

# Democracy as a Tool for Stabilizing Peace: The Case of Kosovo

J. Matthew Leatherman

DFI Government Services  
Washington, D.C. 20006, U.S.A.  
e-mail: mleatherman@dfi-intl.com

*Matthew Leatherman is a Senior Analyst at DFI Government Services, a Washington D.C.-based consulting firm that specializes in national security strategy and policy. At DFI, Matthew supports analyses of regional security dynamics, security cooperation policy, and civil-military operations. This essay is an outgrowth of a DFI project charged with assessing Kosovo's security sector, but it was conducted in a strictly personal capacity. Matthew is currently engaged in developing a prototype for dynamic information sharing in stability operations. He is a alumnus of the University of North Carolina at Chapel Hill.*

## INTRODUCTION

The international security risks inherent in intrastate war and state collapse are acute, and have become increasingly visible in the post-Cold War period. Democratization often is expected to be the most effective method for transitioning states engaged in intrastate war and state collapse into stable and sustainable peace. This strategy is at the forefront of the international community's stabilization and reconstruction mission in Kosovo. As this process advances toward a final status decision for Kosovo, it is vital to assess its performance and make adjustments, when necessary and while the opportunity is still available. In support of this need, this essay will identify prominent factors expected to support democracy in Kosovo, and then quantitatively evaluate the effects of these factors in nations that experienced intrastate violence or state collapse between 1960 and 1997. Findings from this evaluation will then inform specific recommendations for improving the effectiveness of the democracy and peace building mission in Kosovo.

The acceleration of globalization in the late 20<sup>th</sup> century drastically elevated the strategic importance of monitoring and engaging nations facing internal war or state collapse. The consequences of these conflicts increasingly destabilize the global system. The senior-most policymakers at national and international levels emphasize developing methods to transition these states to a sustainable and stable peace in response to such threats. Democratization, the process of building democratic political, judicial, and economic institutions, is often cited as the most effective of these methods in the long-term. Current American foreign policy strongly reflects this expectation. In the March 2006 National Security Strategy, President George W. Bush stated that, "because democracies are the most responsible members of the international system, promoting democracy is the most effective long-term measure for strengthening international stability; reducing regional conflicts; countering terrorism and terror-supporting extremism; and extending peace and prosperity."<sup>1</sup>

---

<sup>1</sup> Bush, 2006.

NATO's intervention in the Serbian province of Kosovo, culminating in the ongoing negotiations to determine Kosovo's final status, is an immediate example of using democracy to transition from military occupation to civil peace. In response to these efforts, this essay uses a quantitative methodology as a point of departure for assessing existing democratization strategies in Kosovo and recommending adjustments. The essay begins by describing several of these democratization strategies and extrapolating measures to quantify them. The measures are then statistically analyzed to determine their effect on democracy in other countries that have recently experienced internal war or state collapse. Applying the conclusions that result from this general analysis to the specific situation in Kosovo will help fine-tune strategies being used in its civil-military transition.

Two assumptions will underpin this assessment. This first is that democratic trends are a positive step toward sustainable and stable peace, even though all democracies are not equally stable or peaceful. The second assumption is that minimal levels of security and the rule of law are already present, this providing the basic foundation for democratic development. The transition from conflict to peace begins with the creation of these two conditions. Without security and the rule of law as a precursor, peace and democracy cannot be stabilized and made sustainable.

### KOSOVO – A DEMOCRATIC CRITIQUE

Kosovo's recent history appears littered with obstacles to democracy, and these obstacles remain disappointingly prominent. Kosovars are distinguished by variety of factors, including religion and language, but ethnic mistrust is the defining obstruction. Buttresses in this ethnic wall range from twelfth-century folklore to modern *realpolitik*, and all have been well documented. It was against this tapestry of ethnic antagonism that several cycles of genocide occurred in the late 1990s – first sponsored by Serbia against Kosovo Albanians, and then in response by Kosovo Albanians against Kosovo Serbs.

Despite appearances, Kosovars are bound by many shared grievances. Regrettably, even these grievances aggravate ethnic tensions. Kosovars chafe under the stigma of historic and endemic impoverishment, and suffer from a very low standard of living relative to their European neighbors. Many have turned to crime and corruption in response. The criminals and the corrupt typically are connected to ethnic radical groups by extended family relationships – Kosovo's most basic institution, and the building blocks of ethnic identity. Thus, a shared economic grievance aggravates ethnic tensions when these complex, ethnically-based extralegal organizations compete for scarce resources. The transnational market for smuggling illicit goods such as drugs, weapons and persons is a central theater for this competition.<sup>2</sup> Similar pressures foster an environment where politicians and bureaucrats extort bribes or steal public funds.<sup>3</sup>

Corruption and criminality could not persist without the opportunities created by weak governance. Residents in Kosovo and throughout Serbia have endured this problem in varying degrees over the last twenty years. All semblances of Serbia's democracy were

---

<sup>2</sup> Eide, 2005. See also Kenny, 2005.

<sup>3</sup> While there is a consensus that public sector corruption is a problem in Kosovo, data largely rely on Kosovars perceptions of corruption, rather its actual incidence. Assessments range from the pessimistic (Freedom House, 2005) to the moderate (Transparency International, 2005) to the optimistic (MSI, 2003).

replaced by Slobodan Milosevic's personality-based totalitarianism during the 1990s. When it fit his interests, Milosevic's oppression engulfed citizens of all ethnicities, including his fellow Serbs.<sup>4</sup> Like poverty, however, governance problems shared by Serbs and Albanians exaggerated Kosovo's ethnic tensions. The Serbian government and Kosovo's Provisional Institutions of Self-Government (PISG) can be fairly accused of ethnic bias, but Serbian state-sponsored manipulation of Kosovo Serbs has been disproportionately destabilizing. In one of the more egregious moments, Vojislav Kostunica publicly directed a Kosovo Serb boycott of PISG elections while campaigning to be Serbia's Prime Minister,<sup>5</sup> costing the PISG substantial legitimacy as a result.

