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**Analysing the causes of post-Cold War conflicts in
Western Balkans:
the cases of Albania and Macedonia**

MA Thesis

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Abstract:

The 1997 crisis in Albania and the 2001 conflict in Macedonia have taken the world by surprise. Both countries have been perceived as great success stories of post-communist transitions in the region of Western Balkans. The conditions that have led to the emergence of both crises present a mix of political, economic, and socio-cultural factors that have been affected by the actions of the elites, and in the case of Macedonia, the regional settings.

List of abbreviations

ETSM – Ethno-territorial separatist movement

KLA – Kosovo Liberation Army

NLA – National Liberation Army

PMK – Popular Movement for Kosovo

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Introduction

The region of Western Balkans, consisting of Albania, Bosnia and Herzegovina, Kosovo, Former Yugoslav Republic of Macedonia¹, Montenegro, and Serbia, has experienced several conflicts since the collapse of socialism. However, the crisis in Albania in 1997 which was very close to a fully blown civil war and the conflict in Macedonia in 2001, have not been attracting as much attention as conflicts in other countries in the region (Ringdal & Simkus, 2012). The reason for the lower attention is their relatively short duration and less violence comparing to the Yugoslav conflict. Both crises have surprised the international community as they occurred very unexpectedly and the dynamics have been rapid. Albania and Macedonia have been regarded as success stories of post-communist transition. Albania has been considered as the only post-communist country developing its economy fast and efficiently and meeting every IMF criteria to proceed with the transition to market economy (Bezemer, 2001; Jarvis, 1999; Kritsiotis, 1999). Therefore, the collapse of the state which followed the fall of the pyramid schemes has been a shock for the international community (Jarvis, 1999; Musaraj, 2011). Macedonia has been regarded as an example of successful interethnic cooperation of a country where two fundamentally distinct ethnic groups cohabit. Hence, the sudden emergence of violence has again taken the international community by surprise. (Mincheva, 2009) Both the 1997 crisis in Albania and the 2001 conflict in Macedonia present very interesting case studies for further research.

The aim of this research is to analyse the causes of the civil war in Macedonia in 2001 and of the crisis in Albania in 1997 and their interconnectedness in the framework of the Yugoslav wars. Both countries are very closely linked, nearly a quarter of Macedonian population is ethnic Albanian. Both countries have experienced

¹ The Former Republic of Macedonia is the official name, for the purposes of this study the short version 'Macedonia' will be used

communism and rough transition to democracy in the 1990s accompanied by unemployment, endemic corruption and unstable political and economic environment. Furthermore, both countries remained excluded from the Yugoslav wars and the conflict and crisis on their territories occurred later (Ringdal & Simkus, 2012). The international community has played a crucial role in the conflict resolution, attempting to prevent another bloody large scale war in the region (Chivvis, 2008). Despite facing economic challenges, both countries are candidates for EU membership.

The research question is following:

How and under which conditions did the 1997 crisis in Albania and the 2001 conflict in Macedonia emerge.

This research is aiming to analyse the causes and conditions leading to a conflict in general and within the regional scope of the Western Balkans region. Due to the complexity of the issue, this research is not aiming to identify the most important cause or condition, as it could lead to oversimplification. Conflicts, crises, and wars are caused by various conditions that can be closely related or entirely unrelated, however, there is always some relationship between them. (Brecher & Wilkenfeld, 1992) Therefore, this research is aiming to identify the conditions leading to conflicts, to categorise them and to identify how they lead to a conflict.

Firstly, a detailed theoretical framework will be created based on the synthesis of reviewed literature adopting eclectic theorisation strategy (Beach & Pedersen, 2013). To identify the conditions leading to conflicts, literature dealing with conflicts in general and research on the causes of the Yugoslav wars have been reviewed together with studies dealing specifically with the case studies. Variety of resources has been selected in order to create an in depth analysis of the conditions leading to conflicts. Both qualitative and

quantitative data have been reviewed, including theoretical and empirical studies.

Secondly, a set of theoretical explanations will be created that would serve as links in the chain between the starting point of the analysis (the expected types of conditions leading to conflicts) and the observable outcome (the actual and specific events leading to both conflicts). This will be done by identifying the main events and factors leading to the conflicts in Albania and Macedonia, sorting them in sequence and tracing back to the very origins. The actual causes from the two cases will be compared with the expected types of causes identified and analysed in the theoretical framework.

The empirical part of this research will consist of an interlinked parallel analysis of the two selected case studies. Brief regional analysis will explain the broader context of the cases, followed by individual analyses of the cases. The conditions leading to the crisis in Albania and the conflict in Macedonia will be appraised and both the connections and differences between the cases will be evaluated.

Detailed conclusions will close this study and will include recommendations for further research.

1. Theoretical framework

Conflict, crisis, and war are closely related in both theory and practice. Conflict can be generally characterised by two or more parties being engaged in mutually hostile actions, encompassing riots, insurrections, revolutions, crisis and wars (Brecher & Wilkenfeld, 1992; Gallo, 2012). In theory, conflict can be perceived as a broad category including crises that can be with or without war. Furthermore, a conflict can be protracted, where interactions are extended over a long period of time with erratic outbreaks and undistinguishable point of termination of the conflict. Crisis can be further divided into international crisis and foreign policy crisis. (Brecher & Wilkenfeld, 1992) For the purposes of this research, the

used terminology will adopt conflict as the broader category including crisis and war. Regarding the case studies, in the case of Albania we talk about crisis while the conflict in Macedonia can be characterised as civil war, however, both disputes will be also related to as conflicts.

The theoretical background for this research will consist of an analytical framework of the key theories based on the research conducted after 1990, after the fall of Communism. Majority of the research on conflict causes conducted before 1990 usually focuses on international conflicts rather than internal conflicts (Smith, 2004), therefore, this study will be based on the research conducted after the fall of the Iron Curtain, which contributed to the creation of the new types of conflicts (Kaldor, 2001), where both case studies can be included. The reviewed literature includes conflict theory focusing on the causes and types of conflicts, and transition theory related to the region of Western Balkans. Furthermore, ethnographic material collected during the Macedonian conflict (Phillips, 2004) and Albanian crisis (Musaraj, 2011; Waal de, 2005) will be utilised as well, in order to provide additional depth and comparison with the empirical evidence.

The theoretical framework will include the explanation of the distinction between the old and new wars (Kaldor, 2001), categorising the case studies into the “new wars” emerging after 1989. In this aspect, transition theory related to the conflicts in the post-communist world will be included. Harsh democratic and economic transition might be one of the factors contributing to reducing stability in the region, therefore the transition theory will be included.

1.1 Post-modern conflicts

A great number of scholars researching conflicts and wars after the year 1989 focus on a different conceptualisation of conflicts and often refer to them as “new wars” (Kaldor, 2001), intra state conflicts, internal conflicts or post-modern conflicts (Duffield, 1998). However,

they all refer to the same type of conflict which Kaldor (2001) calls “new wars”. Despite being characterised as rather internal, it is difficult to distinguish them clearly this way, as they involve international or transnational connections. In the case of the “new wars” it is not clear where is the line between the internal and the external or between repression and aggression (Kaldor, 2001).

These “new wars” differ from the concept of the old wars quite significantly. “It is often argued that the new wars are a consequence of the end of the Cold War; they reflect a power vacuum which is typical of transition periods in world affairs.” (Kaldor, 2001: 3) Contemporary conflicts might be perceived as irrational, unorganised, evil and the dynamics unpredictable. Another aspect of modern conflicts is increasing violence and attacking civilians (Keen, 2000).

Kaldor (2001) identifies three major categories of the differences between the old and the “new wars”. Firstly, the “new wars” usually occur as a result of identity politics, where the claims for power can be based on some identity, usually religious, or ethnic. Furthermore, the identity politics play a role in all stages of a conflict. Secondly, the means through which the wars are fought have also changed significantly. Old wars were characterised by hierarchical well organised military units, while the “new wars” often include guerrilla fighters and paramilitary units. Hence, the armies are rather decentralised. Besides, the use of newest warfare technology makes another distinction in the warfare of the old and the “new wars”. Finally, the last factor differentiating the old and the “new wars” is the war economy which in the case of “new wars” is rather globalised. The war economy in the old wars used to be centralised and well organised (Kaldor, 2001), while in the cases of the “new wars” the war economy can be in some cases connected to shadow economy and criminal activities (Collier, 2000; Keen, 2000).

However, contrary to the theory that new wars occur as a consequence of the end of the Cold War, Fearon & Laitin (2003) identify the main conditions leading to modern conflict are the

conditions that favour insurgency, identified as poverty, type of the terrain, state weakness and political instability, and the size of the population in a country. The authors claim that the large amount of conflicts that emerged after the end of the Cold War actually do not relate to this fact, despite popular beliefs among researchers. Furthermore, ethnic and religious diversity do not create conditions for an outbreak of a conflict. Hence, the conditions favouring insurgency are the main causes of modern conflicts. Fearon & Laitin (2003: 78) define insurgency as “a technology of military conflict characterised by small, lightly armed bands practicing guerrilla warfare from rural based areas.”

Weak and corrupt governments are more attractive for insurgency than their politically and financially stable and strong counterparts. The conditions enabling the insurgency from the side of the rebels are rough terrain, large population size and better knowledge of the population than the government has.

Therefore, democratic principles and civil liberties in the country can contribute to reducing the opportunity and attractiveness for insurgency.

1.2 Causes of armed conflicts

Identifying and analysing the causes of conflicts might be a rather peculiar task as the scale of various possible causes is very wide (Ackerman, 2003). This study is aiming to categorise and analyse the wider scale of causes of conflicts in the post-communist world since the fall of the Iron Curtain.

According to Ballentine & Nitzchke (2003), the main causes of modern wars are economic or/and socio-political. Corruption, looting diaspora remittances and greed may be the most common economic factors affecting the dynamics of the conflict and in some cases they might serve as triggers. From the socio-political factors, grievance, weak state and weak rule of law might ignite a conflict and also affect the dynamics.

Nonetheless, two more categories can be included in order to explain the conditions leading to conflicts in more detail. These would include ethnic diversity/politics and the role of resources (Smith, 2001). Ethnic diversity can play a role in causing conflicts but it is not a sufficient condition for war, unless it is used in a form of propaganda by leaders who attempt to mobilise population (Smith, 2001). Considering ethnic diversification, alone it might be unlikely to be a cause of a conflict. Interethnic states might be even less likely to have conflict since the diverse ethnic groups are forced to cooperate together. However, when the cooperation between various ethnic groups fails, mostly on political and economic basis, then a violent conflict might occur (Smith, 2001). Therefore for the purposes of this research ethnic diversity will be included in a broader category of socio-cultural causes and ethnic politics will be treated as a mechanism rather than a cause.

In terms of resources, both abundance and degradation of renewable resources can lead to increased possibility of conflict (Ballentine & Nitzchke, 2003; Smith, 2001). The role of renewable resources is not discussed in detail as the resources related to the studied cases are of a different character. In the case of Albania the main resources are diaspora remittances while in Macedonia, access to resources might be rather perceived in non-material form, such as access to education, language rights etc.

The theoretical analysis of the causes of conflicts will be structured as following. First, conditions leading to conflicts will be divided into three broader categories – political, economic and socio-cultural. Second, theoretical mechanisms leading to conflict will be identified and analysed. The reason for the broader categorisation of the causes is to provide more complex picture of all possible conditions leading to a violent conflict. As mentioned previously, vast number of research is focusing either on economic factors (such as Ballentine & Nitzchke) or political, ethnic or resource-related (Collier). Therefore, this thesis is attempting to create a broader

categorisation of the causes of conflict as conflicts usually arise from a combination and a great variety of causes.

1.3 Conditions leading to conflicts

Some of the conditions leading to conflict might not be visible at first, but they play a significant role in the conflict dynamics, therefore they should not be overlooked. When researching the causes of conflict, it is necessary to avoid generalization and stereotyping, such as the country is not democratic and poor, so the fights and violence occur naturally, or the infamous ancient hatred argument in the Balkans (Smith, 2001). This study is attempting to reach beyond the popular arguments on the causes of conflict in the region of Western Balkans, and thence provide a more complex picture that can be generalised and applied for research in other regions.

1.3.1 Political

Both internal and external political factors play a crucial role in conflicts, as they can simultaneously contribute to conflict outbreak as well as conflict prevention. With closer attention to the studied region, transition to democracy and market economy is treated as one of the major conditions leading to conflict. Democratisation is not a cause of a conflict per se, however it can provide a fertile soil for conflict occurrence particularly if it has not been completed (Mansfield & Snyder, 2005, 2002; Vorrath *et al*, 2007).

Therefore, this section will be opened with an analysis of the role of incomplete democratisation in conflict emergence in the post-communist world, followed by further political conditions leading to a conflict which can be also related to democratisation.

1.3.1.1 Incomplete democratisation

Young democracies are relatively prone to violence as the regime type transitions make countries vulnerable (Krebs, 2007; Mansfield & Snyder, 2002; Vorrath *et al*, 2007). "It has been widely acknowledged that that democratisation increases the risk that

states fight wars or face internal destabilisation.” (Vorrath *et al*, 2007: 8)

Democratisation is completed when:

“(…) sufficient agreement has been reached about political procedures to produce an elected government, when a government comes to power that is the direct result of a free and popular vote, when this government *de facto* has the authority to generate new policies, and when the executive, legislative and judicial power generated by the new democracy does not have to share power with other bodies *de jure*.” (Linz & Stepan, 1996: 3)

Achieving complete democracy is not a simple task, majority of transitional countries remain consolidated. Consolidated democracy occurs when there is no space for other ideology and the regime is not threatened of being challenged or even overthrown. (Linz & Stepan, 1996) In order to become a consolidated democracy, five arenas must be cooperating (Linz & Stepan, 1996: 14)

First, civil society ensuring freedom of association and communication; second, political society ensuring free and inclusive electoral contestation; third, rule of law ensuring constitutionalism; fourth, state apparatus providing rational-legal bureaucratic norms, and fifth, economic society creating institutionalised market must be present.

Hence, democracy should not be understood as just a regime, but rather as an interacting system between these five inter-relating arenas. (Linz & Stepan, 1996)

In the case of the studied region, the transition to democracy has been accompanied by instability and in some cases by a conflict. The possible reasoning for this uneasy transition lies in the sudden emergence of new actors coming from the lines of formerly marginalised groups, who gained power and hence created a new form of political opposition. This opposition started to be perceived as the winners and the losers, where “the losers” might feel marginalised and revolt in a non-democratic ways, which might turn into violence (Vorrath *et al*, 2007).

There are several conditions identified in academic literature that ensure a smooth transition. Bunce (in Vorrath *et al*, 2007) identifies three major conditions of successful democratization. First, a settlement of both national and state questions is necessary. Second, old elites with the new opposition should mutually set up the rules for the transition and new political order. Third, cooperation between the old and new elites is necessary as well as demobilization of the public, which can otherwise lead to a conflict.

Furthermore, even if there are many steps taken within a transition, a country might be liberalised but it does not necessarily mean that it is also democratised. Linz & Stepan (1996) distinguish between liberalisation and democratisation as liberalisation can entail some changes leading to democracy, such as accepting political opposition, reducing censorship, improving income distribution, releasing political prisoners and other social and policy changes. Democratisation, on the other hand, includes liberalisation but it is more far reaching and more specific. Therefore, liberalisation can take place when some reformist policy and social changes occur, but democratisation requires the right to win control of the government through free competitive elections.

However, the conditions above do not always apply in reality. The most successful post-communist transitions did not follow these conditions and proceeded smoothly despite common presence of nationalism. Nevertheless, in the cases where nationalist movements occurred before the democratisation, the transition progressed peacefully than in the cases where the order was reverse (Bunce, 1999). Because "(...) there was no room for a liberal agenda to emerge when the regimes started to break apart." (Vorrath *et al*, 2007: 9) Nationalism is very likely to emerge in the early stages of democratization and both old and new elites can use it for their own gains, for example by calling each other enemies of the nation, hence appealing to populist beliefs of the population (Mansfield & Snyder, 2002; Vorrath *et al*, 2007). Commonly, the issues with defining the sense of "the nation" can cause the rise of

conflict-provoking nationalism. Democratic states have strong self-determination of what their nation is, however, in democratizing states the search for self-determination might be supplemented by nationalism (Mansfield & Snyder, 2005).

To conclude, democratization itself is not a necessary condition leading to conflict, however, when it is paired up with certain mechanism such as ethnic politics, then it can indeed trigger a conflict (Vorrath *et al*, 2007). According to Mansfield & Snyder (2005), despite the difficulties with democratization and relatively common occurrence of a conflict in transitional states, it is impossible to reverse this process as political change is unavoidable. Change to democracy is rather inevitable and in the long run positive.

1.3.1.2 Governance failures – poor governance, weak state, weak rule of law, weak institutions

Poor governance provides a fertile soil for corruption. World Bank (1998: 3) defines governance as:

“(i) the process by which authority is exercised in the management of a country’s economic and social resources for development; and (ii) the capacity of the government institutions to design, formulate and implement policies and discharge functions.”

Therefore, if the governance is weak, the government is unable to fight corruption and improve the labour market.

According to the democratic peace theory, mature democracies do not fight each other. (Checkel, 2005b) The reasoning behind this argument might be the assumption that mature democracies have functioning rule of law, settled their national question, well established institutions and provide civil liberties to their citizens (Linz & Stepan, 1996). Furthermore, political and economic cooperation among them might serve as another peacebuilding actor. According to Mansfield & Snyder (2005), countries undergoing democratic transition are more likely to enter a war, particularly those with weak institutions and weak rule of law. Governance failures

coupled with nationalist discourse of the elites might be a sure recipe for a conflict.

The main condition under which democratisation can lead to hostilities according to Mansfield & Snyder (2002) is institutional weakness, particularly of those institutions that regulate political participation. During the regime change, the old institutions are destroyed while the new ones are not yet well developed, hence, institutional weakness is common in transitional states but it is not a general rule. Furthermore, in such cases the elites tend to use nationalist discourse for their gains. Given the temporary weakness, transitional states might be perceived as an easy target, however, they commonly initiate a conflict themselves. Generally, successful democratic transition occurs when the state develops strong institutions before the start of the democratization. States with incomplete democratization that has been for some reason interrupted have increased likelihood of conflict emergence (Mansfield & Snyder, 2005).

