macedonia's security forces were poorly equipped and trained, resulting in a military response that seemed intent on purposely destroying as much of the disputed villages as possible.

Western leaders feared that the botched military campaign would plunge Macedonia into civil war. When it became clear that Macedonia's only hope was to reach a quick political solution, the United States and Europe dispatched envoys, who forged a peace agreement among leaders from both ethnic communities at the resort town of Ohrid on August 13. The agreement mandates that the country adopt sweeping reforms to decentralize government, increase ethnic minority rights, and amend discriminatory passages in the constitution. The Framework Agreement thus reflects Western leaders' belief that interethnic tensions in Macedonia were the central cause of the war, rather than a larger "pan-Albanian" problem stemming from the Kosovo conflict and the resulting diaspora of ethnic Albanians from the neighboring Serbian province.

Macedonian leaders have reluctantly set about implementing the Framework Agreement. They grudgingly accept the tenets of the peace accord but have no real desire to reward the Albanians for bringing their country to the brink of war. Most Macedonian officials harbor two principal fears: first, that the Albanians' appetites for more political and economic advantages will never be satisfied, despite the concessions made under the Framework Agreement; and second, that the real goal of the Albanians is federalization of the country, essentially partitioning Macedonia between the overwhelm-

ingly ethnic Albanian region in the west and the rest of the country. Most government officials have no confidence that such a scheme, as proposed by many NLA commanders and supporters, would lead to the enduring preservation of Macedonia as a unitary state.

Not all ethnic Albanians want to see Macedonia divided into ethnic enclaves through federalization. Some of the country's political leaders on both sides of the ethnic divide sincerely believe that complete implementation of the Framework Agreement will bring lasting peace and preserve the territorial integrity of the state. Yet in many ways, the conflict has succeeded in hardening each ethnic group's perceptions of the other. Most Macedonians still tend to view Albanians as guests in their house and expect them to behave accordingly. The Albanians, on the other hand, no longer view themselves as a minority, having achieved some significant concessions at Ohrid.

Background

Macedonia has held together so far because of a very clear division of power among the country's political leaders. Since independence, Macedonia has been ruled by largely unworkable coalitions comprising a majority ethnic Macedonian party and an ethnic Albanian party, and both partners in these coalitions have understood that their mutual interests were best served by not interfering in each other's sphere of influence. The de facto ethnic division of political power was lucrative and promised great rewards to those in power.

Political party membership is the determining factor for employment in Macedonia. Thousands of people are purged from their jobs in the public sector and from state enterprises when political power changes hands. Governing parties rule absolutely and, in return, do not really expect much work from their employees. Thus, the country's workforce is by and large untrained and lives on patronage. The politicians in power are only too happy to comply with this Faustian bargain because it keeps them in office.

Problems began when one Albanian political party, the Democratic Party of Albanians (DPA), established complete control over the western part of the country and began to extort money from individuals and businesses regardless of their political affiliation. The level of graft and corruption increased significantly after the 1999 NATO military campaign in Kosovo. The large international presence in Kosovo and Macedonia has been extremely lucrative for those engaged in smuggling weapons, cigarettes, drugs, and humans. The only way to break this stranglehold on power in western Macedonia was to challenge it militarily, which is a short way of describing how the NLA showed up on Macedonia's doorstep last winter.

Rumors abound and facts are few about the origins of the NLA. Many of its core members are former fighters from the now disbanded Kosovo Liberation Army (KLA), who were locked out of the postconflict division of spoils and could not legally return to Macedonia. Some of them, like political leader Ali Ahmeti, were born in Macedonia but really belong to an odyssey familiar to Albanian nationalists: education in Pristina, jail in Yugoslavia, exile in Europe, fund-raising within the Albanian diaspora, and return to Kosovo during the war.

"Greater Albania"—or perhaps more accurately, "Greater Kosovo"—has been an enduring concept among Albanian nationalists for some time. Except for a brief period—during World War II, when Fascist Italy expanded across the region—the dream has never been realized. Ethnic Albanian intellectuals and political leaders in the region and abroad tacitly agreed that independence for Kosovo was the priority, and that lesser issues, such as the discrimination of Albanians in Macedonia, could wait. Albanians living outside the country opened the new "Macedonian question."

The government coalition of the right-leaning ethnic Macedonian nationalist party, the Internal Macedonian Revolutionary Organization–Democratic Party for Macedonian

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National Unity (VMRO-DPMNE), and the DPA, which came to power in 1998, was working toward many compromises on ethnic issues. Prior to the outbreak of conflict, the issue of access to Albanian-language higher education was close to being resolved and a revised citizenship law was under negotiation. The current fifteen-year residency requirement for citizenship and Albanians' lack of access to proper documentation has long been problematic. Most of these pending achievements, however, were undermined by the conflict. Thus, the timing of the guerrilla revolt appears to have been driven by something else.