Albanians and Serbs share concerns regarding moribund finances and poor governance, but rather than uniting them, these common grievances further divide the populations because the consequences are unevenly distributed. While anti-Serb discrimination has increased since NATO's intervention to become the central prejudice in Kosovo today, anti-Albanian discrimination in the late 20<sup>th</sup> century was more sustained, more aggressive, and more debilitating. Nowhere is this clearer, or of greater consequence, than with regard to income allocation between the ethnic communities.

Serbia enjoyed comparatively high income growth in the mid-1990's<sup>6</sup>, peaking at 7.4% in 1997, yet the economic benefits of this wealth were allocated in a unequal manner. Output from the Trepca mining complex, one of Kosovo's few economic boons, was flagrantly embezzled by the Serbian state throughout the 1980's.<sup>7</sup> Frustrations among Trepca's Kosovo Albanian workforce climaxed with unprecedented strikes in 1988 and 1989 as Milosevic prepared to revoke Kosovo's autonomy. These miners and other public sector workers were summarily dismissed once Kosovo's autonomy was formally revoked, forcing approximately 115,000 people out of their jobs.<sup>8</sup> The World Bank subsequently noted that "the unemployment rate was disproportionately high among ethnic Albanians".<sup>9</sup> Since NATO's intervention, Kosovo Albanians have reciprocated this economic discrimination by intimidating Serbs into retreating into isolated enclaves and refusing them employment. Salaries and welfare payments received from Belgrade's parallel institutions lessen the financial impact of employment discrimination for Kosovo Serbs, but they endure the full social impact of their isolation and exclusion.<sup>10</sup>

Greed-based politics surrounding the allocation of Kosovo's national resources magnify systemic income inequality grievances. Very few industries appear to have the potential to be profitable in Kosovo. After years of neglect, lacking modern equipment, and branded environmentally dangerous, the Trepca mining complex in northern Kosovo is equally unprepared to achieve profitability. Trepca mine has the potential to be disproportionately lucrative compared to alternative industries, though, if it were somehow revitalized. Neither Serbia nor the PISG has overlooked the potential windfall benefits of controlling these resources, hardening their incompatible positions regarding Kosovo's final status. Criminal

---

<sup>4</sup> Events surrounding the Serbian municipal elections of 1996 best illustrate Milosevic's willingness to oppress the Serb population. Milosevic accepted a clear opposition victory in the November 1996 municipal elections only after three months of combating local Serb protesters in the street of Belgrade.

<sup>5</sup> Williams, 2004.

<sup>6</sup> Easterly, 2005 indicates that growth averaged 4.9% in the five years from 1994-1998.

<sup>7</sup> International Crisis Group, 1999.

<sup>8</sup> International Independent Commission on Kosovo. 2000. See also Trix, 2002.

<sup>9</sup> World Bank Group, 1999.

<sup>10</sup> Gashi, 2006. See also Serwer, 2005.

and ethnic radical groups have not overlooked the financial benefit of these resources, either – monopolizing them would offer a ready funding stream, with the added benefit of denying the wealth to their adversaries.<sup>11</sup>

### KOSOVO AS A MODEL

Multiple friction points appear to counter democracy in Kosovo, but it remains unclear to what degree democracy has been affected, and whether embedded opportunities also exist. These questions can be resolved in part by extrapolating the essential democratic factors in Kosovo and quantitatively assessing them relative to democratization efforts in similar countries. This essay intends to evaluate specific democracy building strategies in Kosovo and identify needed adjustments using such an assessment as a point of departure.

The dataset supporting this assessment is restricted to years between 1960 and 1997, and includes only countries experiencing intrastate war or state collapse in a given year (i.e., country-years, such as Yugoslavia 1995). Focusing only on the countries during their experience with these conditions increases the relevance of conclusions. The balance of data used in this analysis is drawn from the Polity IV dataset,<sup>12</sup> which summarizes global political and institutional conditions on a country-by-country basis across time. Country-years are coded as having experienced intrastate warfare using partner records from the Correlates of War dataset<sup>13</sup>, while state collapse is a component variable of Polity IV.

Ethnic antagonism is interwoven throughout all of the issues affecting democracy in Kosovo. While it is vital to condemn attempts to alter a region's demography coercively, it is also important to understand how that demography affects democracy in the region. Ethnic fractionalization<sup>14</sup> will measure demographic risk factors, expecting that low fractionalization will promote democracy by preempting internecine ethnic conflict.

While ethnicity is fixed, events in Kosovo pinpoint multiple factors that can be altered. Kosovo historically has been the most impoverished region in the former Yugoslavia, and the correspondingly low standard of living may drive Kosovars to pursue means that relieve their suffering most quickly, even if they are undemocratic. The proliferation of transnational smuggling illustrates this risk. A dichotomous variable describing whether a country has low Gross Domestic Product (GDP) is included in the model anticipating that low income status is a unique burden on democracy. Five-year average GDP growth is also included.<sup>15</sup> While Kosovo has shown that quick growth can undermine democracy when it is unequally dispersed or misallocated, growth is required to escape low income. As a consequence, income growth should assist democracy-building efforts.

---

<sup>11</sup> ICG, 1999 details the incentives of the Serbian state and extralegal organization for controlling Trepca. "Belgrade's general policy appears to have been to introduce maximum confusion, allowing the regime the flexibility to exploit the resources ... and reward favoured cronies." (pg. 5) Also, "International financial officials have long recognized the minerals industry as being prime for money laundering." (pg. 9)

<sup>12</sup> Marshall, 2002.

<sup>13</sup> Sarkees, 2000.

<sup>14</sup> Alesina, 2003.

<sup>15</sup> Easterly, 2005.