The weaker are the institutions in transitional countries, the higher is the risk of the conflict occurrence. However, in countries with developed institutions, the democratization process might be simplified by the existence of such institutions that can possibly be adapted to the new regime. Furthermore, the elites might be less likely to resist the change of the regime due to the trust in the existing institutions.

In the cases where electoral politics developed before the institutions were developed, then the occurrence of conflict was more likely. When elites feel threatened by regime change, they might employ nationalist discourse in order to justify repression (Mansfield & Snyder, 2005). Hence, another important aspect is the sequence of the elections. If the local or regional elections take place before the national ones, then they can lead to a fragmentation. The national question is less likely to be settled if the local and regional elections precede them. A similar situation has been present in Yugoslavia, where the regional prior to federal elections led to a

fragmentation rather than stabilisation of the federation (Jovic, 2001; Vorrath, *et al*, 2007).

“The early stages of democratisation unleash intense competition among myriad social groups and interests.” (Mansfield & Snyder, 2002: 299) A lack of strong institutions regulating this political competition can lead to an increased occurrence of a conflict-provoking nationalism. According to Mansfield & Snyder, (2002) there is commonly a gap between high political participation and weak political institutions and this gap tends to be filled by dangerous nationalist rhetoric by both old and new elites. In such cases, nationalism used by the elites can be very efficient in mobilizing the population or in seeking justification for violence.

Limiting political opposition can also lead to a conflict or can be perceived as a factor contributing to a conflict creation. Leaders of undemocratic regimes tend to provide goods to their supporters exclusively, therefore an opposition might protest violently (Keen, 2000)

Another factor increasing the probability of a conflict occurrence is a weak infrastructure caused by the weak governance. As mentioned previously, Fearon & Laitin (2003) identify rough terrain as one of the crucial aspects benefiting potential rebellion leading to an insurgency. In the cases where government's reach to rural areas is limited and those areas are less developed with a weak infrastructure, the rebel groups are more benefiting and insurgency is more likely to occur. Furthermore, in combination of low per-capita income and economic weakness of a country, the rough terrain present ideal conditions favouring insurgency. (Fearon & Laitin, 2003)

Furthermore, weak or non-existent rule of law can further favour potential rebels and insurgents as it might be easier to find loopholes in legislative. If the public perception of the rule of law is very weak, than the public might be more likely to take the matters in their own hands and hence use more violence. Poorly trained and underpaid officials might also affect the strength of the rule of law as they might

be more prone to corruption and illegal practices. (World Bank, 1998)

Overall, the weaker the state is, the more difficult is to maintain its stability.

1.3.1.3 Regional settings

It is more likely that the stability of countries that are surrounded by conflicting neighbours can be affected, yet it is not a rule. Vorrath *et al* (2007) identify the causes of the increased possibility of conflict occurrence based on the situation in the region and neighbours dealing with a conflict or instability. The main factors are refugee flows, arms and drug trafficking, porous boundaries and state weakness spilled over into the whole region (Hislope, 2003; Vorrath *et al*, 2007).

Refugees play a crucial role in the possible conflict spill-over into the whole region since they often flee to neighbouring countries and their presence imposes various challenges for the accepting country (Rizova, 2011; Vorrath *et al*, 2007). Refugee groups can militarize themselves and join or create a rebel organization and then pose a direct threat to the stability of their home country (Vorrath *et al*, 2007).

Instability and conflict are likely to spread into countries which already face difficulties particularly those related to state weakness. It might be rather unlikely that a mature democracy would get easily infected from an unstable neighbour dealing with a conflict (Vorrath *et al*, 2007).

1.3.2 Economic

Economic factors have played an important role in all wars and conflicts throughout the history; however, the economic side of a war has not enjoyed much attention until the 1990s. In the middle of the 1990s, the economic aspects of warfare have been a focus of many academic works researching political economy of contemporary conflict (Ballentine & Nitzchke, 2005).

Economic factors have unarguably a strong impact on dynamics of a conflict, however, it might be difficult to measure into what extent

they correlate with socio-political factors and also, how much and into what extent they influence the conflict dynamics (Ballentine & Nitzchke, 2003). According to Collier, (2000), a conflict is more likely to emerge when linked with economic motives and opportunities (“loot seeking”) rather than ethnic or socio-political causes (“justice-seeking”).

In the case of the violent dissolution of Yugoslavia, the economic crisis of the late 1970s and the early 1980s widened the gap between the developed and under-developed regions and made the continued existence of Yugoslavia impossible (Jovic, 2001). Nonetheless, the economic factors may have played an important part but were not enough by themselves.

1.3.2.1 Poor economic performance

Countries struggling economically might be more prone to conflict occurrence than strong economies. Poor economic performance makes countries more vulnerable and most likely dependent on some form of a help. The failure to provide its population with jobs and basic economic securities can lead to general dissatisfaction and possibly riots and uprisings. However, poor economic performance per se is not likely to start a conflict, unless in combination with other factors. (Ballentine & Nitzchke, 2005; Collier, 2000)

According to Fearon & Laitin (2003), men are more likely to join rebel groups in countries with high unemployment and low per capita income as they might benefit economically from taking a part in the rebellion. Furthermore, if young men are unemployed and available and if weapons are easily reachable, then a conflict making is enabled. (Hislope, 2003)

1.3.2.2 Role of resources

Work of Paul Collier has a major impact on the policy discourse on economic causes of civil war, particularly his concept of greed and grievance. Collier (2000) breaks the stereotype of ancient hatreds and ethnic causes of conflict by suggesting that countries which are

more dependent on natural resources are more likely to get into a conflict together with a combination of greed in form of rent-seeking behaviour of rebel groups or politicians. Hence, following this logic, countries with rich resources but with weak state and governance and high levels of corruption may be more likely to start a conflict than countries with ethnic tensions only (Ballentine & Nitzchke, 2005).

Ballentine & Nitzchke (2005) criticise Collier's theory, as the opportunity for rebellion might be rather influenced by weak governance rather than by a wealth of natural resources. They consider systemic corruption, inefficient allocation of resources, continuing discrimination of minorities and patrimonial rule as stronger opportunity and cause of a rebellion rather than availability of resources. However, taking in account all above mentioned conditions together with availability of resources which are being misallocated and economic rent-seeking motives, we might get into the core of conflict cause (Ballentine & Nitzchke, 2005).

Nevertheless, unequal distribution of resources and corruption associated to it can contribute to conflict emergence more likely than a presence of resources (Ballentine & Nitzchke, 2003).

Diaspora remittances might be classified among resources as it can play a significant role in the economy of the state. For example in the case of Albania, in the early 1990s diaspora remittances greatly contributed to the country's GDP. The remittances can play a significant role in the conflict development. It may not be a direct source of conflict but rather a way to finance military campaigns or a crucial resource for survival of civilians during a conflict (Ballentine & Nitzchke, 2003).

However, diaspora remittances might be perceived as an ambivalent factor due to the fact that it can be both used by rebel groups as well as by civilians to ensure their survival. Hence, the role diaspora remittances play in conflict is very tricky and curtailing this source of income may result in more harm on civilians (Ballentine & Nitzchke, 2003).

1.3.2.3 Greed and grievance

It may be tricky to reduce motives for a conflict to greed and grievance, since they might have rather individual character which can change during the course of the events. However, the theory of greed and grievance being the main causes of conflicts is often criticised for being “rebel centric” and putting the role of the state in a conflict on the side. According to Ballentine & Nitzchke, (2005: 3) “The unexplored assumption was that ‘rebels - not state actors cause conflict’, leading to a pro-state bias in analysis and policy action.” To complete the picture of a conflict outbreak, it is necessary to take in account not only rebellion theories but also the role of state both as an institution and as an actor (Ballentine & Nitzchke, 2005).

Furthermore, greed and economic motivations cannot be treated as the only factor responsible for conflicts. Conflicts are rather triggered by the combination of economic opportunities and socio-economic, ethnic or political grievances.

1.3.3 Socio-cultural

Socio-cultural factors can also contribute to a conflict occurrence, however they are less likely to cause a conflict by simply being present. Very often a combination with other related factors is more likely to cause a conflict. Nevertheless, the socio-cultural aspects do create conditions that can lead to conflicts. For the purposes of this study, two socio-cultural factors have been chosen – ethnic diversity and stereotypes.

1.3.3.1 Ethnic diversity

Ethnic diversity plays a role within the conflict causes but it is more likely to be misused by leaders within mobilisation strategy. Therefore, in this section the role of ethnic diversity as a cause will be analysed and ethnic politics will be analysed separately as it presents a mechanism rather than condition. Vorrath *et al* (2007) argue that a conflict is unlikely to be triggered purely by ethnic differences in a country. Presence of ethnic differences in a country does not ensure peace as well as it does not automatically mean

that a war will start along ethnic lines (Blagojevic, 2009; Smith, 2001; Vorrath *et al*, 2007).

Ethnicity may play a role in a conflict but is not likely to be the sole cause. A group identity might be considered as a stronger factor, and that does not necessarily mean that the shared identity has ethnic basis. More important than same skin colour, history, religion, etc. is the determination that a certain group sharing the same beliefs and the same aims feels discriminated by some other group. The ancient hatred argument is a famous example of misjudging the cause of a conflict in Balkans (Smith, 2001).

Considering primordialists' assumptions, the basic principle of enmity among various ethnic groups within a single territory can lead to an outbreak of an ethnic conflict. However, an ethnic disharmony created by the diversity is more likely to lead to violence when it is connected with ethnic politics mechanism (Blagojevic, 2009; Hughes & Sasse, 2001; Rizova, 2011). Instrumentalism, on the other hand, sees ethnicity as a tool that can be used or misused by the elites to promote their political agendas and enhance their control and domination (Rizova, 2011).

Strategic dilemma approach sees conflict between ethnic groups as a result of three strategic dilemmas: information failure, lack of credible commitment on behalf of the parties involved or third party mediators, and the presence of incentives to use force pre-emptively. Different ethnic groups living on one territory fighting for resources then further escalate the situation. In the case of Macedonia, there has been information failure as both groups did not release information about their possible coercive force, lack of credible commitment to keeping peace was present on both sides and finally, the Albanians might have used force pre-emptively with guerrilla fights and campaigns (Rizova, 2011). However, this will be further discussed within the case studies.

1.3.3.2 Stereotypes

Ancient enmities or hatreds are a very popular explanation of the causes of modern conflicts (Jovic, 2001; Keen, 2000). However, this

assumption might be oversimplifying the complexity of the causes of conflicts. If ancient hatreds are to be taken as a fundamental cause of a conflict, then it might be necessary to explain why some ethnicities live alongside peacefully for centuries and others do not (Keen, 2000). In terms of historical amities and enmities, it is important to acknowledge that history does play an important role for every nation, though it is always a subject of interpretations. Hence, the elites can interpret the history and related amities and enmities for specific gains and not for the sake of the history (Bunce, 1999). In the case of Yugoslavia, ancient hatreds as the explanation of the causes of the violent conflict have been a very popular argument particularly in the media, still this argument is rather unscientific (Jovic, 2001).

Stereotypes related to a culture of a specific country can be also used as a partial explanation for an outbreak of a conflict, though they are not likely to be the sole cause of a conflict, despite their dangerous nature (Brown & Theodossopoulos, 2004; Rizova, 2011). “Enmity arouses enmity. Enemy stereotypes irritate, mark others off, insult, prepare for violence and generate angst until what they speak of actually happens.” (Rizova, 2011: 83) Media play a crucial role in affecting people’s perceptions of stereotypes as they can both promote them or break them. Western media have partially supported the stereotypes of historical enmities among Balkan nations and ethnic groups during the Yugoslav wars and perhaps aroused more hostile atmosphere in the region (Rizova, 2011).

Stereotypes can be dangerous however, they are not likely to cause a conflict by themselves but they can serve to spread mutual hostilities between belligerents as well as they can be misused by leaders in their ethnic or nationalist discourse.

In respect towards the studied region it is necessary to include balkanisation in this section. In political science balkanisation means fragmentation (Brown & Theodossopoulos, 2004). According to Brown & Theodossopoulos (2004: 4) the West tends to perceive the Balkans as “an ethnically heterogeneous, but temperamentally

homogenous, zone of disorder and violence.” In short, balkanisation is rather a pejorative term based on stereotypes that the Balkans are backwards, underdeveloped, and violent, and thus marginalising the position of the Balkans in the world. (Bakic-Hayden, 1995; Todorova, 1994)

1.4 Theoretical mechanisms

Mechanisms are connecting the conditions leading to the conflict and the outcome which we understand as conflict. (Beach & Pedersen, 2013) This section will introduce mechanisms selected on the theoretical basis that serve as expected mechanisms that must be present in order to make the condition to cause the outcome. More case-specific mechanisms will be introduced in the empirical part of this research.

1.4.1 Ethnic/identity politics

In order to analyse causes of a conflict in depth, it is necessary to research beyond ethnicity and take in account background factors and political mobilisation (Krebs, 2007; Smith, 2004).

“Ethnicity is very often a central component of group identity and therefore also a powerful component of common prejudice. As such, it can easily be manipulated by political leaders seeking to mobilise a population, especially when a society is undergoing major socio-economic change. It is at such times that nationalist politics come to the fore.” (Smith, 2004: 11)

Oversimplifying the causes of modern conflicts and reducing them to ethnic diversity or ancient enmities might support “ethnic leaders” using identity politics as their tool to mobilise a certain ethnic group and marginalise the other groups (Keen, 2000; Krebs, 2007).

As for the conditions leading to conflict in transitional states, socio-economic changes together in ethnically divided society might contribute to a conflict (Mansfield & Snyder, 2005). However, a conflict based on the previously mentioned conditions is likely to occur only if they are combined by a mechanism of carefully used ethnic or identity politics by political actors. Cautious promotion of

ethnic division and nationalism by political actors can indeed ignite a conflict. “Actively pursued fragmentation of society can be traced back to different causes such as grievance-driven political activation of suppressed minorities or rent seeking of leaders.” (Vorrath *et al*, 2007: 2)

Polarising along ethnic identity leads increasingly to the conflict emergence. (Vorrath *et al*, 2007) In the case of the Balkans, the ethnic diversity has been politicised since the presence of Austro-Hungarian and Ottoman empires and continued during the time of Yugoslavia with Tito’s attempts to promote one Yugoslav identity embracing the various ethnic identities (Vorrath *et al*, 2007).

1.4.2 Nationalism

“Nationalism enters the scene when the nation, or at least political leaders claiming to speak for the nation, focus on a political project.” (Bunce, 1999: 13)

Nationalism is very versatile in its essence as it can take different forms that can be connected with various ideologies and various types of elite behaviour and then creating a diverse set of political outcomes. (Bunce, 1999)

Nationalism can be used to mobilise political support (Bunce, 1999). The efficiency of a nationalist speech as a mobilisation strategy is high especially in the cases where government institutions are weak. Old and new elites can use nationalist rhetoric in order to fuel the competition between them. Presence of dependent media can further contribute to the spread of a war-provoking nationalist discourse (Mansfield & Snyder, 2002).

1.5 Theoretical expectations

In order to link the expected conditions leading to conflict presented previously and the actual causes of the conflict which will be analysed in the case studies, a set of theoretical expectations has been created to serve as a link in the chain of events connecting the outcome and the causes. (Beach & Pedersen, 2013; Krebs, 2007)

Based on the theoretical analysis of the expected causes of post-Cold War conflicts in Western Balkans, three main expectations have been derived. The case studies aim to test the three basic theoretical expectations that reinforce the hypothesised causal chain towards the causes of post-Cold War conflicts.

The first theoretical expectation derived from the analysed conditions is related to the internal factors causing conflicts:

- i. *A conflict is not likely to be caused by a single condition, but rather by a combination of correlated political, economic, and socio-cultural conditions.*

The second expectation based on the theory is associated with the role of elites in each category of the conditions leading to a conflict. Therefore, the first internal theoretical expectation is following:

- ii. *The elites, their behaviour and actions, play a crucial role in the conflict emergence and can both trigger or prevent a conflict.*

And the final third theoretical expectation relates to the external factors leading to conflicts:

- iii. *The regional settings have a significant impact on conflict occurrence as they can contribute to a destabilisation of a country.*

The theoretical expectations will be further discussed and tested in the section Findings.

1.6 Methodology

The desired outcome of this qualitative research is a causal analysis explaining the conditions leading to conflict, explicated on the two interlinked case studies within the framework of the Yugoslav wars. In methodological terms, the purpose of this study is to craft a sufficient explanation of a particular outcome. (Beach & Pedersen, 2013) In this case, the outcome is the 1997 crisis in Albania and the

2001 civil war in Macedonia. In order to craft a sufficient explanation of why both crises occurred, both systematic and non-systematic mechanisms connecting the causes with the outcome will be included. Nevertheless, this study is focusing on a detailed analysis of the causes rather than mechanisms, therefore the mechanisms will be analysed in less detail. Nonetheless, it is necessary to include the mechanisms in this study in order to make the process tracing possible.

1.6.1 Case selection

The case studies have been selected on the basis of their uniqueness within the regional scope as well as the author's interest. Two positive case studies of 1997 Albanian crisis and the conflict in Macedonia in 2001 have been selected due to their interconnectedness, geographical proximity and historical connections.

Both countries belong to the region of Western Balkans and both of them were not expected to experience the crises that occurred there, particularly due to the international presence and the fact that they both managed not to get involved in the Yugoslav wars. The uniqueness of the cases lies in the fact that both Albania and Macedonia have been regarded as successful examples of transition to democracy, both were recipients of large amounts of foreign aid and several international organisations have been assisting in enabling the transition, hence both crises were not expected and took the international community by surprise. (Chivvis, 2008; Hislope, 2003; Jarvis, 1999; Mincheva, 2009; Musaraj, 2011)

Furthermore, the Albanian crisis and the conflict in Macedonia are connected by several linkages, some of which are related to the collapse of Yugoslavia. The Albanian crisis has been argued to be one of the triggers of the Kosovo conflict (Hislope, 2003) and the Kosovo conflict is regarded among a group of scholars as the main cause of Macedonian crisis (Hislope, 2003; Mincheva, 2009). Therefore, both crises present interesting case studies that can be analysed in parallel and treated within the Yugoslav framework.