One factor leading to the conflict was NATO's decision to close the five-kilometer buffer zone between the Macedonian border and the strip of southern Serbia that served as the base of operations for ethnic Albanian guerrillas from the Liberation Army of Presevo, Medvedja, and Bujanovac (or UCPMB, in its Albanian acronym). This action spelled the definitive end of the insurgency in the Presevo Valley, which borders Macedonia and Kosovo, and many ethnic Albanian field commanders and a host of unsavory characters went looking for a new field of operations. The parallel sequence of events that led to the buildup of the NLA and the collapse of the UCPMB culminated on March 16, 2001, when the NLA took control of the old fort in Tetovo and Serbian soldiers simultaneously re-entered the Presevo Valley.

The origins of Macedonia's conflict lie in the struggle among various ethnic Albanian groups for domination of the territory and criminal enterprises of the country's western region. Several NLA commanders and supporters confirmed that they picked up weapons primarily to challenge the DPA and that joining Ali Ahmeti's NLA came as an afterthought (author's interviews in Skopje, Tetovo, and Struga, September 14–23, 2002). As such, the conflict was really a civil war turned upside down, beginning as an intra-Albanian crisis that suddenly engulfed the rest of the country; the interethnic dimension of the conflict became the exit strategy for ethnic Albanians at war with each other. By trying to consolidate the fragmented political power of ethnic Albanians—first through an umbrella group of Albanian parties, then by spearheading his own party—Ali Ahmeti filled a political leadership vacuum among Albanians who had lost faith in the country's legitimate political party leaders. In a rather perverse way, the leader of an armed guerrilla movement became the symbol of democracy and decency for the Albanians in Macedonia who were tired of corruption.

The NLA took advantage of the international predisposition to view the ethnic Albanians as victims of discrimination. Ethnic Macedonians often discriminated against the country's ethnic Albanians, but it is unfair to compare the situation to the repressive atmosphere in Kosovo under the regime of Serbian leader Slobodan Milosevic. On the other hand, Macedonians consistently did little to better their political standing with the international community regarding the country's ethnic division. Government leaders blamed the West for its mismanagement of Kosovo and simultaneously expressed their desire to settle the crisis militarily while overstating their importance to the West as a strategic ally. Needless to say, such a strategy did little to endear Macedonian officials to Western leaders. The Albanians cleverly exploited the Western disaffection for the Macedonians throughout the conflict and during the peace negotiations.

A Peaceful Resolution to the Conflict

Political leaders from the European Union and the United States viewed the Macedonian conflict through the lens of the other Balkan wars. Macedonia was considered the linchpin for either regional stability or chaos. The international community feared an expansion of the conflict and worried that neighboring countries, such as Yugoslavia (and particularly Kosovo), as well as Albania, Bulgaria, or even Greece, could be drawn into the crisis. The large American contingent of NATO soldiers deployed in the Kosovo sector that bordered Macedonia presented a delicate situation as well. An escalation of violence across the northern border would put NATO soldiers at risk.

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In the early days of the conflict, tension rose between the diplomatic community in Skopje and the NATO military contingent in Kosovo. The NATO Kosovo Force (KFOR) tended to view the conflict in terms of opposing Albanian criminal enterprises fighting over control of cross-border smuggling routes. Diplomats in Skopje, on the other hand, viewed the conflict in terms of interethnic clashes erupting throughout the country.

The international community unanimously agreed that something had to be done, but it was divided on a precise course of action. The new foreign policy team in the Bush administration, which had been in place for just two months, adamantly rejected a new NATO commitment in the Balkans and believed the Europeans should shoulder the burden of crisis management. The Albanians and Macedonians, meanwhile, were veering dangerously close to dividing the country along ethnic lines.

As with the crises in Bosnia and Kosovo, European and U.S. leaders faced a familiar choice in Macedonia: Should the West intervene militarily or sit by while the country descended into all too familiar scenes of ethnic cleansing? The burden of military intervention was difficult in other parts of the former Yugoslavia. In Macedonia, it was bound to be even more difficult—for one thing, it was unclear who the opponents were and where the front lines were drawn. In the end, the West calculated that peace would require the underlying guarantee of a NATO deployment. War seemed inevitable, so it would be better to go in early on more favorable terms than to get dragged in later when things were really a mess.

British prime minister Tony Blair took the lead and persuaded the United States to increase its presence through the eventual deployment of NATO troops and the immediate appointment of a hard-nosed special envoy; the Americans and the Europeans would work in tandem to bring a peaceful resolution to the conflict. Once the United States was on board, the international community decisively intervened.

Macedonian leaders were convinced that the Albanians were motivated by the wish for territorial expansion rather than a genuine desire to expand their human rights within the state of Macedonia. In light of the Macedonians' limited capacity to wage an effective counterinsurgency, the West tried to restrain the Macedonian military. The Macedonian strategy was to completely destroy NLA-captured villages through relentless shelling. It was a flawed plan somewhat similar to blowing up a plane filled with passengers in order to kill the hijackers on board.