Unfortunately, data on income inequality is not available and dependable enough to include in the quantitative model. Such data would provide a useful caveat on the democratic benefits of growth. Notwithstanding this, anecdotal evidence indicates that income inequality is too important to be overlooked, and so analysis will particularly focus on the qualitative impact of inequality. Additionally, a dichotomous variable describing whether each country has a diversified export market will also proxy this concern.<sup>16</sup> Export diversification signals that the national market is not dependent on a single industry, which could be monopolized to finance selfish, undemocratic interests. Prominent examples such kleptocratic behavior include oil exploitation by Saddam Hussein in Iraq and diamond extraction by Foday Sankoh in Sierra Leone. Several risk factors for resource monopolization are present around Treпча mine, where a ready supply of lucrative natural resources meets eager demand from ethnic radical groups, criminal syndicates and corrupt bureaucrats.

Economics certainly is not the only factor aggravating ethnic tensions in Kosovo. Recent governance in Kosovo must be viewed against the backdrop of Milosevic's totalitarian institution, which was disproportionately hostile to Kosovo Albanians. The institutions that replaced him, in Kosovo and in Serbia proper, are an important step in transferring competition from the battlefield to the ballot box. Nevertheless, legitimate, but distinct, institutional concerns persist in both Kosovo Serb and Kosovo Albanian communities.

Kosovo Serbs are frustrated by the province's highly unreliable avenues for political expression. Under the auspices of the United Nations Mission in Kosovo (UNMIK), a parliamentary assembly oversees several province-wide ministries that govern Kosovo with the Prime Minister's leadership. These Provisional Institutions of Self-Government (PISG) are temporary by definition, and subject to the results of final status negotiations. The transitional avenues for civil participation limit democracy by deterring involvement from Kosovo Serbs, who risk estrangement from their community if they participate, but get no guaranteed, long-term benefit. A scaled measurement of regulation for political participation will measure the effect of unreliable and exclusive avenues of participation on democracy, expecting that greater regulation will limit this concern.

Institutional issues affect Kosovo Albanians differently than they affect Kosovo Serbs. Milosevic's personality-based totalitarianism remains at the forefront of Kosovo Albanian consciousness, and they are determined to ensure that this exploitation does not recur. Institutionalizing the process for selecting the national executive should help relieve this concern by extending accountability standards up to the highest office in the nation. A scaled measurement of regulation in executive recruitment is included expecting that such regulation aids democracy by providing the needed accountability.<sup>17</sup>

The indicators identified above are expected to significantly alter the likelihood that countries experiencing intrastate war or state collapse can use democracy to transition into sustainable and stable peace. To summarize, these indicators are regulation of executive recruitment, regulation of political participation, ethnic homogeneity, national affluence, aggressive GDP growth, and export diversity. These independent variables will be tested to determine relationships with a single dependent variable: the status of democracy in countries experiencing intrastate war or state collapse. Polity IV assesses democracy at the national

---

<sup>16</sup> Easterly, 2005.

<sup>17</sup> Marshall, 2002.

level based on institutional and participatory factors. Each country-year is given a value ranging from -10 to +10 according to its democratic performance. This scaled measurement of democracy is used as the dependent variable.

### REVISITING DEMOCRACY IN KOSOVO

Kosovo's experiences with conflict and collapse, distilled into a quantitative model, contextualize democratization in areas of intrastate war and collapse well. Collectively, the model is much more accurate than its alternative. Absent the variables identified in the model, analysts must depend exclusively on the *average* democratic score for countries experiencing internal war or collapse to forecast whether a *specific* country in this category will improve democratically. Yet this is unacceptable because each country is unique,<sup>18</sup> and thus, remarkably different from the average. Accounting for the variables identified in the model allows the analyst to forecast the actual democratic score of a *specific* country experiencing internal war or collapse with 86% greater accuracy (Figure 1).

Aggregate Accuracy (R <sub>2</sub> )	Std. Error
0.864	2.590
Predictors: (Constant), Reg_Exec, Reg_Part, XPT_Divers, Low_Inc, Avg_Inc_Growth, Ethnic_Fract	

Figure 1: Model Summary.

Nevertheless, the aggregate quantitative value of the model does not mean that all variables are equally important or precise. The first two columns of Figure 2 describe the impact of each variable on democracy, whether that impact has a positive or negative effect, and how precisely that impact is felt. Precision numbers are more valuable as they approach zero. The third column of Figure 2 characterizes the significance of the findings for each variable. Values must fall under a threshold of 0.05 to be considered to be statistically significant.

	Impact (B)	Precision (Std. Error)	Sig.	Finding
(Constant)	-7.995	2.218	0.000	
Regulated Exec. Recruitment	6.195	0.578	0.000	Strongly significant: High impact and precision
Regulated Participation	-0.908	0.261	0.001	Strongly significant: Low impact and high precision
Export Diversification	2.813	0.541	0.000	Strongly significant: Low impact and high precision
Low Income	-3.432	0.559	0.000	Strongly significant: High impact and precision
Avg. Income Growth	-0.038	0.048	0.430	Insignificant
Fractionalization	-2.170	1.207	0.075	Weakly significant: Low impact and precision
Dependent Variable: Polity Score				

Figure 2: Model Results.

Quantitative findings show that Kosovo's experiences are a useful guide to understanding democratization in areas of conflict and collapse in some instances, but have been over-emphasized or misunderstood in other instances. Most notably, a substantially adjusted perspective is required to interpret the role and impact of ethnicity and income.

<sup>18</sup> Standard deviation is equal to 6.122 on a 21-point scale.

## ECONOMICS

Austere levels of national income in conflict-stricken countries hamper democracy, as expected in light of experiences in Kosovo. This negative relationship is both significant and strong, likely because popular allegiances in low income, conflict-stricken countries are results-driven – how well food, water, shelter and security are provided – rather than based on respect for the democratic process. Income growth clearly is a component of escaping poverty, but it has a quantitatively insignificant relationship with democracy in countries emerging from internal war or collapse. Several perspectives on the way that income is distributed may explain this dynamic.