1.6.2 Source material

The data for this research have been carefully selected under two criteria – the availability of data in English and the time of publishing. In terms of the theory, literature published after the year 1989 has been preferred as this research is being treated in the framework of the Yugoslav wars. Furthermore, the scholarly research on conflict in general has changed after the end of the Cold War. Therefore, only the theories on conflict treated as “new wars” or “post-modern conflict” have been used to build the theoretical framework for this study.

To identify the conditions leading to conflicts, literature dealing with conflicts in general and research on causes of the Yugoslav wars have been reviewed together with studies dealing specifically with the case studies. Variety of resources has been selected in order to create an in depth analysis of the conditions leading to the post-Cold War conflicts. Both qualitative and quantitative data have been reviewed, including theoretical and empirical studies, newspaper articles from the time of the 1997 crisis in Albania and 2001 conflict in Macedonia, ethnographic accounts from both countries during the conflicts, and reports from international organisations present in both countries.

1.6.3 Methods

The causes of conflicts in Macedonia and Albania are studied by tracing the chain of interactions that connect the expected causes with the known outcome. Process tracing can be considered as a rather neglected method in the studies on the causes of conflicts. Process tracing method can contribute to both theory building and theory testing in the context of a conflict (Lyll, 2013). The purpose of the process tracing in this research is to explain a particular outcome (Beach & Pedersen, 2013), that means, following the research question, how and under which conditions did the 1997 crisis in Albania and the 2001 conflict in Macedonia occur.

This study will adopt a case-centric approach to process tracing. This approach is aiming at proving that the theory can provide the

most relevant explanations (Beach & Pedersen, 2013). Therefore, this particular type of process tracing is referred to by Beach and Pedersen (2013) as explaining outcome process tracing, which adopts iterative research strategy.

This specific approach has been selected as this study is searching for causes of one outcome. Thus, this type of process tracing has been regarded as the most suitable for this study.

The outcome B is the 1997 crisis in Albania and the 2001 conflict in Macedonia and the goal is to find out what is A – what is causing B. We look for a full explanation of why B happened, that means considering all the factors that contributed to B, in order to craft minimally sufficient explanation for B. (Beach & Pedersen, 2013; Collier, 2011)

It is necessary to create a set of hypothesis or theoretical expectations that could connect the starting point A with the observable outcome B (Checkel, 2005b; Collier, 2011; Krebs, 2007). Three such theoretical expectations have been introduced in the previous section.

The type of inference made is minimally sufficient explanation. In order to provide this type of inference of the outcome B, causal mechanisms need to be identified. However, there is no clear consensus in academic literature what a causal mechanism actually is. For the purposes of this study, the understanding of a mechanism by Beach and Pedersen (2013) will be used. They describe causal mechanism as something that causes an event A to give a rise to the outcome B. The mechanism can be in a form of a force or power and it is made of various entities that engage in activities. Each part of the mechanism is not sufficient but in a combination they are necessary in order to lead to the outcome B.

The causal mechanisms connecting the cause with the outcome in this study are prevalingly case-specific and not all of them can be applied to different cases. The causal mechanisms have been identified via iterative research strategy. Firstly, theoretical mechanisms have been identified deductively, secondly, empirical

case-related mechanisms have been identified via induction (Beach & Pedersen, 2013).

The case studies will be analysed individually and the key steps in the process will be described in detail (Collier, 2011). The cases will consist of a combination of description and analysis. Firstly, the events leading to each crisis that provide an evidence of the sequence of the process leading to the outcome will be described via chronological narrative. Secondly, the events will be combined with the theoretical expectations and an in-depth case-specific theory guided analysis based on the actual events and the political, economic, and socio-cultural background will be created. Grounded on this analysis, the theoretical expectations will be tested against the actual evidence.

2. Regional analysis

Brief analysis of the political and economic situation in the Western Balkans since the fall of communism, based on existing research conducted in the region will be opening this section. In order to deliver an in depth analysis of the causes of the 2001 Macedonian civil war and the 1997 crisis in Albania it is necessary to provide a regional context. The regional settings and the development in the region since the fall of the Iron Curtain have affected every single country in the Western Balkans. The identity building of the region has influenced identity building in the countries of the region as well as the increased presence of international organisation and the creation of civil society in each country. Furthermore, the disintegration of Yugoslavia has played a major role in the development of the region as it has affected every single country in the Western Balkans (Wiberg, 2004).

Therefore, this chapter will first discuss the regional context of both the 1997 Albanian and the 2001 Macedonian crises, with a particular focus on the economic and political environment in the region. The international presence in the region and its effects will be

briefly evaluated. Finally, an analysis of the fall of Yugoslavia and the conditions leading to the Yugoslav wars will follow aiming to evaluate whether there is a relationship between the Yugoslav wars and the Albanian 1997/crisis and Macedonian 2001/civil war.

2.1 Regional context

The region of Western Balkans (understood as Albania, Bosnia and Herzegovina, Kosovo, Macedonia, Montenegro, and Serbia)² is widely perceived as diverse, colourful and turbulent. The uniqueness of this region lies in its diversity, which is present in terms of ethnicity, language, culture, and religion. Nevertheless, exactly this diversity is also being perceived as the major factor destabilising this region. (Veljanoska *et al*, 2007)

The Balkan region has had a strategic importance throughout the history by being a transition route between the East and the West, and after the fall of the Ottoman Empire its importance further increased. (Wiberg, 2004) Nowadays, the importance of the Western Balkans is further strengthened by the relative neutrality of the region when it comes to Western versus Russian interests. The EU is attempting to stabilise the region through EU integration. (Veljanoska *et al*, 2014)

The first ten years of transition have been raging and very difficult for the region. (Murgasova *et al*, 2015; Roaf *et al*, 2014; Veljanoska *et al*, 2007) Liberalisation entered the scene relatively fast and without many complications, however, the democratisation process has been tougher, particularly in terms of institutional reforms. The region has been affected by major unemployment, high inflation and overall poor economic performance. In order to transform the economies in a short time scale, a “shock therapy” has been introduced and applied. Croatia and Slovenia (even though not part of the Western Balkans but part of the wider Balkan region) have dealt with the changes relatively well as their economies have been

² Croatia is sometimes added to the Western Balkans region, however, based on self-determination principles Croatia prefers not be seen as a part of the Balkans, furthermore, since 2013 Croatia is classified as an EU member state

already liberalised at the beginning of the transition. On the other hand, Albania and Macedonia were dealing with a real shock, at first, the transition seemed successful but increasing economic, political, and social challenges significantly slowed the process down. The conflict in Yugoslavia has completely interrupted the economic transformation. (Roaf *et al*, 2014)

The region-wide problems with high levels of unemployment and rigidity of the labour market have been partially caused by skill gaps and the post-communist legacy. The region's reliance on remittances has contributed to the issue. (Murgasova *et al*, 2015)

The transition has been interrupted by the conflict in Yugoslavia which has affected the stability and development of the whole region. Both Albania and Macedonia managed not to get involved, however, they have both been affected economically by the interrupted trade with Yugoslavia.

Furthermore, the impacts of the NATO's intervention in Yugoslavia in 1999 on neighbouring countries are significant. Particularly the economies of neighbouring countries have been affected as the foreign direct investment declined as the result of destabilisation of the region as well as competitiveness of local businesses was strongly affected. Transition routes for both import and export have been damaged or blocked, therefore alternative routes had to be used hence costs increased. Besides, the affected neighbours, particularly Albania and Macedonia had to face additional costs at border control and refugee related expenditures. (Dempsey, 2000)

2.2 International presence in the region

After the collapse of communism, the post-Soviet world presented an abundant ground for various international actors attempting to establish themselves in the post-communist countries (Waal de, 2005). Transition from central to market economy as well as the transition to democracy required some form of guidance and

assistance, hence the countries in Western Balkans welcomed international organisations to their territory in order to do it the right way (Checkel, 2005a; Veljanoska *et al*, 2014). Since the end of the Cold War, the region of Western Balkans has been perceived as a threat of instability for the EU and the whole European continent. (Kavalski, 2006)

According to Kavalski (2005), since the end of the Cold War there has been a lack of alternatives in external normative influence, therefore Euro-Atlantic organizations played the major role in democratising the region. The reason why external actors are interested in integrating the Western Balkans is eliminating of potential security threat and increasing stability in the region. The major goal of the EU in the Balkans is “exporting stability in order to prevent the import of instability” (Kavalski, 2006: 96).

According to Veljanoska *et al* (2014) Western Balkans are still in the process of transition, even after more than 20 years and the issues are not overcome yet. With sufficient assistance and support from international organisations and other non-state actors, the democratisation can be achieved in a hopefully minor time frame.

The year 1999 presents a critical juncture in the external perception of the Balkans due to the events that followed the Kosovo crisis. The international socialisation of regional decision-making in the Balkans by the EU and NATO has increased after the Kosovo crisis. (Kavalski, 2005, 2004; Veljanoska *et al*, 2014)

2.3 The dissolution of Yugoslavia and Yugoslav wars

Many theories attempt to explain the dissolution of Yugoslavia and why the violent conflict occurred. The complexity of this issue requires taking in account a combination of various factors rather than one single cause. A popular approach to explaining the Yugoslav wars is the argument that Balkan people were fighting each other for centuries as a result of historical enmities. However, this popular explanation reflects common stereotypes about the

region. In order to explain the break-up of Yugoslavia and the violent conflicts, multiple objective factors must be considered together with the role of the various actors. (Jovic, 2001) Therefore, this study will attempt to provide an objective analysis of the dissolution of Yugoslavia and the causes of the conflicts by combining various approaches suggested in academic literature. Similarly as in the theoretical framework, the approaches and causes of the conflicts will be divided into categories of political, economic and socio-cultural explanations. The occurrence of the wars in Croatia and Bosnia will not be discussed as it falls outside of the scope of this study, hence, the brief analysis will discuss the conditions leading to the violent dismemberment of Yugoslavia.

Bunce (1999) suggests several explanations of the violent disintegration of Yugoslavia. From the cultural explanations, ancient hatreds and disputes over boundaries are partially, though not sufficiently, explaining the ferocious break-up of the federation. During communism, interethnic tensions were almost non-existent as the promotion of Yugoslav identity has been successful and also the rates of interethnic marriage have been high. Various ethnicities seemed to be living next to each other peacefully and in a harmony. However, disputes over the boundaries have played a significant role in the dynamics of the Yugoslav conflicts, particularly in the case of Serbia encouraging aggression of the large minorities of Serbs in Bosnia and Croatia. Furthermore, political explanations of the violent dissolution of Yugoslavia include the role of elites, tensions between federalism and dictatorship and also the role of nationalism.

One of the key analyses of the violent break-up of Yugoslavia has been created by Jovic (2001), who provides seven major reasons for the violent dismemberment of Yugoslavia. Those are: economic; ancient ethnic hatreds; nationalism; cultural; international politics; role of personality; fall of empires. In order to follow the structure of the theoretical framework introduced earlier in this study, the seven suggested arguments will be merged into the categories

created in the theoretical framework: political, economic and socio-cultural.

a. Political

The reasons of the violent dismemberment of Yugoslavia related to politics can be the role of international politics, the role of personality and nationalism.

Yugoslavia can be perceived as a victim of the end of the Cold War, as it lost its strategic importance, based on the politics of ideological and political equidistance. International politics always played a significant part in Yugoslav affairs but their influence should not be overestimated on the final phase of Yugoslavia. The West did not want Yugoslavia to disintegrate or to see instability in the region. Rather, the political elites were ignorant to the immediate and long-term consequences of political changes in Eastern Europe, not understanding that their country's favourable position would come to an end. (Jovic, 2001)

Yugoslavia has been held by Tito who ruled the country for 35 years. After his death the federation started to struggle increasingly. Hence, the longevity of Yugoslavia and its dissolution is often connected with the death of its great leader in 1980 (Vejvoda in Hadzic, 2004). Tito was the only real decision-maker and the system could not function without him, and Milosevic, who broke the path of the collective leadership constructed after Tito in an attempt to replace Tito himself. Instead of becoming a supra-national leader like Tito was, Milosevic identified himself too closely with Serbian nation which contributed to hostilities between the nations. Nonetheless, Yugoslavia did not exist or collapse because of one person only, and both men can be understood only within the context of the political processes that brought them to power and enabled them to influence politics. (Jovic, 2001)

Nationalism has been stronger than ethnic hatreds in Yugoslavia, hence, this argument is harder to reject than ethnic hatreds as nationalism existed and it was in fact amplified when the regime

made it into the main rhetorical antipode to their dominant ideology. Still, nationalism does not always imply conflict. "As Djilas (1995) argues, nationalism in Yugoslavia was stronger than liberalism, and hence the main alternative after the fall of Communism." (Jovic, 2001: 104) Nationalism promoted in each of the six constituent nations lead to a creation of six political nations with their own identities. However, the promotion of the Yugoslav identity and the promotion of individual identities have been happening in a parallel process just at the brink of the collapse of Yugoslavia. Between the years 1971 and 1981, the promotion of 'Yugoslavism' resulted in rapid increase of declared ethnic Yugoslavs in population Censuses, which caused significant concerns for ethnic nationalists. Thence, the promotion of individual nationalisms in the constituent nations has been intensified. Furthermore, the prospects of European integration presented another fear for the nationalist elites of imposing two supra-national identities, Yugoslav and European. Thus, the individual identities of the Yugoslav nations would be further weakened and marginalised. (Jovic, 2001; Wiberg, 2004)

b. Economic

In terms of the economic causes of the violent dissolution of Yugoslavia, overall poor economic performance since the economic crises in 1970s and 1980s contributed to the general dissatisfaction. Poorer countries are generally more prone to a conflict than richer ones. The economic crisis in the 1970s-1980s has significantly weakened the economic position of Yugoslavia and hence increased the risk of a conflict emergence. "In general, the risk of civil wars seems to be slightly higher in states that are ethnically heterogeneous, even though there is no consensus on this." (Wiberg, 2004: 38)

Furthermore, the economic crisis of the late 1970s and early 1980s widened the gap between the developed and the under-developed regions (Wiberg, 2004) and hence made the continued existence of Yugoslavia impossible.

“In terms of modernization, despite the significant setback of the economic and political crisis, socialist Yugoslavia was neither a disastrous failure nor did it have to collapse. Economically, and also politically, it was the most advanced case of all East European societies.” (Jovic, 2001: 103)

Economic factors may have played an important part in the dissolution of Yugoslavia but were not the sole cause. Nevertheless, the increasing economic differences among individual nations contributed to the fragmentation of the federation.

c. Socio-cultural

The argument that Yugoslavia dissolved because of cultural reasons might seem more valid, as cultural diversities (mainly linguistic and religious) make nations and promote their desire to live separately from others. According to Jovic (2001) Yugoslavia was being consistently destabilised by the large cultural differences among its nations. “Fragmentation of the country was hence inevitable and somehow natural.” (Jovic, 2001: 108) However, despite the large differences the Yugoslav state remained intact for 45 years and the fragmentation occurred during the trend of integration in the Western post-Cold War world.

Nevertheless, the cultural argument is not sufficient to explain the collapse of Yugoslavia, only partially and in a combination of other contextual factors. Since Yugoslavia adopted the 1974 constitution, a three-tier system in categorising its nations, nationalities and ethnic groups has been introduced. The first tier represented the six nations of Yugoslavia – Croats, Macedonians, Montenegrins, Muslims, Serbs, and Slovenes. The second tier represented Hungarian, Albanian and Italian nationalities, and the third tier included ethnic groups – Roma, Czechs, Austrians and Slovaks. Hence, it is evident, that the ethnic distinctions were present in Yugoslavia and they were embodied in the 1974 constitution. (Rizova, 2011)

The ancient ethnic hatreds approach is a very popular argument, especially with the media, but unscientific and inaccurate.

(Blagojevic, 2009; Jovic, 2001) In terms of the argument of the ancient hatreds being the source of the conflict, it is important to acknowledge that history does play an important role for every nation, yet, it is always a subject of interpretations. Henceforth, the elites can interpret the history and related amities and enmities for specific gains and not for the sake of the history. (Bunce, 1999)

Jovic (2001) strictly refuses this argument and claims that the Yugoslav conflict did not start as ethnic war and so called ancient ethnic enmities have been constructed for demagogic purposes. When the fall of the fourth Yugoslavia was perceived as inevitable, the elites started projecting the fault on 'the others', which they had to create because the others in the form of the enemies of the class have disappeared. Hence, this is how the ancient hatreds explanation might have been created.

The Balkans have been a target of stereotyping for centuries since Western travellers started publishing their accounts back at home, projecting their western normality to what they have witnessed in the Balkans as the region seemed very wild and exotic. Furthermore, the region has been perceived as backward and barbarian. Hereafter, this form of 'othering' promoting orientalist logic leading to balkanization has played a significant role in the external perception of the region (Bakic-Hayden, 1995; Pandolfi, 2002; Todorova, 1994). Western views on the region might be affected by essentialism without any deeper analysis of the rhetorical fight between the East and the West over the power in the world.

“Both of these forms of domination crystallised Catholicism, orthodox Christianity and Islam into firm ethnic identities, precluding the emergence of hybrid forms. These essentialisms were strengthened by the myth that a standardized package of interventions can evangelise and convert a population.” (Pandolfi, 2002: 204-5)

The ancient ethnic hatreds argument is not sufficient as an explanation of the conflicts, however it can explain some of the post-war events as it has been used by the elites as a mobilisation strategy (Jovic, 2001).