Despite some ill-advised proposals from Macedonian intellectuals to simply partition the country, the primary focus of the negotiations was to end the hostilities and to maintain the integrity of the borders. The negotiators insisted that government reform was the cornerstone of any peace agreement, and, indeed, the Framework Agreement strengthens local government, gives the Albanian language official status, and contains mechanisms to ensure that sensitive laws on cultural and distinctly ethnic issues require minority backing. Yet Macedonian officials portrayed negotiations between the government and the two principal negotiators, U.S. special envoy James Pardew and the EU's Francois Leotard, as a fight for survival of the Macedonian identity. The media of the two main ethnic groups portrayed the conflict in starkly ethnic terms; most of the Macedonian-language media depicted the negotiators as forfeiting Macedonian sovereignty to reward the Albanians.

The country's four major political party leaders—representing the ethnic Macedonian VMRO-DPMNE and the Social Democratic Union of Macedonia (SDSM), and the ethnic Albanian DPA and the Party for Democratic Prosperity (PDP)—met for a final round of negotiations near Ohrid Lake in early August and reached an agreement on August 13, 2001. Only hours after the negotiators left Ohrid for the three-hour return drive to Skopje, a fresh round of fighting broke out. The Macedonian military launched a last-ditch effort to regain ground in a bid to rally public support and to restore their confidence. The intense fighting threatened to spiral out of control and spread to other ethnically mixed communities. In fact, some of the worst fighting in the seven-month conflict occurred just after the peace agreement was signed. The Albanians, who had

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shrewdly negotiated their position, prevented the NLA from launching a major counteroffensive, which is probably the only reason the peace process was not entirely derailed.

The Framework Agreement

Since last August, the European Union and the United States have watched in utter disappointment as the Framework Agreement fell apart repeatedly, but they should have expected some major rifts in the course of the agreement's implementation. First and foremost, Macedonian politicians rejected the proposed change in wording of the preamble of the constitution, the original version of which specifically acknowledged the Macedonian people as the country's constituent nation. The Framework Agreement removed this distinction. The EU and the U.S. quickly dispatched their special envoys to work out a compromise on the wording of the preamble, and, once again, a lot of negotiating and arm-twisting brought the peace process back on track.

After months of foot-dragging, Macedonia's legislature reluctantly adopted the peace accord on November 16, 2001. Significantly, this was the first time that ethnic Albanians voted to accept the country's constitution. In the past, ethnic Albanian parliamentarians abstained or boycotted the parliamentary sessions. The long delay reflects the ambiguities and disagreements about the very essence of the Framework Agreement; ethnic Macedonians and ethnic Albanians view the Framework Agreement from diametrically opposite viewpoints.

Essentially, the Ohrid Agreement provides the architectural framework for equitable representation of minorities in public administration, language rights, the strengthening of local government, reintegration of territory held or captured by the NLA, return of refugees, and the conduct of an internationally supervised census. On balance, the agreement preserves the unitary state of Macedonia and its territorial integrity. The agreement may be flawed in many ways, but there are many flawed treaties in Europe that function well in practice. Some Macedonians contend that the constitutional changes introduced a type of consensual democracy that could have a negative impact on the government's efficiency and lead to manipulations regarding the ethnic origins of parliamentarians. They argue that the Framework Agreement promotes collective as opposed to individual rights. Thus, Albanians are now identified as a collective rather than as Macedonian citizens. In such a light, the West will find it difficult to dismiss ethnic Macedonians' concerns that the full implementation of the Framework Agreement could encourage the country's partition along ethnic lines.

The peaceful cohabitation of Macedonians and Albanians will depend on both sides talking less about the division of country and more about the division of responsibilities under the Framework Agreement. The real risk is that implementation of the agreement will become hostage to familiar games of ethnic one-upmanship played by the country's political leaders. The significance of the agreement threatens to be chipped away through a thousand semantic battles on the meaning of words rather than the substance. In short, there is waning support for the agreement in Macedonia, and intense pressure from the international community will be needed to keep it on track.

Two types of legislative changes are incorporated in the Framework Agreement. The first type concerns constitutional revisions, which are included in Annex A of the agreement. The second type is legislative amendments, which are included in Annex B. All of the proposed constitutional amendments were ratified by parliament last autumn. June 20 was the deadline for adoption of the legislative amendments, but the parliamentary session ended inconclusively because of a language controversy regarding new passports (see "Language Issues" below).

The international community declared victory in mid-July 2002 after reaching an agreement on new parliamentary regulations. During a visit to Skopje, NATO secretary

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general Lord George Robertson claimed that 95 percent of the Framework Agreement had been adopted. Yet implementation of the agreement is likely to be quite difficult, given that it has taken a full year merely to adopt the agreement's principles. To date, the most progress has been made in the return of refugees and IDPs. More than 155,000 people (or 95 percent) who fled their homes during the crisis have returned. Police are returning to villages in ethnically mixed patrols, but the dearth of people on the streets after dark in these areas indicates that considerable fear still prevails.

The European Union has taken the lead in administering a census, despite warnings from the SDSM, Ali Ahmeti's Democratic Union for Integration (DUI), and the United States that still very raw emotions may argue for postponing an ethnic head count of the country's populace. Although the census will be more professionally administered than in the past, none of the political issues that derailed the 1994 census have been resolved. The Albanian political parties will most likely stage strategic boycotts disputing the results.