The central democratic benefit of income growth likely is the stability it provides to individual citizens. This stability is premised on economic rules and standards being enforced, but rapid income growth entails the risk of overwhelming the capacity of institutions to monitor financial accountability. Significant corruption, which plainly diverts growth for undemocratic ends, is quite probable as a consequence. The most extreme form of resource monopolization occurs when a corrupt organization or kleptocratic government captures a country's economy. The quantitative model used export diversification as a proxy for a nation's vulnerability to kleptocracy by assessing the breadth of its economy, and found a significant and strong relationship with democracy. The need for a diversified economy to allocate income growth more democratically helps explain the imprecise relationship between growth and democracy.

Corrupt individuals or organizations victimizing the population *generally* by diverting wealth into the hands of a very few offers one explanation for the imprecise relationship between growth and democracy. Serbia enjoyed high income growth in conflict-stricken mid-1990's,<sup>19</sup> however, but did not encounter kleptocracy. Economic victimization of a *specific* population – Kosovo Albanians – was rampant at this time, though. Qualitatively, this was a central obstacle to leveraging income growth for democratic ends in Serbia. At a time when Serbian economic growth was providing opportunities for modernization and hopes for a Western European standard of living, Kosovo province and its Albanian majority endured greatly unequal conditions, excluded from employment based on geography and ethnicity.

## ETHNICITY

Grievances resulting from economic discrimination and income inequality, along with a litany of historical and contemporary disputes, combined to make ethnicity the most combustible issue in Kosovo. Nevertheless, statistical output indicates that the impact of ethnic fractionalization on democracy is too imprecise to be statistically significant. This finding is sufficiently unexpected to warrant revisiting and adapting the original theory. Fractionalization predicts that tension will be less in a country composed of two equally-sized groups than when multiple minority groups are present. This misrepresents Kosovo's conflict. Differences between Serbs and Albanians form the core of Kosovo's ethnic identity,

---

<sup>19</sup> Easterly, 2005 indicates that growth averaged 4.9% in the five years from 1994-1998, including reaching 6.1% in 1995, 5.9% in 1996 and 7.4% in 1997.

while other ethnic dynamics are distinctly peripheral. This suggests that polarization is the primary democratic obstacle, rather than fractionalization.<sup>20</sup>

Differentiating between the effects of fractionalization and polarization is difficult theoretically and technically. Resolving this difficulty is not the intent of this essay. Consequently, the fractionalization data was modified to create a crude polarization indicator, allowing for baseline quantitative conclusions without concentrating unnecessarily on developing new measures. This inferred variable assesses the probability that two randomly selected citizens in a country are of the same ethnic group. Countries where this probability is between 40%-60% are registered as polarized.

	<b>Impact (B)</b>	<b>Precision (Std. Error)</b>	<b>Sig.</b>	<b>Finding</b>
(Constant)	-5.322	1.873	0.005	
Regulated Exec. Recruitment	5.409	0.510	0.000	Strongly significant: High impact and precision
Regulated Participation	-1.485	0.239	0.000	Strongly significant: Low impact and high precision
Export Diversification	2.187	0.473	0.000	Strongly significant: Low impact and high precision
Low Income	-4.669	0.508	0.000	Strongly significant: High impact and precision
Avg. Income Growth	-0.093	0.038	0.016	Strongly significant: Low impact and high precision
Polarization	3.577	0.510	0.000	Strongly significant: High impact and precision

Dependent Variable: Polity Score

*Figure 3: Revised Model Results.*

Testing polarization yields fascinating results. Polarization is much more precise than fractionalization, and in turn, it is statistically significant. Contrary to expectations from Kosovo, however, polarization appears to support democracy in countries experiencing internal war or collapse. This unanticipated result may be caused by scoping the dataset to only country-years when intrastate war or state collapse is ongoing. Polarization may, in fact, contribute to the onset of internal war or collapse while also supporting democracy once the conflict or collapse is active. For instance, animosity between ethnically polarized groups may become intractable when both feel they have the resources to sustain an absolutist position. Conflict will follow, but will tend toward attrition because of the polar balance, and compromise eventually will become necessary. These groups may then accept democracy because it is the only process that allows them to continue competing politically in the long-term.

<b>Aggregate Accuracy (R<sub>2</sub>)</b>	<b>Std. Error</b>
0.900	2.226
Predictors: (Constant), Reg_Exec, Reg_Part, XPT_Divers, Low_Inc, Avg_Inc_Growth, Ethnic_Polar	

*Figure 4: Revised Model Summary.*

Since each variable contributes to the model's aggregate accuracy, shifting to the polarization measure amplifies the model's ability to forecast democracy in countries experiencing intrastate war or state collapse. Fractionalization helped explain 86% of the variance between actual and predicted democratic scores, while polarization helps explain

<sup>20</sup> Serbs and Albanians are not statistically polarized in Kosovo, where Albanians have a majority, or in Serbia proper, where Serbs outnumber Albanians. Polarization best represents their ethnic engagement, however, because Serbian state support for Kosovo Serbs empowers them beyond their actual size. As a consequence, both have the aggregate resources (real and political capital) needed to sustain confrontation.

90% of the variance (Figure 4). Income growth reaches robust significance also when paired with the polarization measure, despite being insignificant in the model that used a fractionalization measure. Yet quicker GDP growth discernibly worsens the prospects of democracy in conflict-stricken countries. Earlier analysis noted that corrupt individuals or organizations monopolizing national output negates the democratic benefit of growth, and experience in Kosovo depicts how unequal income growth can aggravate ethnic tension. The process of income growth must be conducted responsibly in order for ethnic polarization to be converted into a democracy-building opportunity.

## POLITICAL INSTITUTIONALIZATION

The importance of process is highlighted regarding political institutionalization as well. Regulating the selection of candidates for executive office increased democracy as expected, showing a strong connection in countries experiencing intrastate war or collapse. This regulation establishes a fair and reliable process for citizens to express their beliefs and hold their leaders accountable within the existing system. Yet quantitative results contradict the expectation that regulated civil participation supports democracy, describing instead a weak, negative relationship. Inclusive representation is the objective of regulating civil participation, but this tactic may actually undermine its objective. From an alternative perspective, regulating civil participation alienates individuals whose beliefs fall across parties or interest groups by limiting their political options. While regulations for selecting candidates for executive office accommodate changes to the status quo within the existing system, regulating civil participation requires destabilizing the system to affect change.