The conflict in Yugoslavia did not include Albania and Macedonia, but both countries have been affected by the wars. It is impossible to establish whether the conflicts would occur if the Yugoslav wars would not happen. The violent dissolution of Yugoslavia has affected the stability of the region and hence the stability of both Albania and Macedonia. In the case of Albania the impacts have been economic, while in the case of Macedonia the impacts were of both political and economic character. (Dempsey, 2010; Phillips, 2004)

3. The case of Albania

During socialism, Hoxha's dictatorship together with Ceausescu in Romania was the most brutal in the entire Soviet world. Maximal centralisation, complete isolation and strictly protected information about internal and external affairs kept Albanian population in a quarantine. (Democracy International, 2006; Waal de, 2005) This extreme isolation prevented underground movements and civil society to exist and no liberalisation attempts have occurred. Hence, when communism collapsed, the transition to democracy and market economy has been further hindered by the complete seclusion and lack of internal resistance that would welcome the changes to democracy. (Democracy International, 2006; Jarvis, 1999)

There are significant internal differences in Albania. The crisis in 1997 took place prevailing in the South of Albania and the North of the country is more famous for the blood feuds and prevalence of a customary law Kanun³ (See Appendix I for the map). Northern rural Albania has historically very little in common with the rest of Albania (Mustafa & Young, 2008; Young, 2000). Geographical barriers prevented the northern area from influences from the rest of the country. Considering geographical and cultural proximity, the rural

³ Kanun of Leke Dukagjini is a set of traditional customary Albanian laws, "Kanun Laws dictate every aspect of life, marriage, hospitality, personal conduct, and even just retribution in cases of adultery, theft, and murder." (Mustafa and Young, 2008: 88)

northern Albania is much closer to Kosovo, since they used to be a part of the same district and share similar dialect and kin system (Elsie & Young, 2003; Young, 2000). However, since 1980s when Kosovo gained stronger position within Yugoslavia and Serbian influence increased, the commonalities partially diminished. During the crisis, the differences started to be more visible again and became popular particularly in the media.

Shortly after the collapse of socialism, Albania has adopted many economic reforms and has been considered as a very successful example of the transition to market economy (Bezemer, 2001). However, the real situation has been overlooked by the government as well as the international community until the collapse of the pyramid schemes. The economic transition has been faster and more effective than the political transition, the government of the President Sali Berisha has been often accused of promoting non-democratic practices. (Jarvis, 1999; Musaraj, 2011; Waal de, 2005)

This chapter will analyse the actual causes of the 1997 Albanian crisis. The analysis is theory guided and follows the expected causes of post-Cold War conflicts analysed in the theoretical framework. Firstly, the 1997 crisis will be briefly introduced in order to provide necessary background information to capture the main concepts. Secondly, a detailed chronological narrative will describe the events leading to the 1997 crisis. Thirdly, the conditions leading to the crisis will be analysed following the expected causes analysed in the theoretical framework. Finally, mechanisms connecting the actual causes with the known outcome will be identified and discussed.

3.1 The 1997 crisis

The crisis in 1997 has been ignited by the fall of the pyramid schemes⁴ and then it turned into riots and uprisings against the regime of Berisha. (Kritsiotis, 1999; Mema, 2010)

One of the results of the collapse of two biggest pyramid schemes was riots and rapid spread of violence. Foreign observers

⁴ Pyramid schemes are sometimes referred to as Ponzi schemes (Bezemer, 2001; Musaraj, 2011)

did not understand the naivety of the Albanian population investing all they had into such schemes. The reason why so many people participated in the schemes was the lack of financial infrastructure in the country, a vision of easy side income generation and also a trust of people who were not affected by the capitalism yet. (Bezemer, 2001; Jarvis, 1999; Musaraj, 2011; Waal de, 2005)

The inevitable collapse of the schemes drove Albania into a large social, political, and economic crisis. Albania has found itself in a state of anarchy when the government lost control over parts of the country and many public facilities have been damaged or even destroyed. (Bezemer, 2001; Jarvis, 1999; Kritsiotis, 1999; Marchio, 2000; Waal de, 2005; World Bank, 1998) People in Albania blamed the government for the 1997 crisis and therefore elected a socialist government after the collapse of the state. Nevertheless, the new government was also unable to tackle the widespread corruption and bad economic climate. (World Bank, 1998)

The international community, particularly the neighbouring states realised the danger of possible civil war breaking in Albania, and therefore they have reacted promptly. (Kritsiotis, 1999; Marchio, 2000)

Albania has managed to deal with the crisis ignited by the schemes relatively fast, particularly because of the international assistance. However, the country has been challenged by further political crisis in 1998 and the Kosovo crisis in 1999. Nevertheless, the 1997 crisis had disastrous consequences. More than 2000 people lost their lives, while thousands lost their life savings and livelihoods, and others have been affected by the major destruction that took place during the riots. The everyday life of people has been affected for a very long time and the security in Albania has been threatened as over one million of weapons have been looted, spread around the country and massive amount of the armoury has been smuggled to Kosovo to arm the Albanian paramilitaries. (Jarvis, 1999)

3.2 Events leading to the crisis

A detailed chronological narrative covering the events leading to the crisis will be presented.

The transition to democracy and market economy has created conditions that could easily lead to some form of conflict. Following the theory, the transitional countries are vulnerable and hence more prone to conflict occurrence. (Mansfield & Snyder, 2005) The case of the crisis in Albania in 1997 has not been an exception. Since the years **1991 and 1992**, the informal financial market was dominated by lending companies and also borrowing companies. It is uncertain what purpose was the money borrowed for. Allegedly, part of the investments supported illegal activities such as smuggling. Nevertheless, due to lack of financial infrastructure, people were investing their savings in the companies which have eventually become pyramid schemes by 1996. (Jarvis, 1999) The World Bank warned Albania in **1994** that the informal market might be dangerous, as IMF did in **1995** (IMF, 1999; Jarvis, 1999). However, at the time, the true nature of the schemes has not been discovered yet (Jarvis, 1999).

Jarvis (1999) identifies two major events that have led to the fall of the pyramid schemes and thence to the crisis. The first event relates to the UN sanctions imposed on the Former Republic of Yugoslavia and the second event is the 1996 parliamentary election. In **1995** the UN suspended its sanctions against FRY, it is assumed that at the time of the sanctions, large amounts of oil have been smuggled through Albania to FRY and several Albanian 'trading companies' have been involved. Later, some of the 'trading companies' have transformed themselves to borrowing companies, from which some of them operated on the pyramid scheme model. Lifting the sanctions ended the smuggling route and hereafter cut off a source of income for these companies. Perhaps it is a coincidence, but just one month after the sanctions have been suspended, some of the borrowing companies increased their interest rates up to 6 per

cent per month (previously the rates have been 4-5 per cent, depending on a company). (Jarvis, 1999) This fact illustrates an example of the impacts of the Yugoslav wars on Albania.

“In **February 1996**, a new Law on Banking System was passed, which stipulated that ‘no person other than a bank shall accept household deposits, and deposits with an initial maturity of 12 months or less’ (Law No. 8075, dated 22.02.96, Article 6).” (Jarvis, 1999: 10) Nevertheless, in **March 1996** president Berisha released the schemes from Banking Law which would regulate them; however the competition started growing and the potential collapse was foreseen already. In order to prevent withdrawals, the Democratic Party intervened to keep the schemes as they are. Due to the fact that the Democratic Party was the official sponsor of some of the dubious companies, people naturally assumed the safety to invest. (Waal de, 2005) Some of the schemes were also supporting the Democratic Party in the upcoming elections. (Jarvis, 1999)

The long dissatisfaction of the population with the undemocratic practices of the president Berisha has escalated with the parliamentary elections on **26th May and 2nd June 1996**. According to OSCE observers, the elections have not been following the law, the media have been biased and favouring the leading Democratic Party. Furthermore, there have been many irregularities during the elections.

“In Kukes, an observer who understands Albanian overheard the chairman of a polling station phoning somebody to apologise for not being able to ‘deliver the required result’ due to the presence of international observers” (Office for Democratic Institutions and Human Rights, 1996).

Local elections have been scheduled for **October 1996** and the period between the parliamentary and the local elections witnessed large political uncertainty. Between **May and October 1996**, some of the schemes increased their interest rates up to 8 per cent in order to attract more investors as the competition has been increasing with new schemes entering the market. (Jarvis, 1999; Waal de, 2005)

Three major schemes operating on the informal market (*VEFA*, *Gjallica*, and *Kamberi*) were offering rates 4-5 per cent per month, later increased to 6-10 per cent, and also had real investments, hence, they were regarded as relatively safe. However, companies with no real investments started entering the market and offered extreme interest rates. *Sude* scheme offered 12-14 percent interest rates and started gaining large amounts of investors, though the viability of the scheme has not been expected for long as the company lacked real investments. New schemes *Xhafferi* and *Populli* entered the market and soon attracted over 2 million of depositors. Considering the size of Albanian population reaching nearly 3.2 million (World Bank, 2015), the amount of depositors trusting their savings in hands of dubious schemes is gigantic. In **July 1996**, the schemes started to raise the interest rates up to 44 percent per month and the real mania has begun. People were selling their houses and apartments, farmers were slaughtering their animals in order to get cash to invest (Jarvis, 1999; Musaraj, 2011).

The government has been passive despite the mania and the high risk. People trusted the schemes as they believed they do have government support. In **August and September 1996**, the government has received more warnings from the World Bank. Subsequently, the Bank of Albania has been warning the government on a regular basis, nevertheless, no action has been taken until **October 1996**, when the Bank of Albania discovered the actual size of the schemes as they were previously unknown. The largest scheme *VEFA* was operating with \$120 million worth of deposit (5 per cent of the GDP in 1996). Later in October the Minister of Finance attended the IMF and World Bank annual meetings in Washington, where he received strict warnings. Nonetheless, the only action taken has been a public warning that investing with the schemes might be risky. The Albanian government accused the IMF that they are attempting to close down some of the most profitable Albanian companies. (Bezemer, 2001; Jarvis, 1999) One of the main problems was that it was hard to distinguish which

companies have real investments and which companies are the 'pure pyramid schemes', therefore, the government has not been closing down the schemes and preventing people from major losses. Finally, on **19th November 1996** the IMF warned public from the dubious schemes and urged the government to investigate them. "On the same day, *Sude* defaulted on its payments and the collapse began". (Jarvis, 1999: 17)

The collapse of *Sude* caused a collapse of other schemes and within four months they all have collapsed like a domino. Alongside the fall of the remaining schemes, the Democratic Party collapsed as well and Albania has entered a state of anarchy. Naturally, with the fall of the schemes, the amount of depositors rapidly reduced and the remaining large schemes VEFA and *Kamberi* and two others reduced the interest to 5 per cent per month in an attempt to prevent a total bankruptcy. (Jarvis, 1999) In **January 1997**, several riots against the schemes and the government took place and the government finally started taking measures against the schemes. Bank accounts of Xhafferi and Populli have been frozen by the government on **26th January 1997** and the Bank of Albania limited the daily withdrawal allowance to prevent other schemes from withdrawing all of the money. As a result, part of the deposits has been returned to the depositors from Xhafferi and Populli. Nevertheless, the measures have not been sufficient, even though the government passed a new law prohibiting the pyramid schemes (but still failed to define them⁵) in **February 1997**, in **March 1997** the country was in a state of an anarchy. What followed has not been expected at all. Majority of army and police force deserted, army depots were looted, public property massively destroyed and the government lost control over the south of the country. (Jarvis, 1999)

As the state apparatus started to collapse, local communities established revolutionary committees. As a result of the chaos and

⁵ Pure pyramid schemes were still not distinguished from borrowing companies, so VEFA for example was still active during the crisis (Jarvis, 1999)

anarchy, many criminal elements took the advantage and the country has been driven into even bigger chaos. (Marchio, 2010)

In **March 1997**, the state of emergency has been proclaimed by the government (Kritsiotis, 1999). The violence did not have any predictable end, therefore the international community started to act (Kritsiotis, 1999). Given the seriousness of the situation, Italian General Defence Staff started non-combatant evacuation of Italians living in Albania and other foreigners. By the half of **March 1997** around 1000 foreigners were evacuated and over 10,000 illegal Albanian immigrants entered Italian soil. (Marchio, 2010) See Appendix IV for a brief timeline of the crisis.

3.3 Conditions leading to the crisis

Following the previous section covering the events that have led to the 1997 crisis, this section will provide a theory guided analysis of the conditions leading to the crisis, divided into categories of political, economic, and socio-cultural conditions.

3.3.1 Political

The origins of the 1997 crisis might be perceived as economic, caused by the collapse of the pyramid schemes; however the whole crisis has been strongly affected by political factors.

As the last country breaking up with socialism, Albania experienced major changes in early 1990s when Ramiz Alia succeeded after Hoxha. In the end of 1990s free elections were allowed, people were allowed to own a passport and villagers could cultivate their land and sell their excess, however the rights were still limited. Also religion has been allowed for the first time since 1967. (Democracy International, 2006; Waal de, 2005) “These reforms undoubtedly helped reduce pressures and tensions from exploding into outright revolution.” (Waal de, 2005: 6).

In March 1991 the first democratic elections have been held, however, Communist party won by great support from rural areas where democratic campaigns did not reach or were not convincing

enough. However, very shortly after their victory, the Communist party was forced to resign after major protests threatening economic collapse. Moreover, the rule of law has been rapidly weakening. Another election has been held in March 1992 where Democrats won and ruled until the casualties in 1997. During the Democrat's government, Albania joined organizations such as IMF, World Bank etc. (Waal de, 2005)

Despite the seeming political progress, the government under President Sali Berisha attempted to strengthen their power by undemocratic procedures. Liberalisation took place at the early stages of the transition, when civil society and independent media emerged. However, their criticism towards the government and the President resulted in pressuring journalists and in some cases imprisoning the critics. The government started limiting civil liberties and the key opposition was not allowed to run for office. (Democracy International, 2006)

In the year 1995 the Genocide Law passed with a misleading name, it has been basically a lustration, aiming at "purging non-supporters". Another election has been held in May 1996 where Democrats won again supported by the EU but criticised by the US, who was concerned about reliability of the results. (Waal de, 2005) The 1996 elections have been heavily manipulated in the favour of the Democratic Party and the first major protests took place and have been entirely eliminated by the government. (Democracy International, 2006) Albanian citizens lost their trust in the EU since it has been supporting Berisha and his democratic practices which actually covered widespread corruption and criminal activity. (Waal de, 2005)

3.3.1.1 *Incomplete democratisation*

The transition to democracy has been rather complicated for Albania as a country who maintained communist regime the longest and had no previous democratic experience (Democracy International, 2006; Waal de, 2005). Cooperation with international organizations has been sought by Albanian leadership in order to enable smooth

economic and democratic transition. One of the major objectives of Albania's new leadership was achieving membership in international organizations, particularly NATO, OSCE, and the EU (Mema, 2010).

The incomplete transition particularly in the economic terms and establishing free market has significantly contributed to the crisis emergence. The economic conditions at the time of democratisation have provided fertile soil for the emergence of the pyramid schemes. (Kritsiotis, 1999) Furthermore, the financial education of the population has been very low and the government has not made any attempts to prevent people from losing their money.

Considering the five arenas of consolidated democracy by Linz & Stepan (1996), Albania barely fulfilled any of them. Civil society has been barely existent and has been artificially created by the international community assisting with the transition (Waal de, 2005). The political society has not been operating on the democratic principles. The rule of law has been merely existent, with the state apparatus being inefficient. And finally, the economic society operating on the principles of institutionalised market was believed to be developed and efficient, however, the fall of the pyramid schemes uncovered its gaps and serious loopholes. (Democracy International, 2006; Jarvis, 1999)

Therefore, it might be apparent that Albania has been liberalised at the time of the 1997 crisis but has not been democratised yet.

3.3.1.2 Governance failures

During the early stages of transition the communist legacy has been apparent and present in many spheres. People expressed their distrust in the state and official bodies as they were used to and many returned to their pre-communist traditions and social organisation (Democracy International, 2006; World Bank, 1998). Clan culture has been renewed and the traditional law, which has been prohibited during communism, has been restored again. Therefore, this created other impediments towards the democratisation (World Bank, 1998). The mistrust in public institutions caused further developing of traditional institutions and

deepened mistrust in nation state, and hence disabled efficient institution building in Albania. (Democracy International, 2006; Waalde, 2005; World Bank, 1998)

“The distrust of the Albanian people in their state became evident with massive destruction of public property during 1997, including institutions directly benefiting people, such as education and health facilities.” (World Bank, 1998: 1)

According to the World Bank (1998) the governance in Albania has been very weak particularly in terms of “the prevailing governing styles and the institutional capacity of the government bureaucracy.” Albanian population was expressing their mistrust towards government and questioned its accountability (Democracy International, 2006). According to the World Bank (1998), the major challenges to the governance in Albania were the lack of accountability and the lack of institutional capabilities. The lack of financial accountability has contributed to the crisis in 1997, as the government actually allowed the dubious schemes to overtake the investment market.

Albania’s public sector has been affected by a very weak institutional capacity and again, the lack of accountability. Therefore, the employment conditions have been weak, public servants underpaid and demotivated. Furthermore, the organisational structures within the public sector have been counter-productive. (World Bank, 1998)

The organisation of the public sector has been lacking the necessary hierarchy to ensure delegation of authority and hence to function efficiently and effectively. The internal challenges to the public sector have contributed to the poor application of reforms. Underpaid civil servants, inadequate complementary resources and high politicisation of management practices further hindered the organisational and institutional development in Albania during the transition. (World Bank, 1998)

Albania has had great gaps in legislation and the judiciary has been weak, hence, even though the pyramid schemes were

breaching the Banking Law, the judiciary did not take any action. The schemes have been regarded as non-financial institutions and took advantage of loopholes in the law. The schemes were taking deposits without having a banking licence, which was prohibited under the Banking Law. Instead they were exercising their right to borrow under the Companies' law. In 1996 it has been found that they do contravening the Banking Law but the judiciary did not take any action because there was no will from the government to close down the schemes. Furthermore, the judiciary has not been independent and personnel were appointed politically. The Executive had an ultimate power over the judiciary and there has been a widespread practice of dismissal of judges without any previous notice. (World Bank, 1998)

The judiciary has not been efficient in 1990s, the reforms have been introduced too fast and hence both the public and the private sector did not manage to captivate them properly. As a consequence, informal and personal commercial dealings practices prevailed on day-to-day basis. Pervasive corruption, lack of legal information, weak infrastructure, lack of adequately trained staff and poor legal education have contributed to the overall weakness of the judiciary in Albania (Democracy International, 2006; World Bank, 1998). "As a result, justice in Albania is dispensed unpredictably, non-transparently, non-professionally and inefficiently." (World Bank, 1998: 18)

"Being one of the largest recipients of foreign legal aid, Albania has adopted laws modelled on different jurisdictions within the continental law system, as well as on different models within the Anglo-American legal tradition." (World Bank, 1998: 19)

Thus, in addition to the issues with lack of legal information and overall judiciary weakness, there were issues with lack of uniformity and translation of terminology.