Among the more difficult tasks confronting the new government and parliament will be getting down to the basics in order to put some substance and vigor into implementing the essential parts of the Framework Agreement. Albanians, in particular, have exceedingly high expectations that Western pressure will force Macedonia's new government to reconfigure the state structure to their advantage. They believe that the Framework Agreement will change their lives and bring them into immediate parity with ethnic Macedonians. The real difficulty will come when implementation of the agreement shifts jobs and public spending from the central government to local authorities and from cities populated mostly by ethnic Macedonians to those populated overwhelmingly by ethnic Albanians.

New Laws and Ethnic Representation

Macedonia inherited from socialist Yugoslavia a highly centralized state in which municipal revenues are dependent upon taxes collected from construction and property sales and public utilities revenues. Smaller municipalities often have no locally generated revenue and are by and large subject to the central government's caprice. In many parts of the country, local governments are simply incapable of providing needed public services; this is especially true in areas populated predominately by ethnic Albanians.

Although the Framework Agreement's overall legislative framework was adopted, none of the estimated 250 laws required to decentralize government functions has been drafted, according to the new parliamentary speaker Nikola Popovski (interview in Utrinski Vesnik, October 15, 2002). These laws are needed to reinforce the powers of elected local officials and to substantially increase their competencies in the areas of public services, urban and rural planning, culture, local finances, education, social welfare, and health care. Popovski speculated that it would take a minimum of one year just to draft the required legislation. The European Union and U.S. Agency for International Development have been providing technical assistance for the drafting and implementation of these laws since 1996, which gives some indication of the difficulty involved.

In addition to the specific local self-government laws, three related laws must be adopted: the Law on Local Finance, the Law on Municipal Boundaries, and the Law on the City of Skopje. The International Monetary Fund, among other donors, recommended that the Law on Territorial Division (or consolidation of the country's 124 municipalities, including Skopje) be implemented first, followed by the Law on Local Finance. However, new municipal boundaries cannot be drawn until after a new census has been conducted. (The most optimistic prognosis is that these two laws will be passed by the end of 2003.)

The Law on Territorial Division also affects the use of secondary languages in the country. According to current law, in municipalities where a community constitutes at least 20 percent of the population, the language of that community will be used as an official language in addition to Macedonian. These constituents will also be allowed to

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use their own language to communicate with government employees in regional offices. For municipalities in which certain languages are spoken by less than 20 percent of the population, the local authorities will decide democratically on their use in public bodies.

Ethnic Macedonians fear that these and related aspects of decentralization are the first step toward federalization or partition of the country. They view the use of the Albanian language throughout the country as a threat to their national identity and believe that ethnic Albanians will simply refuse to communicate in Macedonian. Thus, Macedonians fear that they will be at a distinct disadvantage in a new bilingual environment, given that almost no ethnic Macedonians can speak Albanian.

Currently, international advisers from various European consulting firms are squabbling over how to best proceed with reforms. Technical experts are recommending a model that is far too complex and unwieldy for a country of only two million people that was largely agrarian only one generation ago. Rather than making the reforms simple and easy to implement, the technical process of evaluation and recommendations is becoming an elaborate exercise.

Under the Framework Agreement, the principle of nondiscrimination and equal treatment is to be applied to public sector employment and access to public financing for business development. The parliament adopted legislation designed to ensure equitable representation of ethnic groups in public life, but, given the country's ethnodemographic complexity (including, in addition to the two major ethnic groups, Serbs, Turks, Roma, Vlachs, and Bosnian Muslims), this mandate has led to some rather complex formulas for bolstering ethnic representation in public institutions. For example, one-third of the judges for the Constitutional Court are to be chosen by a majority of the total number of parliamentarians who are not in the majority in the population of Macedonia.

Police services are supposed to reflect the ethnic composition and distribution of Macedonia's population by 2004. The new officers are to be selected on the basis of ethnicity and deployed to corresponding areas where ethnic groups other than Macedonians constitute at least 20 percent of the community. According to a July 2002 article in the monthly *Vest*, 70 percent of the first group of minority policemen failed the obligatory state examination. Few of the country's current police officers, regardless of ethnicity, are properly trained or respect the rule of law.

The peace negotiations nearly collapsed last August when the country's four principal political leaders could not agree on how local police chiefs would be appointed. The National Assembly recently adopted a compromise solution: Local heads of police will be selected by municipal councils from lists of candidates proposed by the Ministry of Interior.

Language Issues

The Macedonian parliament has been operating according to legislative and procedural rules of the former Yugoslavia because it had consistently failed to adopt new rules since the republic gained independence in 1991. The issue that had defied agreement was the use of the Albanian language. On July 10, 2002, the four signatories to the Framework Agreement assented to new parliamentary regulations. The Official Gazette, which chronicles parliamentary decisions, was printed in bilingual text immediately after adoption of the new rules.