## TRANSITIONING KOSOVO TO SUSTAINABLE AND STABLE PEACE

As the stakeholders negotiate Kosovo's final status, and as the citizens of Kosovo look toward their still-undefined future, findings from this general model suggest tangible policy options for using democracy to facilitate stable and sustainable peace – regardless of whether Kosovo becomes independent. An independent Kosovo would have the responsibilities entailed in the right of self-determination, including strengthening its governance to contain any adverse spillover effects. Alternatively, reintegrating Kosovo into Serbia would mark the beginning of the development process, not just the end of international occupation. In either instance, Kosovo's weak governance must be resolved.

No factor has been more prominent in Kosovo's conflict than ethnicity. Segregation continues to be the norm, enforced by intimidation and the barely-contained threat of assault. The United Nations High Commission on Refugees determined as recently as 19 June 2006 that "Kosovo Serbs, Roma, and Albanians in a minority situation... continue to be at risk of persecution".<sup>21</sup> The Christian Science Monitor found anecdotal evidence of this threat a month later, interviewing a Kosovo Albanian that has been arrested thirty-one times in eighteen months for ethnically-driven crimes, and quoting a Kosovo Serb's insinuation that attempts to reintegrate Mitrovica into Kosovo "would be bloody".<sup>22</sup>

---

<sup>21</sup> United Nations High Commissioner on Refugees, 2006.

<sup>22</sup> Christian Science Monitor, 2006.

Quantitative findings imply that this same polarization that made conflict initially intractable could facilitate democracy, but final status negotiations are not currently on a trajectory to take advantage of this opportunity. Compromise must appear necessary for polarization to enable negotiated peace, but two factors deter this result. First, the Contact Group's<sup>23</sup> biased and inconsistent diplomacy creates the pretense that both of the rival stakeholders can expect sovereignty over Kosovo. Motivated by self-interest, Russia counters the potential of self-determination for Kosovo by proposing that it would justify its ongoing occupation of Transdniestria (Moldova), Abkhazia and South Ossetia (Georgia).<sup>24</sup> Reciprocally, the United States hardly conceals its support for an independent Kosovo as an expedient exit strategy, and the European Union has stated this support outright.<sup>25</sup> Second, Kosovo Serbs are marginalized or excluded from status negotiations. Serbia claims to speak on their behalf, but opportunistically misrepresents their concerns.<sup>26</sup> Playing politics with national sovereignty and substituting concessions to Belgrade in place of addressing legitimate Kosovo Serb concerns aggravates ethnic tensions in direct contradiction of the Contact Group's operational goals.

The result of this disjointed negotiating process is largely a foregone conclusion: conditional independence for Kosovo. Various democratic standards will form these conditions, focusing particularly on minority rights and protections. While "conditional independence" empowers the international community to revoke Kosovo's sovereignty if the conditions are flouted, it is widely considered improbable that the international community would exercise this prerogative. Nevertheless, conditionality of final status signals the international community's requirement that both rival stakeholders compromise in negotiations. As such, it is the best foreseeable opportunity to leverage polarization to build democracy. *Therefore, the international community must credibly commit to enforcing the conditions outlined in negotiations, even if it requires a military response at the expense of a sovereign Kosovo.*

The disjointed diplomatic process is problematic, but Serbian state-sponsored interference in Kosovo easily has counteracted the democratic benefits of polarization the most. Serbian Ministry of the Interior activity has been extensively documented in Mitrovica, where cable television, and all the associated media biases, is imported from Serbia. Serbian-sponsored parallel institutions compete with the PISG to provide social services to Kosovo Serbs. Serb officials even direct boycotts of Kosovo's elections from Belgrade.<sup>27</sup> Even the most permissive reading of UN Resolution 1244 and the Military Technical Agreement do not allow Serbia's involvement in this scope and degree, but Serbia justifies much of it as necessary for the security of Kosovo Serbs. *The international security forces must aggressively combat this undemocratic activity from both a supply and demand standpoint by eliminating access to prohibited Serbian agencies and by providing security and free movement for Serbs throughout Kosovo.*

There is no guarantee that Serbian and Kosovar stakeholders will separate themselves from strategic gamesmanship to convert polarization into a force for democracy.

---

<sup>23</sup> The Contact Group, composed of Britain, France, Germany, Italy, Russia and the United States, has led the activities of the international community in Kosovo.

<sup>24</sup> Weir, 2006.

<sup>25</sup> Dombey, 2006 discusses American attitudes, while Tigner, 2006 covers EU intentions.

<sup>26</sup> Alija, 2006. See also ICG, *Kosovo's Final Status* reference to "increasing Serbian Government efforts to cement its role as sole negotiator for Kosovo Serbs".

<sup>27</sup> ICG, 2005; Gashi, 2006; Williams, 2004.

Compromise would require both sides to tolerate undesirable terms to a certain extent, but leaders from both sides appear to have a dwindling ability to enforce these terms within their organizations.<sup>28</sup> This legitimacy crisis for the political leadership originates, at least in part, from the underperforming economies within Kosovo and across Serbia. Quantitative findings suggest that the ensuing poverty will invigorate ethnic tensions, putting a premium on quickly identifying and implementing high-impact economic reforms. Nonetheless, sustainability and stability of peace must not be compromised in the pursuit of instant gratification. *A process oriented approach to economic and political development is the proper way to institutionalize peace in Kosovo.*

A process of responsible growth is necessary to construct sustainable and stable peace from an economic perspective. Quantitatively, the objective level of low income is the central economic driver of conflict. Therefore, responsible growth will mitigate the low income risk to democratic development more so than rapid growth. In Kosovo, “responsible growth” depends on several different aspects of wealth allocation.