After the collapse of communism, "foreign experts" were coming to Tirana who might be perceived as ideological colonialists bringing

the right ideology of market fundamentalism to post-communist countries. These experts were supposed to build western-style institutions and teach locals how democracy and market economy works. It is important to note, that a process of modern western institution building took centuries in the West and suddenly was teleported to the fertile soils of post authoritarian country. (Waal de, 2005) Foreign donors have been assisting Albania to reform the public sector with the main focus on (i) government and ministry structures and organisation, (ii) decentralisation of the government and (iii) personnel issues (World Bank, 1998: 10). The EU has been significantly contributing through Phare Programme. (World Bank, 1998) The EU has supported Albania in its democratisation attempts since 1991 and added Albania into PHARE programme. Trade and Cooperation Agreement were concluded in December 1992 by the European Commission. The EU has financially contributed to both political and economic reforms. (Hoffman, 2005)

Long-time problem with mistrust in government actions, widespread corruption and crime were slowly building up a tension which has been triggered by the collapse of the pyramid schemes. (Mema, 2010; Waal de, 2005)

3.3.1.3 Regional settings

Albania stayed out of the Yugoslav wars however was affected by the underdevelopment of the whole region of Western Balkans (Ringdal & Simkus, 2012).

Massive exodus of Albanian population to the neighbouring countries occurred in the early 1990s when the unemployment grew due to the shock therapy. The government enjoyed benefits of the large scale emigration resulting in no need for policies on regional development, job creation or agricultural infrastructure. The emigration created a tension between Albania and neighbouring countries, although it was manageable. Both domestic and host countries economically benefited from illegal emigrant workers, who were highly exploited. No benefits were possible to claim, as well as health and social insurance and the monetary contribution to families

back home was just very sporadic. Therefore, people did not agree with government's ignorance towards emigration policies. Another problem was lack of financial infrastructure causing many troubles to emigrants who were coming back with money. They could not invest them in the host country as well as they could not invest them at home or save them in a bank, therefore they were often subjects of robberies. This situation has crucially contributed to the crisis, when people did not perceive any other chance than to invest in the pyramid schemes (Waal de, 2005: 10)

3.3.2 Economic

During the early stages of the transition, Albania has suffered economically as the inflation and unemployment grew while GDP has been decreasing (Jarvis, 1999). Nevertheless, between the years 1993-1995 the GDP started rising as a result of privatisation of agriculture and other sectors and the economic situation dramatically improved (Democracy International, 2006; Jarvis, 1999; World Bank, 1998). However, at the beginning of 1996 the situation significantly worsened as problems related to structural reform and banking reform appeared. Furthermore, government pre-election actions in spring 1996 led to overall decrease of government authority, particularly due to pre-election wage rise and VAT introduction postponing which led to increased inflation and deficit rise. (Jarvis, 1999)

“The economic reforms were supported by massive external concessional aid and grants which, together with large inflows of private transfers from abroad, helped to stabilize the exchange rate, reduce the current account deficit, and rebuild foreign exchange reserves.” (World Bank, 1998: i)

Overall, the economic performance of Albania has been impressive, as the unemployment has been reduced by half in 1996, the inflation has been rapidly decreased from 240 percent per annum in 1992 to 6 percent in 1995. The quick growth has been

affected greatly by large flows of transfers from abroad in the form of diaspora remittances.

Nevertheless, the economic transition has been more successful and faster than the political transition. The gaps in governance have been revealed only after the 1997 crisis. The government has not managed to enforce its laws and regulation and actually allowed the pyramid schemes to monopolise investment market. The nominal liabilities of the schemes grasped 50 percent of the country's GDP. (World Bank, 1998)

3.3.2.1 Poor economic performance

Shortly after the fall of the communist government, the banking system in Albania has not been very well developed. Three state banks did not offer attractive investment schemes and private banks very not yet well established. Furthermore, a simple payment transaction procedure in the state-owned banks took many days (up to 15), hence large proportion of the population was storing their money in cash. Therefore, Albanian population was looking for an alternative means of investing their financial assets. (Jarvis, 1999)

Another issue with the state banks in Albania was related to loans as the overdue loans were very high and loan collection was inefficient. This has led to emergence of an informal credit market providing services for private individuals as well as for businesses.

The informal market in Albania has been greatly tolerated by the authorities and international observers perceived it as rather nonthreatening since it has contributed to economic growth of the country. The pyramid schemes were hard to distinguish from the informal market at the early stages. (Jarvis, 1999)

In short, the lack of financial infrastructure might be perceived as the major reason why people were so keen on investing in the pyramid schemes. (Waal de, 2005)

3.3.2.2 Role of resources

The resources that might have played a role in the crisis were diaspora remittances and possibly foreign aid.

Criticism has been directed towards the foreign experts who claimed that Albania is highly dependent on foreign aid, nevertheless, many Albanians working abroad have been greatly supporting Albanian economy and mountain villagers started to further develop their lands and even move for work. Possibly large amounts of funds and foreign aid have been misused due to corruption but this fact cannot be ascribed to common Albanian folk. (Waal, de, 2005)

Diaspora remittances presented a large portion of Albania's GDP. (Musaraj, 2011) Throughout the 1990s the income of Albania came from three major resources: foreign aid, emigration and sanctions busting ("arms and petrol smuggling to Serbia and Montenegro with government connivance"). Money from emigrants used to go directly to families affected by widespread unemployment, hence was perceived as more efficient and visible than money from foreign aid and sanctions busting (the remittances estimated up to \$500 million per year, rising up to 600 million in the end of 1990s). This money was a part of country's legitimate income even though it came from illegal workers, as there was no emigration policy. (Bezemer, 2001; Musaraj, 2011; Waal de, 2005) "The absence of an organised emigration policy was one of the earliest and most persistent sources of resentment towards the government." (Waal de, 2005: 10)

3.3.2.3 *The financial market*

The lack of alternatives in the financial market has contributed to the popularity of the pyramid schemes (see Appendix IV for an explanation how the pyramid schemes work). As it has been analysed earlier, the borrowing companies with real investments were almost impossible to distinguish from the fraudulent pyramid schemes. Since there were basically no options where to invest money, the schemes had a great advantage in the market. Furthermore, the gaps in the legislature and the inability of the government to define the schemes created even more opportunities for the schemes. (Bezemer, 2001; Jarvis, 1999)

Many of the pyramid schemes were based on illegal activities such as trade with arms, drugs and smuggling people abroad. This type of illegal trade generated massive profits and might be perceived as the major factor increasing duration of the schemes. (Waal de, 2005)

Some of the pyramid schemes have had connections with government interests. Since no private banks or stock exchange existed, the pyramid schemes gained popularity. (Jarvis, 1999; Musaraj, 2011)

Outside of the country, the economic situation has been praised, however it has been compared to deep economic crisis of 1991. People lost large sums of money, sometimes even everything they had in the pyramid schemes when they collapsed in 1996 and 1997.

3.3.3 Socio-cultural

Considering the ethnic homogeneity of Albania, the category of ethnic differences will be left out from the socio-cultural conditions and will be replaced by demographics.

3.3.3.1 Demographics

Demographic changes have been observable particularly the trend of descending from mountain areas to coastline has been growing. However, the government did not pay increased attention to this fact. (Democracy International, 2006; Waal de, 2005) President Berisha took it as a settled matter in 1995 perceiving movement of people from mountain areas as using their right to free movement. Hence, no regulations or measurements have been applied. During 1993-1994 the democracy has been questioned due to growing censorship from the part of government and widespread corruption. In 1994 population rejected suggested change in constitution to prevent extensive rights of the president. (Waal de, 2005)

3.3.3.2 Stereotypes

Many westerners were coming to Albania in the early 1990s with expectations that the country is on the same level as third world countries in all aspects just because they have not been in touch

with the West for so long. Much ethnography from Albania is preoccupied with exoticism and rarities and thus might overlook current issues, which might be perceived as more important particularly by Albanian citizens. (Pandolfi, 2002; Waal de, 2005)

Folklorisation is another ghost in Albania, many actions and trends are excused or explained by traditions. Violence is excused as a tradition of blood feuds and thus perhaps no other causes are being searched for since tradition provides sufficient reasoning. This form of folklorisation and exoticism might be yet another form of orientalism and stereotyping of Albania by the West. Kanun might be perceived as a great source for further stereotyping of Albanian society and people's behaviour. (Pandolfi, 2002)

Just before the collapse of the pyramid schemes the World Bank has been reporting that Albania is "a small haven of peace and economic growth." (Waal de, 2005: 4) Furthermore, foreign specialists providing aid in Albania have been organising courses on blood feuds which they identified as the major problem in Albania. Peace-making between feuding families and eradicating blood feuds have been the primary occupation of the foreign experts while ignoring the economic and political situation leading to the crisis. The locals participated in the activities as it presented another source of income. However, despite the good will, the foreign aid organisations did not research deeper in the causes of the blood feuds between the families and focused on the stereotypical side of them. Underneath the 'exotic' blood feuds were commonly gaps in the legal system of the country, particularly property legislation which has been the major reason for feuds between clans and families. (Waal de, 2005)

Blood feuds have been or still are perceived as an important source of troubles such as boys lacking education and so on. However, foreign officials threw blame on traditional blood feuds (Waal de, 2005) rather than looking into more practical aspects causing the problems with low education (World Bank, 1998), such

as kids working or begging as a result of rural unemployment and economic situation in the country.

“In a word, the problems arising from blood feuds are insignificant compared with the problems arising from large scale unemployment, inadequate legislation, an ineffective police force and demotivated or unqualified school teachers” (Waal de, 2005: 4).

High importance of traditions related to Kanun occurs in rural areas mostly, where the problem with unemployment and education prevails over decades, however blood feuds are not the cause of the problem, it might present a small indication. (Waal de, 2005) Hence, the foreign aid providers despite their well-meant efforts to support peace and educate the local population on the conflict prevention rather contributed to increased stereotyping and promoting Albanianism⁶. (Schwander-Sievers, 2008)

3.4 Mechanisms

The mechanism that connects the causes of the crisis with the actual crisis is composed of several entities, hence, an eclectic conglomerate mechanism has been created. This mechanism is composed of both systematic and non-systematic parts. This mechanism will be operatively called ‘the collapse of the pyramid schemes’ and the individual entities will be discussed separately. The whole mechanism will be then analysed and compared against the expected theoretical mechanisms in the following chapter.

3.4.1 The collapse of the pyramid schemes

The collapse of the infamous pyramid schemes is sometimes referred to as the cause of the crisis that emerged immediately afterwards. Nevertheless, the fall of the schemes *per se* is not the sole cause, it has rather served as a mechanism that connected the

⁶ Albanianism is a form of balkanism targeted solely at Albanian population. This assumption is rooted in classic orientalism and projects essentialist stereotypes onto Albanian population. The main assumptions of albanianism are that Albanians are naturally violent and conflicting people. Such cultural construct can create misunderstandings about actual issues in the country. (Schwander-Sievers; 2008)

actual causes of the crisis and made the crisis happen. It has been argued that some form of a crisis would occur even if the schemes did not collapse (Waal de, 2005), however, it is unlikely that protests with such masses of people and so much violence would occur only as a result of dissatisfaction with the political regime. Therefore, the causes of the crisis can be perceived as those described and analysed above and the fall of the pyramid schemes understood as a non-systemic mechanism.

The collapse of the schemes turned into riots and uprisings against Berisha's regime resulting in death of 2000 people. (Jarvis, 1999; Mema, 2010; Musaraj, 2011; World Bank, 1998) The end of the pyramid schemes has been the major event that has led to the crisis in Albania. The above analysed causes of the crises have significantly contributed to the viability of the schemes, however, it is likely that the violence would not have occurred if the schemes did not fall. (Mema, 2010)

a) Undemocratic practices of the government

Following the analysis on the political causes of the crisis, it is certain that the government favoured rather undemocratic practices which led to pervasive dissatisfaction of the population.

The lack of democracy caused the lack of trust in the system and the state and disabled the state building to proceed.

Following the analysis of the conditions that led to the 1997 crisis, the arguments of Ballentine & Nitzchke (2003) would certainly fit the case. Their assumption that the modern conflicts occur as a result of mostly economic and partially socio-political factors can be applied to the case of the 1997 crisis. Corruption, lack of financial infrastructure in a combination with weak governance and barely existing rule of law have strongly contributed to the germination of the crisis.

b) The 1996 elections

The third democratic elections since the fall of communism took place on 26th May 1996 and the second round on 2nd June 1996. According to Human Rights Watch (1996b), there have been several significant irregularities. Human rights violations before, during and after the elections have been reported by the foreign observers, such as ballot stuffing, physical attacks and voter list manipulation. Nevertheless, the US, the EU and OSCE acknowledged some irregularities and did not denounce the elections as not transparent, instead partial revote has been recommended. (Human Rights Watch, 1996b) After the elections have not been denounced as the wide Albanian public expected, a strong mistrust in EU occurred as people thought that the EU supports Berisha's regime.

After the election, the political instability further increased, and perhaps that is another factor that distracted the attention of the politicians and provided the dubious schemes with needed space.

The elections play a crucial role in the emergence of the crisis as they have been the last step before the collapse of the pyramid schemes towards a crisis.

4. The case of Macedonia

Macedonia has been added to Yugoslavia in 1945, during the period of "Second Yugoslavia" (1945-1991). Three new nations Macedonian, Montenegrin and Muslim were added to the "old" nations (Croatian, Slovenian and Serbian) (Engstrom, 2002; Halpern & Kideckel, 1997).

Macedonia has been struggling on domestic, regional as well as international level since its declaration of independence in January 1992. (Engstrom, 2002; Hislope, 2003; Phillips, 2004) Domestically, the ethnic tensions created by discrimination of the Albanian population together with economic difficulties and weakly developed politics were driving Macedonia into crisis. Struggles on the regional level have been caused by challenges to legitimacy of Macedonia, particularly from Greece and Bulgaria. However, in the early 1990s

Macedonia avoided the same fate as Yugoslavia and as the only Yugoslav state managed to escape peacefully. (Hislope, 2003; Karajkov, 2009; Kim, 2001; Phillips, 2004) The international community attempted to prevent a spill-over of ethnic hostilities in multi-ethnic Macedonia as another conflict in the region would involve more neighbours (Chivvis, 2008; Kim, 2001). Furthermore, refugee crises caused by NATO's war in Kosovo has been also managed relatively well. "In short, Macedonia was a fragile, yet persevering polity; one susceptible to violence but resilient enough to avoid an implosion." (Hislope, 2003: 130)

A deep analysis of the pre-war situation in Macedonia will be presented in this section. Firstly, the crisis will be briefly introduced to provide background information necessary to capture the main concepts. The main events leading to the crisis until the first events of high violence will be analysed in a form of chronological descriptive narrative tracing back the events that strongly affected the emergence of the conflict. Based on the chronological analysis, conditions leading to conflict will be analysed following the theoretical framework. The mechanisms connecting the conditions and the outcome (the conflict) have been identified by careful tracing back the process that led to the crises. The mechanisms will be presented and analysed in the final part of this chapter.

4.1 The 2001 conflict

For almost a decade, Macedonia has been presented as an imperfect model of inter-ethnic coexistence and cooperation. Therefore, the rapidly developing 2001 civil war has been a relative surprise for the international community. (Ackerman, 2002; Karajkov, 2009; Kim, 2001) The crisis lasted six months and "embarrassed politicians and analysts who believed that having managed successfully interethnic relations for the past decade, Macedonia has luckily evaded the ethnic crises that occurred in all post-Yugoslav republics." (Mincheva, 2009: 211)

Slav Macedonians were explaining the crisis as being imported from Kosovo with an aim to destabilise Macedonia. The Slav Macedonian leaders assumed that the border treaty ratified with Serbia has been the reason for insurgencies as the major smuggling route has been closed down. Hence, according to Slav Macedonians, the cause of the conflict was solely external while Albanian Macedonians claimed that the causes were of an internal character, rooted in pervasive discrimination of the ethnic Albanians. (Mincheva, 2009)

A major threat to the Macedonian security appeared as the NATO proved an inability to completely disarm KLA members, who were then able to smuggle weapons from Kosovo. "Hence, this case teaches us that porous borders, diasporic networks and the availability of young men and weapons are the key ingredients of ethnic war-making." (Hislope, 2003: 129)

The international community has expressed support for maintaining the sovereignty of Macedonia and labelled the paramilitaries as terrorists. However, the Macedonian army has been very weak and incompetent of wiping out the Albanian rebels, additionally, the Macedonian politicians have expressed their interest in solving the crisis by military rather than political means. Hence, if the Macedonian government was left alone to deal with the crisis, the conflict would most likely end up more violent with possible civilian crisis as well. Therefore, EU and NATO were pushing the Macedonian politicians to negotiations and peaceful settlement of the crisis. (Hislope, 2003)

"Given Macedonia's fragile state, weak military, and poor economy, the Macedonian political class had little choice but to relent to European demands for a negotiated settlement." (Hislope, 2003: 142)

At the beginning of April 2001, the EU gave Macedonia an offer of signing the Association and Stabilisation Agreement. "By signing this document, Macedonia became the first Balkan country to enjoy preferential trade relations with the EU and to start on the track

European integration.” (Hislope, 2003: 142) But, in return, Macedonia would have to implement reforms in favour of the Albanian demands. Therefore, Macedonian politicians became sceptical that the EU is not playing a fair game by labelling the rebels as terrorists but answering their demands. The Association and Stabilisation Agreement did not stop the fighting as it was originally expected by the EU. (Hislope, 2003)

4.2 Events leading to the conflict

The timeline of the events leading to the conflict in 2001 in Macedonia can be divided into two major periods. First, low intensity period with low violence took place between 1991 and 1999 and second, the period of high intensity and high violence during 1999-2002.