Under the new regulations, only Albanian parliamentarians will be allowed to address the parliament in the Albanian language. Albanian political leaders wanted the new regulation to apply to all individuals who wished to address the parliament in Albanian. The new agreement allows only spoken Albanian and does not apply to written communication or to the official use of the Albanian language by ethnic Albanian ministers serving in government. Given the history of the language disputes in Macedonia, there are bound to be challenges from the Albanian quarter.

The laws for bilingual personal identification documents such as driver's licenses and vehicle registrations have been adopted, but the issue of passports remains contentious. Ethnic Albanian leaders are demanding that passports issued to Albanians be printed in the Albanian language on the front cover, along with the current Macedonian and English. Macedonian leaders insist that the country issue only one type of passport but that the personal information inside may be in the Albanian language. Bowing to international pressure, the country's officials and political leaders have deferred discussion of the issue.

Macedonia's education system is floundering on both sides of the ethnic divide. A recent World Bank study concluded that the educational system is highly centralized, inefficient, and of low quality. The World Bank and the Netherlands have pledged 20 million euros in assistance. The Framework Agreement stipulates that instruction in primary and secondary schools will be provided in the students' native languages; at the same time, uniform standards for academic programs will be applied throughout the country. State funding should be provided for university-level education in languages spoken by at least 20 percent of the population, on the basis of specific agreements. The principle of positive discrimination will be applied to enrollment in state universities until levels reflect the composition of the population.

Cost of the Conflict

The economic dimension of Macedonia's conflict can be detailed with a fair degree of accuracy: "82 members of the security forces dead, 16 civilians killed, 2 representatives from the OSCE, 186,000 people evacuated, and about 1 billion euros spent as well as 80 percent of the NLA controlled territory still controlled by terrorist gangs" (Macedonia Public Prosecutor Stavre Dzikov, press conference, October 5, 2002). These figures do not include the costs or casualties incurred by the ethnic Albanians, the latter of which may number around 200.

Nor do they include the less emotive but equally significant indirect costs—such as the damage done to the Macedonian economy. Indeed, the country had seemed poised for economic turnaround in 2001: strong economic performance the previous year yielded a first-time budget surplus and a modest decline in inflation. All the good news, however, disappeared with the crisis, which has resulted in sharply lower industrial production, exports, and fiscal revenues.

The government appears to have spent a minimum of US\$30 million in weapons, and property damage amounts to about US\$32 million (based on interviews in Skopje with diplomats from Greece, Italy, the Netherlands, the United States, and World Bank officials, December 1–7, 2001). There are no known estimates of the cost of damaged electricity grids and transportation lines. Perhaps more noteworthy, there is no estimate available for state expenditures related to the mobilization of more than 20,000 army and police reservists who appear to remain on active duty more for political than security reasons (Vladimir Jovanovski, "Demobilization NOW!" *Forum*, October 19, 2001). President Boris Trajkovski told foreign diplomats that he estimates the seven-month insurgency to have brought losses of some \$700 million to Macedonia's economy.

The harder cost to estimate is the lost opportunities for foreign investment. The hidden costs of the conflict, such as people's fear to go to work, lack of trust in a stable economic and political environment, and questionable transportation lines, will most likely turn investors' attention to neighboring countries (*Kapital*, December 6, 2001).

As a result of the conflict, about 13,400 people remain in temporary shelters; their homes have been destroyed. Despite the residual bitterness left in the aftermath of the conflict, the majority of ethnic Macedonians and Albanians believe that the biggest problems in the country are poverty and unemployment—they view turbulent interethnic relations and renewed violence as less urgent than shoring up the economy (*Dnevnik*, July 11, 2002, citing a telephone poll conducted by the Institute for Democracy, Solidarity, and Civil Society).

Paying for Peace

About \$500 million was pledged at a donors conference sponsored by the European Commission and the World Bank on March 12, 2002 to determine the extent of macro-financial assistance and toward funding reconstruction and peace-building projects. The international community pledged additional financial assistance to Macedonia but set two conditions: parliament must pass sweeping reform legislation to decentralize government, and the government and the IMF must agree on a budgetary oversight program.

The World Bank has estimated the cost for implementing the peace agreement at US\$81 million; yet no one really knows how much money will be required for decentralization because it is nearly impossible to estimate accurately the capacity of local governmental institutions and employees to adapt to the changes. According to the World Bank, the cost for implementation of the peace agreement is likely to "entail large fiscal costs over the next few years, while economic prospects are diminished because of damaged business confidence. External financing for this year and the next two years will be substantial" (World Bank, FYR Macedonia Transitional Support Strategy, summary of Board of Executive Directors meeting, September 13, 2001).

With EU external affairs commissioner Chris Patten's announcement that the union would contribute 24.7 million euros, in addition to the 42.5 million euros pledged in an agreement signed in Skopje on October 4, 2001, it is clear that the EU will be carrying the brunt of financial assistance for Macedonia's reconstruction. In addition, the European Commission announced in late July 2002 that an additional 3.6 million euros would be available for reconstruction of an additional 200 houses, which would increase the total number of reconstructed houses to 960. Nonetheless, the EU's development assistance to Macedonia has been criticized for its failure to devote sufficient resources and oversight to combating corruption and to initiating civil society programs.