Income inequality has subverted democracy and incited ethnic tensions in Kosovo, but appears to be falling already. Despite being ostensibly encouraging, the income gap has lessened because Kosovo Serb employment has plummeted – not because the Kosovo Albanian community has recovered from Milosevic’s employment discrimination. A sizable number of Kosovars have resorted to transnational smuggling for financial stability, profiting from Kosovo’s porous borders and proximity to high-value European markets. If backed by supporting infrastructure and properly regulated, this trade route also could catalyze formal economic development. Moreover, the infrastructure that enables this development would be a public good, benefiting Kosovars regardless of ethnicity. *Economic relief investment should focus on infrastructure in Kosovo, especially to support air, ground, and wireless communications traffic, to integrate Kosovo into the global market in an ethnically blind manner.*

Avoiding kleptocratic resource monopolization is equally imperative for responsible growth. These concerns are especially apt in Kosovo because the Trepca mining complex in Mitrovica represents an at-risk market. Unfortunately, those in the development community that are most concerned with the pace of growth also fixate on these resources as the choice “national champion” industry. This fixation assumes that Kosovo’s economy should centrally planned. Other organizations advance a more constructive, process-oriented approach designed to encourage economic diversification. As a result, Kosovo already has free trade agreements with FRY Macedonia and Albania,<sup>29</sup> and recently entered into negotiations to participate in the Central Europe Free Trade Agreement (CEFTA).<sup>30</sup> *The international community and government in Kosovo must maintain this focus on codifying regulations that enable a modern free market economy, and then allow the marketplace to develop and diversify Kosovo’s economy.*

Various extralegal organizations provide a ready demand for resource monopolization to compliment the supply side of this market. Ethnic radicals groups likely recognize that capturing Kosovo’s natural resource outputs may allow them to survive indefinitely and hold final status negotiations hostage. Criminal syndicates and corrupt bureaucrats associated with

---

<sup>28</sup> Serwer, 2005. See also UPI, 2006.

<sup>29</sup> World Bank Group, 2005.

<sup>30</sup> Southeast Europe Online, 2006

these radical groups likewise conspire to control these resources. Codifying economic regulations that enable a modern, free market economy will help counteract this kleptocratic demand, but even well-crafted regulations will be insufficient to contain and marginalize these groups fully. Regulatory enforcement must be framed within the more general development of the rule of law, which in turn is required for a modern, free market economy to emerge and mature. Indeed, the adverse ethnic, political and economic impact of extralegal organizations will continue until the rule of law is established and security is guaranteed. Failing to eliminate these groups by providing security and enforcing the rule of law has been the central weakness of NATO's intervention force (KFOR) in Kosovo.

Recent changes in KFOR's structure and posture of will combat the demand side of the resource monopolization market by helping to secure Kosovo's resources, counter extralegal organizations, and build security and rule of law. Abandoning the KFOR post in Mitrovica was a travesty; reclaiming it should help stabilize Kosovo's most dangerous flashpoint.<sup>31</sup> Transitioning to a Task Force structure will allow the international military contingents to compliment one another's strengths and compensate for weaknesses in a way that multinational brigade structure did not allow.<sup>32</sup> Creating a secure environment governed by the rule of law will be an extended mission, especially in light of the years of missed opportunities. Nevertheless, this is the international community's most basic and vital mission in Kosovo. *NATO's KFOR commitment must be extended beyond final status resolution and until sufficient security and rule of law procedures are developed to enable processes of responsible economic growth and political institutionalization.*

Political institutionalization is equally dependent on security and the rule of law, and also requires a process-oriented strategy. Certain methods of institutionalization are most conducive to democracy for countries experiencing internal war or collapse. Quantitatively, democracy is best served by regulating the process by which candidates are recruited for executive office and by deregulating the process of political participation. This contrasting approach to political regulation simultaneously meets the needs for leadership accountability and inclusive representation.

*Parliamentary democracy is the most effective method of political institutionalization for Kosovo because it strikes an ideal balance between inclusive participation and executive accountability.* Parliamentary democracy uses proportional representation to deregulate participation, allowing the political structure to represent the breadth of opinion precisely. A formulaic process for selecting an executive compliments inclusive representation in this system, regardless of the number of parties. This pairing allows all citizens to express their opinions and hold their leaders accountable without having to destabilize the system. Although representative participation and executive accountability always are requisite for a stable democracy, maintaining these standards is even more important in nations emerging from conflict and collapse because of the risk of relapsing into conflict is latent in many political disputes.

Nonetheless, ambiguity regarding final status puts Kosovo in a disadvantaged position to benefit fully from democratic institutionalization. Indeed, the recommended political institutions largely reflect the PISG as it already exists, but there has been only a minimal peace dividend as a result. Quite simply, this occurs because no amount of free expression

---

<sup>31</sup> Robinson, 2006.

<sup>32</sup> Crawley, 2006.

and executive professionalism can overcome the unreliability of the *Provisional* Institutions of Self Government. Until final status is resolved and Kosovo's governing institutions are permanent, either as a sovereign state or within Serbia, investments in Kosovo's government will remain unreliable, and the anticipated peace dividend will languish.

## MITROVICA

Unresolved final status in Kosovo threatens to destabilize what continues to be a volatile situation, increasing the risk for relapse into collapse. Fortunately, multiple opportunities are available to reduce this risk and contribute to a transition from military occupation to sustainable and stable peace. This essay identified several of these opportunities, especially those involving restructuring the processes of ethnic engagement, economic development and political institutionalization. Yet these processes cannot help build sustainable and stable peace when security and the rule of law are absent, as was earlier noted. The entire province of Kosovo needs greater attention to security and the rule of law, but generally has minimally sufficient performance in these areas to begin considering the political and economic aspects of development. The divided town of Mitrovica in northern Kosovo is the exception to this finding.

Ongoing ethnic intimidation and assault is commonplace in Mitrovica, carrying with it the real risk of organized conflict, as shown by the March 2004 riots. Security is unsteady and provided by a complex web of public, private and radical organizations ranging from the international community and PISG to the Serbian state and ethnically-based "civic" groups. No organization is willing or able to apply the rule of law consistently and judiciously across ethnic boundaries. Lacking any foundation in security or the rule of law, Mitrovica's status relative to each political and economic development indicator is antithetical to democracy and peace. Kosovo's natural resources are concentrated in the area, but rather than contributing to democratic growth, conflict over the Trepca mine – political and actual – further destabilizes the area. Poverty is the consequence of this dilemma, compounding physical insecurity. Moreover, deregulated participation and broad-based representation in local democratic institutions are out of the question because of Mitrovica's vulnerability to ethnic populism. If attempted, it is highly probable that the violent organizations would transition into politics to expand, rather than supersede, their conflict.