The first major step in modern Macedonian history has been the secession from Yugoslavia in 1991. However, first issues started in early 1990s with a large protest in Tetovo which took place in **February 1990**, where 2000 ethnic Albanians rose up against discrimination (Rizova, 2011). In **November 1990** the first free elections took place, in which ethnic Albanian party ‘Party for Democratic Prosperity’ (PDP) won 17/120 seats in the parliament. (Jakov Marusic, 2011) The President Kiro Gligorov, loyal to the Yugoslav Federation, has been elected by the Parliament in **January 1991** (Phillips, 2004). The ethnic tensions intensified in **November 1992** in Bit Pazaar, an Albanian neighbourhood in Skopje, where Macedonian police intervened against smuggling activities and detained 87 ethnic Albanians. This event resulted in death of four ethnic Albanians and led to protests against discrimination (Minorities at Risk Project, 2004; Rizova, 2011; Woodward, 1995) Between the years 1992 and 1993, several protests took place, Macedonians have been protesting against ‘Islamisation’ of Macedonia when the country prepared housing for over 50,000 prevailingly Muslim refugees from Bosnia. (Minorities at

Risk Project, 2004) UN forces have been deployed to monitor the borders and also to prevent spill-over from Bosnia (Human Rights Watch, 1996). Two ethnic Albanian ministers have been arrested in **November 1993** for supporting the development of paramilitary groups (Minorities at Risk Project, 2004)

In **January 1994**, ethnic Albanian political leader Mitihad Emini and other 9 ethnic Albanians have been arrested for separatist activities (Rizova, 2011) and smuggling weapons to Macedonia in order to arm the Albanian paramilitaries (Minorities at Risk Project, 2004)

During the **summer 1994**, the tensions increased because of upcoming population census, several clashes took place in Tetovo and PDP officially left the government as a protest against conviction of Albanian officials. (Minorities at Risk Project, 2004)

Second two-round parliamentary elections in **October 1994** brought 19 seats for ethnic Albanian representation (Jakov Marusic, 2011; Minorities at Risk Project, 2004). The population census reports in **November 1994** that the proportion of Albanian population is 22.9 per cent of total population, nevertheless ethnic Albanians claim that the results have been manipulated and they account for at least 40 per cent of the total population. (Minorities at Risk Project, 2004; Phillips, 2004) However, this assumption has been rejected by trusted international observers. (Minorities at Risk Project, 2004)

Opening of a new Albanian university in Tetovo in **December 1994** has been sabotaged by the Macedonian government and the university building has been destroyed. (Human Rights Watch, 1996; Minorities at Risk Project, 2004; Rizova, 2011)

Albanian language has been recognised by the Ministry of Justice as the second official language in Macedonia on **26th January 1995**. Despite the positive change, another set of clashes between Albanians and Macedonian police occur at the illegal opening of the university in Tetovo, resulting in death of one man. The series of events between **15th and 27th February 1995** included two protests with 2000 ethnic Albanians against the closure

of the university of Tetovo and resignation of 19 ethnic Albanian parliament members. (Minorities at Risk Project, 2004; Rizova, 2011)

Couple of radio and television stations operating in Albanian language have been closed by the government in **May 1995** (Human Rights Watch, 1996; Minorities at Risk Project, 2004). Later in **May 1995** the dean of the illegal university in Tetovo has been arrested (Human Rights Watch, 1996; Rizova, 2011).

During the year 1996 another protests related to the university in Tetovo occurred, professors were appealing at various foreign universities for cooperation and Albanian population demanded a right of higher education in Albanian language. In **July 1996** approximately 3000 ethnic Albanians protested in Skopje against the closure and the illegal status of the university. (Minorities at Risk Project, 2004) The university has been formally allowed in early 1997 but Macedonian state did not recognise its diplomas and drafted a law on providing higher education exclusively in Macedonian language. Furthermore, the dean of the university has been released from prison (Human Rights Watch, 1998).

The late **spring and summer of 1997** witnessed violent clashes in the town Gostivar. (Minorities at Risk Project, 2004) In **May 1997**, newly elected ethnic Albanian mayor of Gostivar displayed Albanian and Turkish flag outside of the town hall as well as the new mayor of Tetovo has done. Both mayors have been officially warned by the Court that their action is illegal, however, they have ignored the warnings (Human Rights Watch, 1998; Stoel van der, 1997) To relax the tensions in Gostivar and Tetovo, on **8th July 1997** the government adopted a new law allowing flags of minorities to be displayed publicly on private properties but only on Macedonian national holidays and sporting events, on public properties the flags were allowed to be placed next to Macedonian flag (Human Rights Watch, 1998; Minorities at Risk Project, 2004; Stoel van der, 1997). However, both mayors refused to take down the Albanian flags from their town halls, which led to an incident on **9th July**, when Macedonian police took down the flags by force, resulting in clashes

(Stoel van der, 1997). Two Albanian men have been shot by the Macedonian police, one man died as a consequence of beating by the police and allegedly 312 people had been arrested, including the mayor of Gostivar Rufe Osmani. (Human Rights Watch, 1998; Minorities at Risk Project, 2010) According to Stoel van der (1997) Macedonian police reported that documents regarding organising Albanian resistance have been found in his office. Mr Rufe Osmani has been charged with 13 years and 8 months imprisonment for organising resistance, spreading ethnic and racial hatred and for ignoring court ruling. According to independent observers, the trial has not been fair and the sentence unreasonably high (Human Rights Watch, 1998). The deputy of the leader of PDP Iljaz Haliti stated that the clashes in Gostivar and Tetovo have been organised by the Macedonian government in order to repress the ethnic Albanians and prevent their uniting (Minorities at Risk Project, 2004).

The situation in Gostivar and Tetovo did not improve significantly and in **April 1998** thousand ethnic Albanians protested against the harsh charges for the former mayor of Gostivar (Minorities at Risk Project, 2004). In **May 1998** the UN deployed additional 750 peacekeeping troops to strengthen the border monitoring. (Minorities at Risk Project, 2004)

Two round general elections in **November 1998** brought a victory to the ruling Macedonian party VMRO and negotiations about forming a coalition with two Albanian parties (Democratic Alternative Party and the Democratic Party of Albanian) resulted in inclusion of radical parties in the government. (Minorities at Risk Project, 2004)

The period of high intensity and high violence has started as a result of the crisis in neighbouring Kosovo. (Rizova, 2011) Massive influx of refugees from Kosovo in **January 1999** started altering the demographics of Macedonia and the politicians expressed their concerns (Mincheva, 2009; Minorities at Risk Project, 2004; Rizova, 2011). Kosovo Liberation Army members infiltrated among the refugees (Kim, 2001; Phillips, 2004; Rizova, 2011) The leader of DPA party Arben Xhaferri started publicly expressing his support for the

independence of Kosovo, but admitting that the situation in Macedonia is distinct and the ethnic Albanians do not strive for sovereignty nor independence, only for their rights. Nevertheless, couple of weeks later, in **February 1999**, he stated that the existence of a single all-Albanian state is possible in the future and admitted that KLA has helped his party to gain more political respect. (Minorities at Risk Project, 2004)

In **March 1999**, another 5000 ethnic Albanian refugees entered Macedonia as a result of heavy fights in Kosovo. (Minorities at Risk Project, 2004) Following the NATO's attack on the Former Republic of Yugoslavia on **24th March 1999** (CNN, 1999), around 50 000 Kosovar refugees are refused by Macedonia (McKinsey, 1999) in order to prevent destabilisation of the country (Minorities at Risk Project, 2004).

In **April 1999** the tensions in Macedonia ignited by the crisis in Kosovo started to escalate. Macedonian media reported that KLA have secret headquarters in Tetovo, however, this statement has been dismissed. PDP has declined any connections with KLA and DPA refused to comment on the assumption that young Albanians from Macedonia are being recruited by KLA (Minorities at Risk Project, 2004). At the end of **April 1999**, Macedonian politicians urged other countries to accept refugees from Kosovo as they were afraid of serious demographic changes as over 150, 000 Kosovar Albanians have been sheltered on Macedonian territory (CNN, 1999b; CNN, 1999c; Rohde, 1999). Albanian politicians stated in **May 1999** that they demand equal status of the ethnic Albanians as the Slav Macedonians, thus, to upgrade their minority status (Minorities at Risk Project, 2004). In **June 1999**, additional peacekeepers arrive in Macedonia, expanding their number to 16,600 and ready to move to Kosovo. The NATO troops in Kosovo were supposed to disarm KLA, clean mines and to return refugees (Minorities at Risk Project, 2004; Moore, 1999) However, the disarming has not been successful, British troops believe that only a fraction of total KLA weaponry has been confiscated (Brown, 1999).

During **August 1999** arm smuggling from Kosovo to Macedonia has been reported, Albanian government distanced itself from the accusation of enabling the smuggling (Radio Free Europe Radio Liberty, 1999).

Anti-NATO feelings have been strengthened in Macedonia when Macedonian minister with his family died in a car crash caused by Norwegian KFOR officer Captain Vestli in **September 1999**. Presidential elections in **November 1999** did not proceed smoothly, irregularities have been reported. Boris Trajkovski won the presidential election with the support of ethnic Albanians. President Trajkovski promised that the underground university in Tetovo will be authorized, government documents will be available in Albanian language and broadcasting in Albanian language in one TV channel will be allowed. (Minorities at Risk Project, 2004)

At the end of **January 2000** Serbian Renewal Movement in Macedonia reported that the ethnic strife between Albanians and Slav Macedonians are intensifying as the ethnic Albanians aim to create 'Greater Albania'. (Minorities at Risk Project, 2004)

The **end of February 2000** witnessed new set of casualties in Southern Serbia (in towns Presevo, Medvedja, and Bujanovac), where 15 ethnic Albanian insurgents connected to KLA were killed. (Helsinki Committee for Human Rights Serbia, 2000) During the rest of the year 2000 another soldiers were sent to Kosovo to monitor the borders with Serbia and prevent KLA infiltration in Serbia, however, smuggling of arms from Kosovo to southern Serbia continued (Minorities at Risk Project, 2004).

On **22nd January 2001** a grenade attack on Macedonian police station in predominantly Albanian village Tearce resulted in a death of one policeman (BBC, 2001a; Phillips, 2004). Albanian guerrillas claimed responsibility for the attack (BBC, 2001b; BBC, 2001c; Minorities at Risk Project, 2004). On **17th February 2001** first larger scale clashes between the Albanian guerrillas formed into National Liberation Army and the government forces started near the village Tanusevci (Minorities at Risk Project, 2004; Phillips, 2004).

See Appendix IX for a brief timeline of the conflict.

4.3 Conditions leading to the conflict

Following the chronological analysis of the events leading to the conflict in Macedonia, the conditions that have led to the conflict will be analysed based on the theoretical model introduced in the first chapter.

4.3.1 Political

Even though, the Albanian minority has had greater rights than other minorities in the Balkans, they have had legitimate grievances. For ten years, local authorities have been represented with mostly Slav Macedonians, hence Albanians did not feel they have their own authority, also the language barrier has been present and contributed to further dissatisfaction among the ethnic Albanian population (Chivvis, 2008). With the adoption of a new constitution in 1991, the ethnic Albanians felt that their status has been undermined and they classified as second-class citizens⁷ of Macedonia (Chivvis, 2008; Mincheva, 2009).

4.3.1.1 *Incomplete democratisation*

The conflict in Macedonia ignited at the time of nation building project, hence the government had several challenges to deal with at the same time. Responding efficiently to both internal and external challenges to legitimacy has been intricate for the government. (Rizova, 2011)

Following the five arenas of democracy by Linz & Stepan (1996), Macedonia has also not been consolidated democracy yet. Civil society has not been very active, the political society has been present and has been created as result of free elections, but it can be argued that the electoral contest has not been entirely inclusive as the representation of Albanians has been low. Additionally, the

⁷ With the independence and the new constitution, Albanians gained a status of minority, even though in socialist Yugoslavia they held a status of a nationality (Engstrom, 2002)

rule of law has been relatively weak particularly in the areas with Albanian minority being in a majority, state apparatus was lacking functioning institutions and suffered from corruption, and finally, the economic society with institutionalised market has not been developed yet when the conflict occurred.

4.3.1.2 Governance failures

Weak institutions and rule of law further contributed to the fragility of the country. The military has been very weak and poorly trained, therefore the creation of paramilitary and guerrilla forces has been simplified (Kim, 2001).

Between the end of Communism and the beginning of the 2001 crisis, Macedonia had three parliamentary (1990, 1994, 1998), three local (1990, 1996, 1999) and two presidential elections (1994, 1999). According to the external international observers, each of the elections were democratic and without any major impediments. However, the political institutions have been very weak, decision making not transparent and the political representation has been perceived as not accountable and fair. What drew ethnic Albanian into joining and supporting NLA was the very weak rule of law, almost non-existent civil society and the unresolved legitimacy of the Macedonian state. (Hislope, 2003)

Both Macedonians and Albanians felt that the state is corrupt, political institutions are not trustworthy and the rule of law is very weak. Furthermore, the representation of the population has been missing as the civil society has not been developed, only supplemented by various international agencies attempting to help. Ethnic Albanians have experienced the weak legal system and were often discriminated against by Macedonian police. Therefore, the initial stage of the conflict has often been explained as a revolt against police brutalities. (Hislope, 2003)

Ethnic Albanians have been greatly underrepresented in politics and the Slav Macedonian government had difficulties with integration of the minority and working in two languages, while dealing with

economic challenges and rough transition to democracy. Based on advice from institutional actors, a government consisting of four leading political parties has been formed. Two parties were Macedonian (Internal Macedonian Revolutionary Organisation – VMPRO and Socialist Democratic Party of Macedonia - SDSM) and two parties were Albanian (Democratic Party of the Albanians and Party for Democratic Prosperity), however they were unable to communicate and thus cooperate (Chivvis, 2008; Mincheva, 2009). The Albanian parties stayed in the government only officially and did not take any actions to ease the inter-ethnic tensions and enable smooth cooperation between the two ethnicities. (Chivvis, 2008)

“Needless to say, the government made no progress addressing Albanian grievances, while the rebellion continued to gain favour with the local Albanian population, spreading out across the north and west.”
(Chivvis, 2008: 145)

The dysfunctional nature of the Macedonian state throughout the 1990s and the way the Albanian minority has been treated might be another explanation to the conflict emergence. (Chivvis, 2008) Furthermore, the ethnic Albanians perceived that they do not enjoy enough rights, according to UNDP (2000) survey, 93.4 per cent of the participants stated that they do not have sufficient rights. Thus, growing support of NLA claiming to fight for greater rights, by the ethnic Albanians, can be explained. (Hislope, 2003)

4.3.1.3 Regional settings

Regional settings and the relations with neighbours have affected Macedonia greatly (Rizova, 2011). Since the newly independent Macedonia lost its protection from Yugoslavia, the relations with its neighbours were more difficult to handle (Engstrom, 2002). Firstly, Macedonia has been struggling with both internal and external legitimacy since the country seceded Yugoslavia. Neighbouring countries, particularly Bulgaria and Greece had issues with accepting Macedonia as a sovereign country. Bulgaria claimed that Macedonians are in fact Bulgarians, however, they recognised

Macedonia as one of the first in the region⁸ (Engstrom, 2002; Phillips, 2004; Rizova, 2011). Since Macedonia proclaimed independence under the name Macedonia, the Greek reactions have been very strong. The issue with the name originates from the fact, that a region in Greece is called Macedonia and shares border with the Republic of Macedonia (Engstrom, 2002; Phillips, 2004). The possibility of Macedonia attacking Greece and attempting to seize Thessaloniki and some territory is highly unlikely as the country has been militarily very weak since the proclamation of independence and practically friend-less. (Phillips, 2004)

In 1992 the Greek government disabled foreign aid to reach Macedonia with over 97 tons of medicine and food to help with grave influenza epidemic in Macedonia. Another actions destabilising Macedonia economically have been taken by Greece, such as oil embargo. Furthermore, the government officials have been in touch with Milosevic and discussing together the possible resolution of the Macedonian question, without the presence of any Macedonian official. (Phillips, 2004)

Before the beginning of 1994, majority of European countries recognised Macedonia as 'The Former Yugoslav Republic of Macedonia' (FYROM). (Engstrom, 2002)

In 1995 new Greek government under new Prime Minister Papandreu imposed embargo on transport of goods between Skopje and Thessaloniki, following the total unilateral trade embargo imposed in 1994. However, the Macedonian president Gligorov remained calm as he did not see Greece as a threat due to its constrains by NATO and the EU. Serbia under Milosevic has been perceived as much more imminent threat. (Phillips, 2004)

Secondly, the country has been significantly affected by the massive influx of approximately 250,000 refugees from **Kosovo** between the years 1998-1999 (Kim, 2001; Ringdal & Simkus, 2012).

⁸ Bulgaria recognised Macedonia as a state but not as a nation (Engstrom, 2002)

The demographics of the country have been modified by the sudden increase of ethnic Albanian population and the fragile country had major difficulties to cope with this situation both politically and economically. (Rizova, 2011; Rohde, 1999) Furthermore, together with the Albanian refugees from Kosovo, members of Kosovo Liberation Army (KLA) infiltrated and created National Liberation Army (NLA). NLA was responsible for attacks on Macedonian police forces and other guerrilla actions. (Kim, 2001; Rizova, 2011) The KLA fighters were allegedly trained by the West in order to help NATO to and Western democracies to fight Milosevic. However, they have used their skills in training the NLA fighters in Macedonia (Hislope, 2003; Phillips, 2004; Rizova, 2011). The emerging crisis in Macedonia can be perceived as a blowback in the sense that the paramilitaries trained by the West for a specific purpose utilise their training and skills to create another insurgency and eventually become a threat to the Western foreign policy in another geographic area. (Hislope, 2003) Albanian politicians have been supporting the prime minister of Kosovo in his attempts to form an interim government and allegedly, some Macedonian paramilitaries have been sent to northern Albania for a terrorist training (Minorities at Risk, 2010).

An argument that the crisis has been imported from Kosovo has been popular among many Slav Macedonians. However, the Kosovo crisis does not seem to be sufficient to create a conflict in another country if the country worked properly so far. Therefore, it is more likely that the Kosovo conflict served as an escalation of existing problems within the country and ignited larger scale crisis. (Chivvis, 2008)

4.3.2 Economic

Macedonia has been the poorest country in former Yugoslavia and after the fall of socialism, the economic situation has not improved. Macedonia experienced significant economic changes that had

negative impact on industrial production and hence lead to an increase of unemployment. (Chivvis, 2008; Kim, 2001; Rizova, 2011)

The economy of Macedonia has been declining every year from 1990 until 1995. The reason behind the very poor economic performance, high inflation and increasing unemployment, were the trade barriers imposed by the UN and Greece. During the year 1996 the economy grew for the first time in years, however it has experienced another shock in 1999 during the conflict in Kosovo. Shortly before the eruption of the 2001 crisis, the unemployment rate was extremely high, reaching 45 per cent. The differences between Albanian and Macedonian unemployment have been allegedly negligible. Nonetheless, the persistent unemployment among young population together with the perceived discrimination from the side of the ethnic Albanians might have ignited the desire for a change even more. (Hislope, 2003)

4.3.2.1 Poor economic performance

The economy of the country has been considerably affected by sanctions imposed by the UN in 1992-1996, the unilateral Greek embargo between the years 1994 and 1995 and also by the war in Kosovo in 1999 (Kim, 2001; Phillips, 2004).