The EU program itself, which has given about 500 million euros to Macedonia in the past decade, has also been criticized as too bureaucratic, subject to infighting, and lacking in focus. Two separate reports noted that only "about 58 percent of the amounts allocated between 1991 and 2000 have been contracted and only 34 percent has been disbursed" (Judy Dempsey, "Reports Blast Failure of EU Aid Programme for Macedonia," *Financial Times*, December 10, 2001). As of September 2002, only about 29 percent of the 50.4 million euros pledged for the implementation of the Framework Agreement for the current year 2002 had been used. The main reason is that the ministries and agencies in charge of implementing the agreement lack the technical capacity to design concrete projects, despite the May 2002 establishment of the Unit for Coordination of the Implementation of the Framework Agreement.

Final Exam: Elections

The elections of September 15 were the international community's final exam for Macedonia, and the country seems to have passed. Macedonia had to prove that it was capable of organizing and conducting free and fair elections. The outcome of the elections was in many ways less important than the process: If the process broke down, there was no obvious exit strategy other than renewed chaos. Voters needed to believe that they have some influence over the political process. The average Albanian and Macedonian discovered this year that they are both miserable together, and the bitterness is too deep for politics as usual.

The SDSM, which has been in opposition since 1998, won a surprisingly comfortable majority but may find it still difficult to sustain a durable government. The large margin of victory for SDSM leader Branko Crvenkovski, a former prime minister, was attributable to the elimination of four smaller parties whose popularity stemmed largely from their leaders. Voters were not willing to risk diluting their vote for a change in govern-

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ment, so they cast their ballots for the large coalition of Social Democrats and Liberal Democrats, both progenies of the former Communist party.

The smaller parties received only 80,000 total votes. Voters saw the large bloc coalitions as the only viable alternatives. Under the d'Hondt calculation method used in proportional representation electoral models, the smaller parties that have an even distribution of supporters throughout the country suffered, while the ethnic Albanian parties, which are geographically concentrated, benefited under the new system.

The West, which sent 800 monitors, saw the elections as a breakthrough in the effort to shore up Macedonia's fragile peace. It is no secret that Western leaders wanted to see a change in government, and there were justifiable fears that incumbent party leaders who were trailing badly in the polls would manufacture violent incidents to invalidate the elections. Indeed, murders, kidnappings, and physical attacks on parliamentary candidates dominated the news in the run-up to the polling.

Election cheating in Macedonia usually occurs well before polling day. In 1994, about 150,000 residents who were in the process of obtaining citizenship were illegally added to voter registration lists. In the 1996 local elections, many votes were bought with five-kilo bags of sugar, flour, and meat. In the 2000 local elections, party activists died in polling station attacks. The more than 100 percent voter turnout in the 1999 elections in some of the Albanian-majority communities also raised serious doubts about the legitimacy of the polling. The international community's position has been to acknowledge that the elections were imperfect but that the general will of the people was reflected at the polling stations.

While the September 15 elections were not perfect, international and local observers confirm that they were significantly more orderly and less rife with fraud than in the past. The strong showing of both the Social Democrats and Ali Ahmeti's new ethnic Albanian party opens up new opportunities, especially as both parties support the Framework Agreement and want to move forward. While some ethnic Macedonians do not welcome it, the presence of the former Albanian guerillas in the National Assembly will contribute to stability.

The Next Government

The new parliament and government will comprise all parties that signed or supported the Ohrid Framework Agreement; the smaller opposition parties were thrown out. VMRO-DPMNE could still pose a forceful opposition to the realization of the Framework Agreement, but the other ethnic Macedonian parties will be under enormous pressure to implement it. The absence of multiethnic parties in Macedonia has always resulted in government coalitions made up of ethnic Macedonian and ethnic Albanian parties that have de facto control over ethnic spheres of influence. Ethnicity rather than competency has usually been the key criterion in filling government positions.

Despite its large margin of victory, the SDSM had difficulty in forming a coalition because of a decade of bad relations with the DPA and its obvious discomfort cohabitating with former NLA leader Ali Ahmeti. Ethnic Macedonians resist the reincarnation of Ali Ahmeti as a credible and legitimate political leader because of their belief that increased rights for Albanians and other minorities were the result of war and terrorism. Crvenkovski's dilemma, and that of the country, is how to make peace with Ali Ahmeti—who nearly started a bloody civil war one year ago—and his sixteen parliamentary seats. Crvenkovski's decision on how to deal with Ali Ahmeti will in large part indicate the degree to which the country's wounds have healed.