The international community will not be starting with a clean slate in Mitrovica. On the contrary, the security apparatus will have to overcome the years of neglect and stagnation since 1999 before it can begin building a new system. Once positive progress has been made in building a new system, Mitrovica will be ready to undertake the economic and political recommendations identified in this essay. Reaching that point will demand an atypically robust institution for securing the city and consistently and dispassionately applying the rule of law. *Final status negotiators should look to the supervisory regime in the Bosnian municipality of Brčko as a prototype for effectively securing Mitrovica and fostering desperately-needed economic development and political stabilization.*

Brcko District is located at a geographic friction point where Bosnia's two entities, the Bosnian Federation and the Republika Srpska, intersect at the border with Serbia. Disagreement during the Dayton negotiations on how to allocate this strategic territory threatened to overwhelm the entire peace process. Collapse was avoided when Dayton's

stakeholders agreed to have Brčko's status resolved through international arbitration, which concluded with the district being designated as neutral territory to be held in condominium by the Bosnian entities. A supervisory regime was created to administer this jointly-held territory in accordance with the arbitrated agreement. Specifically, the Supervisor was tasked with strengthening "the democratic institutions in Brcko, and was vested with authority to promulgate binding regulations and orders to further these goals". This authority included the unilateral power to "overrule orders or regulations that violate the Dayton Agreement or the Constitution of Bosnia and Herzegovina, or contradicted the Supervisor's mandate."<sup>33</sup>

Mitrovica is similar to Brcko in many ways, but because they are not identical, the Brčko structure cannot be transferred unchanged to Mitrovica. Yet the aggressive manner in which the Brcko supervisory regime was able to restore security, apply the rule of law, and prepare for a democratic transition offers an outstanding model for Mitrovica. It is equally important that the stakeholders agreed to this structure before implementation. Without this agreement, the supervisory regime would not have had the legitimacy to enforce his or her mandate. Adapting the structure of Brcko's supervisory regime to Mitrovica's current situation would be immensely beneficial, but imposing this agreement would counteract any benefits. *The international community should not force a supervisory regime on the primary stakeholders in their eagerness to establish a functional system to secure and develop Mitrovica.*

## CONCLUSION

The international community cannot take for granted that Kosovo's impending transition will lead to sustainable and stable peace. It is equally likely that it will transition back into low intensity conflict, or into state failure. Wielding democracy for peace in Kosovo will require resolve, most of all. Lacking committed attention to the details of Kosovo's development, even well-intentioned strategies and programs may undermine the ultimate objective: bringing the last active conflict in the former Yugoslavia to a peaceful, democratic conclusion.

If the international community musters the resolve, success is at hand in Kosovo. Polarization can be a force for democracy when rival Serb and Albanian organizations become convinced that the political, economic, and social costs of continuing conflict are prohibitive. Political institutions in the region – provisional in Kosovo, and permanent in Serbia proper – facilitate democracy for countries experiencing internal war or collapse. It is the ambiguity of final status that diminishes the expected peace dividend, and negotiations to settle this point are ongoing. Although the voices labeling Mitrovica's natural resources as Kosovo's panacea are occasionally shriller, activities on the ground steadily lay the groundwork for a free and integrated market. If this can be maintained, Kosovo will benefit greatly from its proximity to affluent Western European countries.

These opportunities are as tenuous as they are real. Building confidence and legitimacy in Kosovo, politically and economically, is a direct outgrowth of the reliability of security and the rule of law. Capitalizing on Kosovo's democratic opportunities identified by the quantitative model will be a function of the international community's commitment over the long-term, and this commitment will be measured by the day-to-day resolve shown by the

---

<sup>33</sup> Karnavas, 2001.

security forces. Preventing armed conflict is no longer sufficient; tactics must focus on laying a firm, democratic foundation for peace. This requires a change in mindset, particularly in Mitrovica. If reinvigorated, these proactive security and rule of law strategies will culminate in a democratic transition from military occupation to civil peace in Kosovo, and set a more constructive precedent for international stability and reconstruction operations globally.

## BIBLIOGRAPHY

- Alesina, Alberto, Arnaud Devleeschauwer, William Easterly, Sergio Kurlat, and Romain Wacziarg, 2003. "Fractionalization." *Journal of Economic Growth*, Volume 8, Number 2: 155-194.
- Alija, Refki, 01 June 2006. "Kosovo Serbs Gripe about Unrepresentative Negotiators." Institute for War and Peace Reporting. 25 July 2006. <[http://www.iwpr.net/?p=brn&s=f&o=321405&apc\\_state=henpbrn](http://www.iwpr.net/?p=brn&s=f&o=321405&apc_state=henpbrn)>
- Bush, George W., 2006. *The National Security Strategy of the United States of America*. Washington, D.C.: The White House.
- Crawley, Vince, 23 February 2006. "Kosovo Parties Report Positive Results from First Round of Status Talks." Department of State. 25 July 2006. <<http://usinfo.state.gov/eur/Archive/2006/Feb/23-719714.html>>
- Dombey, Daniel and Demetri Sevastopulo, 03 February 2006. "Rumsfeld Wants to Cut US Presence in Kosovo." *Financial Times*: Pg. 1
- Freedom House, 2005. Nations in Transit – Kosovo, Serbia and Montenegro. Freedom House. 25 July 2006. <[www.freedomhouse.org/template.cfm?page=47&nit=379&year=2005&display=law](http://www.freedomhouse.org/template.cfm?page=47&nit=379&year=2005&display=law)>
- Easterly, William E., 2005. "Global Development Network Growth Database." Washington, D.C.: World Bank.
- Eide, Kai, 07 October 2005. *A Comprehensive Review of the Situation in Kosovo*. New York: United Nations Security Council.
- Gashi, Shkëlzen, March 2006. *The Situation of the Serb Minority in Kosova*. Pristina: Council for the Defence of Human Rights and Freedoms.
- International Crisis Group, 26 November 1999. *Trepca: Making Sense of the Labyrinth*. Pristina: International Crisis Group.
- International Crisis Group, 13 September 2005. *Bridging Kosovo's Mitrovica Divide*. Pristina: International Crisis Group.
- International Crisis Group. Kosovo's Final Status. International Crisis Group. 25 July 2006. <<http://www.crisisgroup.org/home/index.cfm?id=3225&l=1>>
- International Independent Commission on Kosovo. 2000. *Kosovo Report*. Oxford: Oxford University Press.
- Kampschorr, Beth, 19 July 2006. "Kosovo Tensions Mount for Final Talks." Christian Science Monitor (Online Edition). 25 July 2006. <<http://www.csmonitor.com/2006/0719/p07s01-woeu.html>>
- Karnavas, Michael, 31 December 2001. *Chairman's Report: Brčko Law Review Commission*. Brčko: Office of the High Representative.
- Kenny, Timothy, 25 September 2005. "Poverty and Violence are Still Commonplace in Kosovo." Chicago Tribune: Pg. 1.