The economic changes together with inefficient political institutions contributed to increased ethnic tensions in the country, because of the inability of the institutions to efficiently respond to the negative economic changes. "A combination of modernization, economic slumps and inefficient institutions is a recipe for ethnic disaster." (Rizova, 2011: 76)

In terms of employment, it is very hard to estimate any numbers as they vary with a source, both Albanian and Macedonian sources provide different estimates as well as external resources. The economic situation of the Albanian population has been similarly difficult to establish. The Albanian population claimed the unemployment rate over 60 percent. However, following fieldwork testimonies from the time just before the conflict, the Tetovo has been fatly developing, high proportion of the Albanian inhabitants

owned expensive cars and built large houses. Additionally, Albanian population has been greatly supported by diaspora remittances as the amount of guestarbeiter in the West has been exceptionally high. “Other segments of Albanian society have profited by way of trafficking in drugs, contraband tobacco, and prostitution.” (Hislope, 2003: 133) Hence, Macedonians perceived the ethnic Albanians as thieves and criminals destroying the image of the whole country. Nevertheless, not all Albanians profited from diaspora remittances by their family members or informal business. There have been a large proportion of ethnic Albanians who lived in very poor conditions, particularly rural farmers.

4.3.2.2 Role of resources

“It seems that changes in the distribution of wealth in Macedonia could be partly responsible for the intensification of the conflict” (Rizova, 2011: 76).

The lack of access to resources from the side of ethnic Albanians might have been one of the major factors of their grievances. The related resources would be education in mother tongue of the largest minority, as well as income producing activities. (Chivvis, 2008; Rizova, 2011)

4.3.3 Socio-cultural

4.3.3.1 Ethnic diversity

Ethnic tensions between Slav Macedonian majority and the Albanian minority have been quite intense since the declaration of independence and have further increased following the economic instability and uncertainty as the unemployment grew (Kim, 2001; Rizova, 2011).

Majority of Albanian and Macedonian population used to live and still lives in segregated areas, with most Albanians living along the borders with Albania and Kosovo (Kim, 2001). They are also in majority in some western areas, particularly in districts of Tetovo, Gostivar, Kicevo and Debar. (Rizova, 2011)

The core of the ethnic tensions was the perceived discrimination by the Albanian minority. The Albanian minority claimed that they represent 40 per cent of the population and not 22.9 per cent as has been recorded in the June 1994 Census. (Kim, 2001) They demanded greater cultural, educational and linguistic rights as well as increased representation in politics and institutions. Recognition of Albanian language as the second official language and government support to the university of Tetovo have been the major demands from the Albanian politicians and activists. (Kim, 2001; Rizova, 2011)

Furthermore, the cultural differences between the two ethnic groups are high on linguistic, religious and traditional levels. Intermarriages are extremely rare between the two groups. Social lives are also divided by the ethnicity, bars and clubs usually had clients from one ethnic group only. Therefore, the cooperation between Albanians and Macedonians has been very low on many levels. (Hislope, 2003)

“Essentially, Macedonians express a cultural hierarchy that portrays themselves as ‘advanced’ and Albanians as ‘backwards’.” (Hislope, 2003: 134)

However, the Macedonian majority did not acknowledge that the Albanian minority might be discriminated, but on the other hand they claimed that the minority enjoys adequate rights, which are greater than other minorities enjoy in other European countries (Kim, 2001). Nevertheless, the important background factor on the Macedonian side is the fear of potential Albanian secession under the prospects of creating Greater Albania.

4.3.3.2 Demographics

Ethnic Albanians have been not equal to the ethnic Macedonians, this inequality has been observed rather on the political level than the economic one.

The Albanian population perceived that they have been undercounted in each census in Macedonia and claimed that their

population is much higher than the reported amount in censuses (Hislope, 2003; Minorities at Risk Project, 2004). Simultaneously, ethnic Macedonians have feared that they lose their power as the Albanian population was growing, given the high birth rate among Albanians and low birth rate among Macedonians (BBC, 2001c; Hislope, 2003). Therefore, it might be possible that the numbers have been manipulated, however this is a subject of speculation. Macedonians have managed to gain independence and feared that if the Albanian population grew and received more rights than they would lose control over their new state.

“Based on sheer reproductive trends, Macedonians are ageing and shrinking relative to Albanians. Insofar as demographic size creates political power, the Albanians are a people with future.” (Hislope, 2003: 132)

4.3.3.3 Stereotypes

Stereotypes between the two ethnic groups have hindered pre-conflict cooperation and peace as both perceived each other as the more aggressive group and determinate themselves as the moderate and peaceful group (Rizova, 2011). During the times of economic, political and social uncertainty, the population is more likely to accept stereotypes about the other – the enemy (Rizova, 2011).

Some of the Macedonians use for calling Albanians a pejorative term ‘Shiptari’. The cultural differences are further strengthened by the uniqueness of the Albanian culture. Albanians have been isolated for decades and also have kept their culture among themselves. The Albanian culture might be perceived as pre-industrial considering the family structure, inferior role of women, and following traditional law (Kanun) with the presence of blood feuds. However, Hislope’s (2003) description of the Albanian culture might be perceived as it has been reduced to Albanianism (Schwander-Sievers, 2008) and the main assumptions explaining the behaviour

of the ethnic Albanian population seem to be rather folklorised (Pandolfi, 2002).

Nevertheless, describing Albanian culture, both with stereotypes or without, is significantly simpler than describing Macedonian culture. Ethnic Macedonians have issues with finding their own culture and historical roots. Being challenged by their neighbours, Macedonians have rather insecure national identity. Bulgaria claims that Macedonians are in fact Bulgarians, Serbia calls Macedonia “the old Serbia” while according to Greece the name Macedonia can be used exclusively by the Greeks referring to the province on their territory. Hence, the Macedonian identity is being considered by the neighbours as artificially constructed. (Hislope, 2003)

4.4 Mechanisms

The mechanism that connects the above analysed conditions to the actual conflict is composed of several parts, both systematic and non-systematic. The parts of the mechanism will be discussed below and will be presented in a logical sequence. The result is an eclectic conglomerate mechanism (Beach & Pedersen, 2013) and will be operatively called ‘the Kosovo recipe’ (adopted from Hislope, 2003) which is composed of the refugee flows causing demographic changes and infiltration of KLA members, the disability of the NATO to disarm KLA and hence indirectly enabling arming the paramilitaries in Macedonia. These two parts of the mechanism can then be connected with the long-term perceived oppression of the Albanian population from the side of the Slav Macedonians together with national discourse of the leaders. Therefore, the first two parts of the mechanism are case-specific (non-systematic) and the second two parts are theoretical – related to ethnic politics and nationalism discussed in the theoretical framework chapter.

The eclectic conglomerate mechanism will be discussed in this section, focusing on the separate entities. The causal explanation will be provided in the next chapter.

4.4.1 'Kosovo recipe'

According to Hislope (2003) the conflict in Kosovo has been spilled over in Macedonia, hence, with the combination of domestic issues in Macedonia, it has created the perfect conditions for war. Furthermore, the NATO has been unable to disarm KLA completely, hence weapons were accessible, masses of young men were available and ready to fight due to high unemployment, and the Albanian population within Macedonia enjoyed a great support of its large diaspora communities. (Fearon & Laitin, 2003; Hislope, 2003)

“As Albanian grievances accumulated in Macedonia, and the perceived failure of Albanian political parties to improve conditions gained currency, a political opening was created for more radical options.” (Hislope, 2003: 130)

Hence, following the creation of NLA with the help of KLA members exploiting the porous boundaries between Macedonia and Kosovo, this rebel formation gained popular support among ethnic Albanians. (Hislope, 2003)

The NLA leaders admitted that they have planned the rebellion in Macedonia for years and the insurgency was well planned and calculated (Kim, 2001). The timing of the initial attack in the village of Tanusevci has been strategic as it has been launched at the time when the border between Serbia and Macedonia has been officially demarcated and the Macedonian police entered Tanusevci, where Albanian army depots have been located. (Hislope, 2003)

The creators of NLA have had strong experience from Kosovo, as they have been active in Popular Movement for Kosovo (PMK) which has been later transformed into KLA. The three main players – Ali Ahmeti, Fazli Veliu and Emrush Xhemajli – were discussing the potential spread of the Kosovo crisis into Macedonia shortly after the 1999 NATO bombing of Kosovo (Hislope, 2003; Kim, 2001).

“Consequently, a strategy for advancing the Albanian nationalist cause was born: amass the requisite firepower to launch guerrilla operations, create a security crisis within the state, seduce the government into overreacting

against the civilian population, and call upon the West for assistance. This, in a nutshell is the Kosovo recipe.” (Hislope, 2003: 141)

Albanian paramilitaries were useful for the West as they were helping to remove Milosevic. However, after the removal of Milosevic in October 2000, the paramilitaries were not useful for the West anymore and were expected to dissolve. “Suddenly, Albanian nationalism became the main threat to peace and stability in the region.” (Hislope, 2003: 141-142)

a) Ethnic politics

The Macedonian leadership with few nationalist hardliners emphasised that the revolt of the rebels originated in the Albanian Ethno-Territorial Separatist Movement and creation of “Greater Albania”. (Mincheva, 2009) Nevertheless, there is only very limited evidence that Albanians within the Macedonian territory as well as diasporas in Kosovo and Serbia would make such claims and attempt to create the “Greater Albania”. (Chivvis, 2008) “The hardline Macedonian leadership turned out to be the most enthusiastic about a territorial settlement, if only as a last-ditch to preserve a Slav dominated state.” (Chivvis, 2008: 143) During the revolts, nationalist hardliners, particularly the Prime Minister Ljubco Georgijevski and the Interior Minister Ljube Boskovski, sensed an opportunity to “crush the Albanian minority once and for all and settle the political-rights question in their favour.” (Chivvis, 2008: 144)

b) Nationalism

Both Albanian and Macedonian nationalism has played an important role. Macedonian nationalism appeared stronger as the relations with neighbours worsened. The increased level of nationalism can be perceived as a form of coverage of the state weakness. (Engstrom, 2002)

Albanian nationalism in its rather extreme form has affected the crisis significantly. Nevertheless, the opinions vary in research.

According to Mincheva (2009) the Albanian Ethnoterritorial Separatist Movement (ETSM) has played a significant role in igniting the conflict. "The Albanian ETSM has four segments. They include the Albanians of Kosovo, Macedonia, south Serbia and Macedonia." (Mincheva, 2009: 219) The most active segment was of Kosovar Albanians with 90 percent Albanian population within Kosovo.

In the 1990s the Albanian ETSM developed very rapidly reacting to disintegration of Yugoslavia and the Kosovo conflict. "From a dormant transborder actor the Albanian ETSM turned into an active regional movement. Most concerned were the ethnic Albanian diasporas in Albania proper and Macedonia." (Mincheva, 2009: 220)

c) The crisis in Kosovo

After becoming an independent state in 1991, Kosovo created parallel economic and political system by 1993.

"As a result of cross-border conflict diffusion an All-Albanian political body emerged. It was called the Coordination Council of the Albanian parties in the former Yugoslavia. Established by the Kosovar leadership, its aim was to mobilize all-Albanian support for internationalization of the Kosovar issue." (Mincheva, 2009: 221)

The Council was concerned with Albanian parties in Kosovo, Albania, Macedonia, Montenegro and Serbia. Common foreign policy has been formulated by the Council. The main objectives were: securing support for the sovereignty of the Republic of Kosovo; obtaining recognition of the ethnic Albanians in Macedonia as a constitutive people of Republic of Macedonia and not as an ethnic minority; and securing a guarantee of autonomy for the ethnic Albanians in south Serbia and Montenegro. (Mincheva, 2009)

When the KLA emerged, it controlled around 30 per cent of Kosovo. In 1997, a light insurgency was launched by KLA against Serb authorities, which affected the Albanian cross-border diasporas and mobilised them. The diasporas participated in the conflict in two ways: by smuggling weapons and guerrillas and they became large

receptionists of refugees from Kosovo, particularly after 1999 NATO bombing. According to UNHCR, almost 300,000 refugees fled Kosovo and entered Albania, Macedonia and Montenegro within one month. One of the biggest impacts of the Kosovo conflict was the 2001 “export of insurgency from Kosovo into Macedonia.” (Mincheva, 2009: 222)

The conflict in Kosovo had significant impact on Albania, Macedonia and Montenegro as half of Kosovo’s Albanian population came to these countries (Ringdal & Simkus, 2012).

d) NATO’s disability to disarm KLA

The fact that the NATO has not been able to confiscate all the weaponry KLA was operating with has significantly affected the germination of the Macedonian conflict (Hislope, 2003; Minorities at Risk Project, 2004; Moore, 1999). Massive amount of weapons has been smuggled through the porous border and henceforth the paramilitary groups gained a very easy access to weapons. (Brown, 1999; Radio Free Europe Radio Liberty, 1999)

Macedonia and NATO have had great relationship, therefore, the indirect NATO contribution to the crisis might be perceived as a paradox. The cooperation with NATO dates back to 1993 when a Resolution for NATO Membership has been adopted. Macedonia has signed the Partnership for Peace agreement in 1995 and in 1999 gained the status of a candidate country. The possibility of gaining full membership is highly dependent on the resolution of the name issue with Greece (Coffey, 2014; MFA, 2015a).

e) The creation of NLA

NLA has been created with the help of the KLA members that infiltrated Macedonia together with Kosovar Albanian refugees. They have been operating under the leadership of Ali Ahmeti who claimed that the guerrilla activities serve to fulfil the objective of demanding greater rights for the ethnic Albanian minority in Macedonia. (Chivvis, 2008; Kim, 2001; Rizova, 2011) Violence used by the guerrilla

fighters has been very well calculated as Ali Ahmeti was experienced from Kosovo (Chivvis, 2008) and realised that careful use of violence can speed up the process of negotiating demands and to attract more Western attention. (Rizova, 2011)

The Macedonian government estimated the size of NLA to few hundreds and accused them of irredentist ambitions. “Macedonian officials blamed NATO for not doing enough to disarm the Kosovo rebel forces, discourage their encampment in the buffer zone (Ground Safety Zone) area between Kosovo and Serbia, or prevent their entry into Macedonia.” (Kim, 2001: 5)

The demands of the Albanian rebels included: establishing the exact number of ethnic Albanians with the presence of international mediation, recognition of Albanian people as constituent nationality, and the release of ethnic Albanian political prisoners. (Ackerman, 2002; Kim, 2001)

5. Findings

This chapter will discuss the application of the theory on the empirical evidence. The way in which this study has been conducted has been close to a detective work, which is relatively common for the process tracing method. After selecting two highly interesting case studies, the sequence of events that have led to the two conflicts have been uncovered step by step. The events have been analysed following the theoretical framework created for the purposes of this study. The tracing of the process that led to the both conflicts have been conducted adopting iterative research strategy which involved constant combining and comparing of theoretical and case specific material.

The theoretical expectations introduced in the theoretical framework will be here compared against the actual causes of the crises analysed in the two case studies in the previous section. The causal mechanisms that connected the conditions with the outcome

will be explained. And finally, the connections between the cases explained.

5.1 The theoretical expectations

A set of three theoretical expectations has been identified on the basis of the theoretical framework in the chapter 1. These expectations will be addressed and compared against the actual conditions that led to the Albanian/1997 crisis and the Macedonian/2001 conflict. The theoretically expected patterns have been constantly compared against the data from the actual cases, therefore the process involved a series of small checks to identify where the theory meets the data and where they diverge. (Checkel, 2005b)

- i. A conflict is not likely to be caused by a single condition, but rather by a combination of correlated political, economic, and socio-cultural conditions.*

Following the first theoretical expectation, in the case of Albania the 1997 crisis has been caused indeed by a combination of political and economic conditions and partially by socio-cultural conditions. At first the crisis might be perceived as of an economic character, nevertheless, there are underlying and less visible conditions that have led to the actual crisis. Indisputably, the collapse of the pyramid schemes has been the major trigger, however, it has not been the cause of the crisis. The fall of the schemes caused the riots that have resulted in anarchy and widespread violence.

The 1997 crisis has been caused by various political, economic and socio-cultural conditions. Politically, the poor governance of the state and the incomplete transition to democracy and market economy have contributed to the low trust of the population in state institutions. Almost non-existent rule of law has driven part of the population back to the traditional law and this phenomenon has attracted more Western attraction than the loopholes in legislation

which actually caused this 'return to traditions'. (Waal de, 2005) The economic reforms and sparkling economic performance has lifted Albania to a role model for other transitional economies, however, it is uncertain how is it possible that the gaps in the financial market, that have been filled by the dubious borrowing companies, have not been identified earlier before the tragedy happened. (Jarvis, 1999) The Albanian folk who had no financial education and no experience with capitalism have been blinded by the vision of fast enrichment that seemed legal and safe, as the companies had their promotional spots on the national TV and the Democratic Party has supported some of the firms. (Musaraj, 2011; Waal de, 2005) The deep isolation lasting several decades has had its impacts on the Albanian population and when the sudden changes of the regime occurred, the rapid exposure to the wild democracy and capitalism has caused that the people simply believed that the until now unknown West works this way. (Bezemer, 2001; Waal de, 2005) The transition to democracy does not present a shock only to the economy and the politics, but it has crucial impacts on the everyday lives of people who have not been prepared for it. The state has provided them with security that does not come for free in capitalism, such as healthcare, housing, education and the secure employment. The state has had a paternal role and provided people with free securities in return for their freedom. Thence, it might be understandable that the majority of inexperienced Albanians has been naïve and trusted their finances, often their whole life savings, into the hands of clever fraudsters operating with pyramid schemes who were unrecognisable from the real borrowing companies with real investments. (Musaraj, 2011)

Therefore, it is certain that the 1997 crisis did not have a single cause but has been caused by a variety of interconnected political, economic, and socio-cultural conditions.