The Party for Democratic Prosperity (PDP) was in power from 1991 until 1998, and most ethnic Albanians believe that the party did little to improve their lives; allegations of corruption and profits derived from smuggling tobacco, cigarettes, and alcohol are widespread. The DPA, which took power in local government in 1996 and in parliament in

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1998, stands accused of the same charges, with heroin and human trafficking added to the list. Ahmeti's NLA was really fighting on two fronts: to break the DPA's stranglehold on political and regional power, and to increase ethnic Albanian influence and advantages in Macedonian society. Ali Ahmeti was a leader on both these fronts. After the conflict, he attempted to play a mediating role among all the ethnic Albanian political leaders (author's interview with Ali Ahmeti, April 20, 2002, Mala Recica, Macedonia).

Indeed, corruption was the buzzword of the summer leading up to the elections. Government officials from both sides of the ethnic divide have been trading barbs with leading nongovernmental organizations. The blossoming anticorruption drive has captured some headlines but has failed to move much beyond the accusation stages; endemic corruption is plaguing the country, but the recent exchanges have far too often contained elements of political bias.

The previous government coalitions made huge profits from the black market stemming from the Western-led economic embargo against the former Yugoslavia. Both ethnic Macedonians and ethnic Albanians were quite adept at smuggling gas, cigarettes, and other contraband across Macedonia's northern border.

Both major ethnic parties in the new governing coalition promised protection to their respective ethnic groups, and early moves to divide up not only ministerial posts but also jobs in state-owned companies suggest that there may be no fundamental change in the way politics are conducted in Macedonia. If they are to attract foreign investment, the new leaders need to move quickly not only to re-establish security but also to support interethnic reconciliation, turn anticorruption rhetoric into reality, and establish the rule of law. Reform of the judiciary, customs, police, and tax authorities is crucial; deep structural change is needed. Such an initiative will require not only courage and imagination by the new government but also a vigorous political opposition and independent civil society organizations.

The special police units that operate as a parallel paramilitary force, known as the Lions, will have to be dismantled. Efforts are under way to retrain some of the Lions and redeploy them to border patrol units, but this program will take time—not all of these heavily armed thugs can be integrated into a legitimate police force. The government must also establish new lines of communication and cooperation among the Ministries of Interior, Defense, and Army. At the same time, Albanian participation in the security structures will need to be increased. And, finally, cooperation between the government and the president, which has been nonexistent, will have to be restored. More than anything else, though, adherence to the rule of law would be the greatest source of legitimacy for the new government.

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European Crisis Management

The co-management of Balkan crises such as Macedonia's is giving way to a different type of relationship between Europe and the United States. How well the Europeans manage Macedonia will be a key test. To a great extent, success will depend on how the European Union and the United States define their partnership.

Washington has tremendous confidence in the new European team in the region: High Representative for Bosnia and Herzegovina Paddy Ashdown in Bosnia, Special Representative of the UN Secretary General Michael Steiner of the United Nations Interim Administration Mission in Kosovo (UNMIK), and European Union Special Representative in the Former Yugoslav Republic of Macedonia Alain Le Roy (who departed in October 2002). They bring new levels of seriousness and dedication to solving the lingering problems endemic to postconflict countries torn apart by ethnically motivated violence.

The Europeans are probably not ready to replace the NATO security force in Macedonia, but the process is in motion and it may be hard to roll it back. Therefore, the EU's

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proposed European Security Forces command will rely heavily on support from NATO; there will be few discernable differences between NATO deployment and the future European one. Some type of NATO involvement will be needed to provide the nominal "American presence," as requested by both Albanians and Macedonians.

On balance, the EU management of the region looks to be off to a good start. The only real danger ahead is the far-off promise and slow pace of EU integration for the Balkans. The slow process of integration favored by the EU may not be realistic.

Conclusions

When Macedonia's brewing crisis finally erupted, the West was caught largely unaware because of a willful determination to view the country as the region's one multiethnic success story among the scattered remnants of the former Yugoslavia's nationalist wars. Macedonian leaders began to believe the Western propaganda, but ethnic tensions continued to simmer despite government claims of ethnic integration. The country's leaders and most Western observers consistently underestimated the extent of the country's ethnic problems. Everyone was living in a Balkan version of a Potemkin village.

NLA guerillas found fertile ground in Macedonia because of the Western governments' recent experiences with Serbian repression against Albanians in Kosovo. To be sure, Macedonian repression of its ethnic Albanian population was less harsh, and real progress was being made in addressing some of the Albanians' legitimate complaints. Yet the slow pace of meaningful implementation of reforms allowed the NLA to frame the conflict in ethnic terms and use interethnic tensions to gain regional and international attention. The consequent engagement of the West bettered the NLA's position domestically in far less time than legitimate political negotiations could.

Perhaps ethnic Macedonians and ethnic Albanians working together would have reached something like the Ohrid Framework Agreement on their own. It might have taken two years rather than seven months—the duration of the conflict—with proper Western guidance. But more complex issues are the real culprits in this conflict—among them, the larger "Albanian question" and the deplorable lack of good governance in Macedonia.