- Management Systems International on behalf of the United States Agency for International Development, 2003. *Corruption in Kosovo: Observations and Implications for USAID*. Pristina: USAID.
- Marshall, Monty G. and Keith Jagers. 2002. "Polity IV Dataset." [Computer file; version p4v2002] College Park, MD: Center for International Development and Conflict Management, University of Maryland.
- Robinson, Matt and Shaban Buza, 01 June 2006. "NATO to Reopen Base in Serb North in Kosovo." Reuters. 25 July 2006. <[http://today.reuters.com/news/newsArticle.aspx?type=worldnews&storyID=2006-0601T190806Z\\_01\\_L01783907\\_RTRUKOC\\_0\\_US-SERBIAMONTENEGRO-KOSOVO.xml](http://today.reuters.com/news/newsArticle.aspx?type=worldnews&storyID=2006-0601T190806Z_01_L01783907_RTRUKOC_0_US-SERBIAMONTENEGRO-KOSOVO.xml)>
- Sarkees, Meredith Reid, 2000. "The Correlates of War Data on War: An Update to 1997." *Conflict Management and Peace Science*, Volume 18, Number1: 123-144.
- Serwer, Daniel, 02 December 2005. "Comment: How to Succeed in Kosovo". Balkan Investigative Reporting Network. 25 July 2006. <[http://www.birn.eu.com/insight\\_12\\_4\\_eng.php](http://www.birn.eu.com/insight_12_4_eng.php)>
- Southeast Europe Online, 29 June 2006. "Kosovo to Begin CEFTA Negotiations." Southeast Europe Online. 25 July 2006. <[http://www.southeasteurope.org/subpage.php?sub\\_site=2&id=17366&head=hl](http://www.southeasteurope.org/subpage.php?sub_site=2&id=17366&head=hl)>
- Tigner, Brooks, 10 July 2006. "Kosovo Independence Bid Stalls." Defense News. 25 July 2006. <<http://www.defensenews.com/story.php?F=1930236&C=thisweek> >
- Transparency International, 2005. *Global Corruption Barometer 2005*. Berlin: Transparency International.
- Trix, Frances, 2002. "Defining Moments for Understanding Kosova." *The Journal of the International Institute: Volume 7, Number 1*.
- United Press International, 09 June 2006. "Kosovo Police, Albanians Clash." United Press International. 25 July 2006. <<http://www.upi.com/NewsTrack/view.php?StoryID=20060609-093621-2597r>>
- United Nations High Commission on Refugees, June 2006. *Position on the Continued International Protection Needs of Individuals from Kosovo*. New York: United Nations High Commission on Refugees.
- Weir, Fred, 05 June 2006. "The Coming of the Micro-States." Christian Science Monitor (Online Edition). 25 July 2006. <<http://www.csmonitor.com/2006/0605/p01s02-woeu.html>>
- Williams, Daniel, 24 October 2004. "Serbs Boycott Kosovo Elections." Washington Post: A22.
- World Bank Group, July 1999. "Response to Post Conflict Reconstruction in Kosovo: General Framework for an Emergency Assistance Strategy." 25 July 2006. <[http://www.worldbank.org/html/extdr/kosovo/kosovo\\_st.htm](http://www.worldbank.org/html/extdr/kosovo/kosovo_st.htm)>
- World Bank Group, August 2005. "Kosovo Monthly Economic Briefing." 12 September 2005. <<http://web.worldbank.org/WBSITE/EXTERNAL/COUNTRIES/ECAEXT/KOSOVOEXTN/0,,contentMDK:20585714~pagePK:141137~piPK:141127~theSitePK:297770,00.html>>

## ACKNOWLEDGEMENTS

I would like to acknowledge the numerous individuals that provided feedback and support during this effort. This essay was originally undertaken at the encouragement of DFI Government Services' senior-most leaders, and many of my colleagues at DFI provided much-needed feedback, including: Brig. Gen. (Ret.) John Woods, Brig. Gen. (Ret.) Neal Robinson, Skip Langbehn, Dave Bak, Dan Weinstein, Tanya Hartman, and Maya Malkani. Jamie Ekern at the Council on Foreign Relations and Ivan Susak at the Lexington Institute were similarly supportive. Likewise, Amb. Bill Farrand of George Mason University

provided insights from his unique perspective as someone that has been on the receiving end of similar recommendations in the past. I am grateful for each of these individuals' contributions, without which this essay would have suffered. Of course, all errors of fact and analysis are solely my own.

My grandmother passed away during the week that I concluded this essay, and I would be remiss not to acknowledge the tremendous impact she had on my life. This essay is written in memory of Cora Choplin Bailey.