Neither stability nor prosperity appears to be coming anytime soon to Macedonia. About 400,000 people are unemployed, and that figure does not take into account how many people are employed but have not received a paycheck in months; one-fourth of Macedonia's households live on the edge of existence (A1 Television, August 7, 2002, based on 1,200 interviews). Since the signing of the Framework Agreement, there have been a few perceptible changes in public sentiment: Among average ethnic Albanians and Macedonians, there is a growing acknowledgement that they are suffering together at the hands of their respective political leaders. Public opinion regarding the presence of the international community also has begun to shift.

Macedonians and Albanians feel growing alarm that Macedonia's leaders may have willingly pulled their country into the conflict to hide large-scale theft of state-owned enterprises and assets. One year later, it seems obvious that the country's political leaders have done just about everything in their power to rescind their support for the peace agreement. The delaying tactics, public posturing, and cat-and-mouse-type deployments of police units into areas still considered to be controlled by the NLA can only be viewed as a major rejection of the Framework Agreement.

Nevertheless, the Framework Agreement is holding up better than expected. Much of the credit must go to former EU representative Alain Le Roy, who introduced a more flexible and pragmatic approach. The EU and the U.S. have taken a firm position that is impossible to misinterpret: EU membership for Macedonia is predicated on full implementation of the Framework Agreement. In reality, the agreement should hold up for the next three to four years and be viewed as a step toward accepting a common state. If the agreement does collapse, it will be for one of two main reasons: ethnic

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Getting at the real roots of the recent crisis will require a much broader definition of the problem, which must include Albanians and Serbs living in the former Yugoslavia, and especially in Kosovo and southern Serbia.

The U.S. war on terrorism may be positive in the short term for the Balkans, but there is a danger that ethnic Albanians may perceive a shift in U.S. foreign policy priorities as a cue for further military adventurism.

Albanians hold the parliament in a deadlock and de facto federalize the country, or Macedonians choose partition.

The Framework Agreement could theoretically turn Macedonia into a civic state, but it does not take Macedonia out of danger. Getting at the real roots of the recent crisis will require a much broader definition of the problem, which must include Albanians and Serbs living in the former Yugoslavia, and especially in Kosovo and southern Serbia. The test of the EU's ability to manage the region could not come at a trickier moment. While Europe plans an entry strategy for the Balkans, the United States is focused on its exit strategy. The U.S. war on terrorism may be positive in the short term for the Balkans, but there is a danger that ethnic Albanians may perceive a shift in U.S. foreign policy priorities as a cue for further military adventurism.

Lasting peace in Macedonia remains elusive and may be downright impossible without a strong Western security guarantee. The Albanian common base for the "national cause" will be prevalent for a long time, while moderate Macedonians continue to lose ground. Exchanges of gunfire are daily occurrences; large amounts of weapons and ammunition are available to both ethnic Albanian rebel groups and ethnic Macedonian paramilitary groups. Reintegration of the crisis regions in Macedonia is also mired in political manipulations designed to detract from criminal activities. Continual warnings of renewed fighting on the part of the country's political leaders may become a self-fulfilling prophecy.

Recommendations

- Macedonia's new government must move quickly to restore security and stability to the areas of the country most affected by last year's crisis. The internal security structure—including the development and training of an effective counterinsurgency force—must be rebuilt. International assistance for weapons collection, perhaps based on some aspects of the UN Development Program's initiative in Albania, is required.
- NATO troops are needed in Macedonia beyond the December 15 expiration of their mandate. An alarming number of citizens, both ethnic Albanians and ethnic Macedonians, are heavily armed. An ethnic Macedonian paramilitary force loyal to the former interior minister is still in existence. Security in the country's arc of crisis is low; in 2003, only 80 monitors from the Organization for Security and Cooperation in Europe and 20 EU monitors will be deployed throughout the country, and they will require rapid extraction support.
- The cornerstone of the Ohrid Framework Agreement is decentralization of the government. International technical experts should focus on developing a coherent, manageable program that the Macedonian government can efficiently implement. The current number of 124 municipalities is unsustainable, and a rational program for territorial division is urgently needed. Technical arguments about the proper sequencing of territorial division and local self-financing are wasting precious time.
- The census will be ethnically and politically divisive. The governing coalition of the SDSM and DUI has no ownership of or investment in this particular census. The staff administering the census preparations has demonstrated a stunning lack of sensitivity to the political problems likely to arise and should be replaced. Seasoned political hands rather than statistical staff from Europe need to take over direction and management of the process immediately rather than simply hope the problem will go away.
- Macedonia's political elite has a historic opportunity to move beyond business as usual. Professional competency rather than party affiliation and ethnicity must be the standards for public sector employment. The West should work with the new government to develop a politically neutral civil service.

- The European Union must resist the temptation to view its role in Macedonia as one of simply preparing the country for EU integration. Macedonia is unlikely to enter the European Union before 2010. It is vital to the country's stability to create more immediate incentives for full implementation of the Framework Agreement.
- The indeterminate status of Kosovo very much affects stability in Macedonia. The United States must remain sufficiently engaged in negotiations that will determine the final status of Kosovo. The Europeans may favor a strong Serbian confederation with Montenegro and Kosovo, but reality on the ground dictates otherwise. Ignoring Kosovo will put Macedonia at risk.

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