The case of Macedonia can again confirm the theoretical assumption. Conflicts, crises, and wars are very peculiar when it comes to analyses of their causes. Reducing the causes to a single

condition that created the conflict might often lead to oversimplification and promote stereotyping. However, there might be exceptions. There are several theories of the causes of the 2001 crisis in Macedonia, the point where the majority agree is that the crisis has been significantly influenced by the 1999 conflict in Kosovo (some authors, such as Mincheva, 2009, strongly claim that the conflict in Kosovo was the sole cause). Nevertheless, this study, following both the theoretical analysis and the empirical analysis, argues that if the country has been strong and stable, then the Kosovo crisis would not be possible to import. (Chivvis, 2008) Hence, it was a combination of a weak state, struggling with internal and external legitimacy, poor governance, economic problems, and poorly managed ethnic issues, still undergoing transition with challenging both national and state building, which created the perfect conditions for a crisis to be imported. Furthermore, the long-term high unemployment has provided a significant amount of young men, who have been dissatisfied with the conditions in the country and feeling discriminated. Hence it might be understandable that they have responded to nationalist appeals of the diaspora community in Kosovo and were ready to join the paramilitaries and fight for the rights of their people. (Hislope, 2003)

ii. The elites, their behaviour and actions, play a crucial role in the conflict emergence and can both trigger or prevent a conflict.

In the case of Albania, the elites have played a crucial role in the 1997 crisis. The pervasive undemocratic practices and the disability to prevent the failure of the schemes and even promoting them have significantly influenced the germination of the crisis. If the elites would interfere early enough, the inevitable collapse of the schemes would affect less people and cause less harm. Nevertheless, the elites cannot be blamed for the conflict occurrence, even though they lie at the intersection between the causes. Following the fact, that

the riots that have been sparked by the fall of the schemes have then turned to anti-government demonstrations against Berisha's regime, the importance of the elites in the conflict is unarguable. Instead of preventing the crisis, the actions of the President Berisha and the Democratic Party who cooperated with some of the schemes have actually contributed to the spread of the turmoil. (Jarvis, 1999)

In the case of Macedonia, the long-term discrimination of the Albanian minority has created a general feel of dissatisfaction among ethnic Albanians. Even though, the treatment and the conditions the minority had was allegedly one of the best in the Balkans, incomparable for example with the rights of the Albanian population in Kosovo. Nevertheless, the text of the new constitution adopted after the secession of Yugoslavia and the proclamation of independence suddenly classified Albanians as a minority and not as a nationality, a status they have had in Yugoslavia. (Rizova, 2011)

The elites have not incorporated the minority in politics and hence they have felt underrepresented. Additionally, the reported disproportionate police force used against ethnic Albanians further contributed to the growing frustration of the Albanians, and gave them some form of a consensus that they can revolt. The nationalist rhetoric of the elites has not helped the situation, particularly when some of the government actors saw the opportunity for Macedonia to get rid of the Albanian minority and resolve the issue for good. (Chivvis, 2008; Mincheva, 2009) Furthermore, when the conflict emerged, in the early stages the Macedonian elites have been keen on resolving the issues militarily rather than via negotiations with the rebels. Such approach has not again contributed to setting the crisis peacefully when it started. (Hislope, 2003; Kim, 2001) It would be a matter of speculations to argue how the elites should have behaved, however, it is clear that the Macedonian elites have contributed directly to the conflict emergence.

- iii. The regional settings have a significant impact on conflict occurrence as they can contribute to a destabilisation of a country.*

Considering the assumption that the regional settings can destabilise a country, this condition does not apply in the specific case of the 1997 crisis in Albania. Albania has been rather affected by the isolation during the communism and the turbulent transition than by regional settings. This condition would apply later, following the 1999 crisis in Kosovo which led to massive amount of refugees entering Albania plus related economic consequences. Nevertheless, when it comes to resolution of the 1997 crisis, the neighbouring countries have played the role of mediators, particularly Italy, and have contributed to the stabilisation of the country (Kritsiotis, 1999; Marchio, 2010). But it is important to note, that the countries that helped to stabilise Albania after the crisis were not part of the Western Balkans region, hence we cannot refer to them as regional actors and the situation as regional settings. Therefore, in the particular case of the 1997 crisis, the third theoretical expectation is partially rejected.

In the case of Macedonia, the regional settings have indeed contributed to further destabilisation of an already fragile country. The neighbours have been questioning legitimacy of Macedonia since the proclamation of independence. Trade barriers imposed by Greece in early 1990s and the unresolved name dispute have affected the economic development of Macedonia, and the unsettled name issue is actually affecting the country until now. (Phillips, 2004) Furthermore, the crisis in Kosovo had unarguably crucial consequences for Macedonia. (Chivvis, 2008; Hislope, 2003; Kim, 2001; Mincheva, 2009; Rizova, 2011) This study does not conclude that the crisis has been imported and thus was the only condition that led to the conflict, however, it has played a central role in the conflict germination.

Following the findings from the case studies, it can be concluded that regional settings have dual role in conflicts as they can both contribute to stabilisation of a country as well as destabilisation (Vorrath *et al*, 2007).

1.2 Mechanisms

Due to the focus of this study, the mechanisms will be described and explained briefly, serving to provide logical connections in the chain of events from the causes to the actual outcome.

The previous sections have described the parts of the causal mechanisms that connect the causes with the Albanian 1997/crisis and the Macedonian 2001/civil war.

The case of Albania shows that mostly the actions of the government and the elites have triggered the crisis. However, the conditions for conflict must have been present. The conditions that create a fertile soil for a conflict germination, such as weak governance, weak rule of law, poor economic performance resulting in high unemployment and pervasive corruption, and some socio-cultural factors, have then been coupled with a series of actions of the government actors and resulted in a conflict. Hence, a mix of political, economic, and socio-cultural conditions has prepared a ground for existence of the pyramid schemes, which have tricked people into a fraud and the government's inactivity during the fraudulent activities despite being warned from both inside and outside of the country contributed to the horrible impacts of the collapse of the schemes. Taking in account the counterfactual account of causation, in the case of Albania the conditions that created the crisis were rather the long-term economic and political conditions than the fall of the pyramid schemes. The collapse would not occur and affect so many people if the political actors acted in a pre-cautious manner and warned the public, also, the riots would not spread and develop so violently if the rule of law was strong and

present. Therefore, it can be concluded that the collapse of the pyramid schemes should be rather treated as a causal mechanism than a cause. Nevertheless, considering the complexity of the issue, it is ambitious to attempt to identify the exact mechanism and the exact parts of the mechanism. This study has identified the conditions that have led to the crisis in order to sufficiently explain the crisis, and attempts to draft the possible mechanism that has connected the conditions with the outcome.

Similarly as in the case of Albania, the mechanism in the case of Macedonia is also a suggestion of the possible scenario. After the conditions and the events leading to the conflict have been identified, the possible mechanism has been drafted. This study suggests that the most likely mechanism has been the Kosovo crisis, which connected the mix of conditions and led to the actual conflict emergence. The analysed conditions have been coupled with ethnic politics from both Macedonian and Albanian leaders based on nationalism, again, both Macedonian and Albanian. If the leaders would adopt less nationalist discourse and have not used identity politics to mobilise ethnic groups, then the conflict could perhaps be settled via negotiations. Nevertheless, the Macedonian elites were keen on resolving the conflict militarily and the ethnic Albanian politicians have been accused of cooperating with the rebels. Then the crisis in Kosovo started to be gradually imported by the infiltrated KLA members who were able to train and mobilise the local ethnic Albanians, and also supply weapons, which were available due to the NATO's incapacity to confiscate them. All of these events connect perfectly the political, economic, and socio-cultural conditions that can lead to a conflict with the actual conflict.

1.3 The connections between the cases

Even though it might not be visible at first, the two case studies are relatively closely connected. First, the Albanian factor has played a role in both crises, however, in the case of Albania there has not

been any ethnic factor influencing the crisis. Nevertheless, the Albanian diaspora has played a role on both crises. In the case of Albania, diaspora remittances have provided large amount of cash that has been invested in the dubious schemes but also helped with the country's recovery after the crisis. The stance that the government took towards the remittances can be perceived as rather unfortunate. Because of the large inflows of cash, the GDP has been rising and with the massive exodus of Albanian population in the early 1990s, the government did not feel the need to further develop reforms that would reduce the unemployment and regulate migration. The problems seemed to be solving themselves naturally. In the case of Macedonia, the Albanian diaspora has provided strong support to the Albanian minority. Thus, their role has been significant. (Mincheva, 2009)

Second, both countries have been economically affected by the conflict in Yugoslavia (Dempsey, 2010)

Third, the 1997 crisis in Albania provided armoury for the 1999 Kosovo crisis, which has significantly contributed to the conflict in Macedonia in 2001. Hislope (2003: 141) suggests that the 1997 crisis in Albania can be directly connected to the creation of KLA:

“The virtual collapse of the Albanian state in 1997 marked a critical juncture. Henceforth, military hardware looted from Albanian state armories transformed the tiny, clandestine PMK into the ‘Kosovo Liberation Army’.”

Both countries have been strongly affected with the crisis in 1999 in Kosovo, mostly due to the massive influx of refugees. However, Albania has dealt with the crisis relatively fast and accepting the refugees has not threatened the stability of the country as much as it did to Macedonia.

Conclusions

The conditions that have led to the 1997 crisis in Albania and the 2001 conflict in Macedonia have been analysed on theoretical as well as empirical basis. Analysing causes of conflicts can be

regarded as a peculiar task as it is not possible to identify a single condition that would create a conflict by itself. This fact might be the core of the attractiveness of the studies of the conflict analysis as it leaves a great space for interpretation and combination of various theories. Furthermore, it is impossible to identify which condition is sufficient and which is necessary due to the complexity of the causation of a conflict. Usually, a conflict is caused by a variety of related or unrelated conditions.

The answer to the research question – under which conditions did the 1997 crisis in Albania and the 2001 conflict in Macedonia emerge – is following.

The crisis in Albania which took place in 1997 has emerged as a result of:

- (i) A mix of political, economic, and socio-cultural conditions that provided the necessary space and legislative loopholes for the fraudulent pyramid schemes to exist and operate.
- (ii) A set of undemocratic actions and practices of the government that have created long-term dissatisfaction among the population.
- (iii) The actual collapse of the pyramid schemes against which the people have not been warned despite the fact, that the government has been repeatedly warned.

The conflict in Macedonia in 2001 emerged under the following conditions:

- (i) The political situation in the country has gradually evolved to create a conflict. The legitimacy of the country has been contested both internally and externally, weak governance and issues related to it coupled with turbulent transition and constant challenges imposed by the neighbours have destabilised the fragile country even further.
- (ii) Economically, as one of the poorest countries in the region, Macedonia has been struggling with massive

unemployment, overall weak economic performance partially caused by the transitional challenges as well as trade barriers imposed by its neighbours.

- (iii) Considering the socio-cultural factors, ethnic tensions on top of all of the above mentioned challenges have further stirred the intricacy of the situation. Moreover, the discrimination of the largest minority who enjoyed a great support of the large diaspora communities all over the world has affected the situation greatly.

Therefore, it can be concluded, that both conflicts did not have a single cause and have been caused by a set of conditions that have been present for a longer period of time and have remained relatively dormant until triggered by a specific event, which in the case of Albania was the collapse of the pyramid schemes and in the case of Macedonia, the emergence of paramilitaries imported from Kosovo.

Even though this study is focused on two specific case studies and the theoretical framework has been focused on the Western Balkans region, some of the findings can be applied to other cases. For example, the theory related to the effects of transition on the increased conflict emergence can be used for other cases dealing with democratic transition, such as Latin America or the countries of the Arab Spring. The theoretical framework can be further utilised for study of the conditions leading to post-Cold War conflicts, for example in the Caucasus or the post-Soviet Union.

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Appendices

I. Map of Albania



Source: <http://mapsofcitys2.xyz/map-of-albania-2/>

II. Economic indicators Albania

	1990	1993	1994	1995	1996	1997	1998
GDP growth annual %	-10	10	8	13	9	-10	13
GDP current (billions \$)	2.1	1.2	1.9	2.4	3	2.2	2.7
GDP per capita (current US\$)	639.5	380.5	619.1	760.6	951.1	697.6	871.9
Unemployment (% of total labour force)	8.5	22.3	18.4	12.9	12.3	14.9	17.7

Sources: IMF, 2015; World Bank, 2015

III. The Pyramid Schemes

In a simple explanation, the pyramid schemes work on the principle of attracting early investors in, the more investors deposit their money in the scheme, the higher interest rate the scheme offers to the new investors. The early investors are usually able to get their investments back plus the promised interest. The news spread usually quickly, hence new investors are attracted and depositing more money. The schemes commonly take advantage of a loophole in a law or operate with some trick. The scheme can work for a while until the interest exceeds the money deposited in. Very often the operators of the scheme use the money from the early investors for their own enrichment or to buy assets that make the scheme look more attractive. The scheme works until the point where the interest rates become too high and the operators are unable to make the first payment back. At this point the fall of the scheme is rapidly fast. (Jarvis, 1999; Musaraj, 2011)

IV. Characteristics of the main pyramid schemes

Name	Xhaferri	Populli	Sude	Vefa	Kamberri	Gjallica
Alleged status		Charitable foundations			Companies	
Duration of operation (years)	3	1	4	5	3	3
Max. deposit accepted (thousand lek)	3	10	unlimited	unlimited		
Denomination of deposit		leks only			leks & foreign currency	

Source: Bezemer, 2001: 7

V. The timeline of the 1997 crisis

December 1996 - First protests following the collapse of the first pyramid schemes in November 1996 occurred.

19th January - people demanding restitution of their money have been protesting and beaten by the police.

25th January - more protests occurred in Lushnja where police have been attacked and public buildings have been set on fire.

27th January 1997 a major riot with thousands of participants took place in Tirana where protesters set government buildings on fire. (Rol & Prinz, 1997)

February 1997, partial returns of the deposits from the frozen accounts of the largest schemes have been given back to people. Nevertheless, more protests took place. In early February 1997, some Western media reported on the harsh practices of Albanian police attempting to crush any anti-government protest caused by the fall of the pyramid schemes (Times Wire Services, 1997a) Couple of days later in Vlore, an anti-government riot with up to 7000 protesters resulted in death of two men and 81 people have been injured. The protesters attacked the police officers. (Times Wire Services, 1997b) Almost every day in February 1997 brought a new set of riots in the South of the country. University students in Vlora and Gjirokastra started a hunger strike, demanding the Democratic Party to acknowledge the responsibility for the massive losses of money of the Albanian population. (Tribune News Services, 1997)

1st March 1997 - The riots have turned more violent and deadly and hence the cabinet of ministers resigned. Students on the hunger strike have ended their strike shortly after the resignation. (CNN, 1997a)

2nd March 1997 - Official state of emergency with a curfew has been announced. The media have been under censorship.

March 1997 – violent riots have been taking place every day, more casualties occurred.

28th March 1997 - UN Resolution 1101 has been adopted and authorised 7000 troops to restore order in Albania and to prevent a spill over and increased emigration (Marchio, 2010).

April and May 1997 – throughout the whole April and May the violence continued in the south of the country, the government has still not gained control over the south and during this period mass emigration to Italy emerged. In April, Operation Alba led by Italy entered Albania (Kritsiotis, 1999). Furthermore, in May a new law

allowing auditing the schemes by experts appointed by the Ministry of Finance. (Jarvis, 1999)

June 1997 – The schemes were still hands of their original operators and the government sought help of the World Bank and the IMF in order to solve the tricky situation. However, the situation with the schemes has not been solved until March 1998, when the control of the companies has been finally established. (Jarvis, 1999) The crisis has ended at the end of the month when new parliamentary elections took place under the supervision of the Operation Alba and OSCE. (Kritsiotis, 1999)

VI. Ethnic groups in Macedonia



Source: <http://living-diversity.blogspot.cz/2012/08/macedonia-council-of-europe-concerned.html>

VII. Economic indicators Macedonia

	1990	1993	1996	1997	1998	1999	2000	2001
GDP growth annual %		-7	1	1	3	4	5	-3
GDP (current billions \$)	4.5	2.5	4.4	3.7	3.6	3.7	3.8	3.7
GDP per capita (current US\$)	2,240.1	1,297.9	2,258.2	1,896.7	1,799.7	1,837.2	1,875	1,835
Unemployment (% of total labour force)	N/A	N/A	31.9	36.1	34.5	32.4	31.7	30.5

Sources: IMF, 2015; World Bank, 2015

VIII. Map of the conflict in Macedonia



Source: <http://randomdijit.blogspot.cz/2012/05/2001-macedonian-crisis.html>

IX. Timeline of the 2001 conflict

11th March 2001 - new political party has been formed by Albanian nationalists, called National Democratic Party. The party has

distanced itself from the NLA fighters, however, their political demands have been similar.

March 2001 – the beginning of the conflict started in in the small villages, one of them Tanusevci close to the borders with Kosovo. And later in March 2000 the casualties spread to Tetovo (Kim, 2001).

19th March 2001 - the news in the West published a list of demands by the NLA rebels.

20th March 2001, the two major Albanian political parties in Macedonia have signed a declaration that they are ready to use force in order to fulfil the political demands, even though they have initially distanced themselves from the NLA rebels. (Kim, 2001)

Late March 2001, the government managed to launch a series of military offensives and regained control over few villages. Following several weeks the situation has calmed down and Macedonian and Albanian politicians organised roundtable discussions about the current situation and the possible future developments.

28th April 2001 - violence reoccurred with an NLA ambush on near Tetovo in the village Vejce, attacking Macedonian army and police convoy. “The attack sparked riots by Slav Macedonians against ethnic Albanian businesses in the southern city of Bitola, near Greece.” (Kim, 2001: 7)

Early June 2001 - the rebels captured towns near Skopje and near Kumanovo. In January, NLA claimed responsibility for the attacks and insurgencies.

Until **August**, the NLA proclaimed that they comprise of 16,000 men, but outside estimates claimed maximum 2,500 men. New rebel group called Albanian National Army has occurred in August and was responsible for “an ambush attack against a Macedonian army convoy that killed 10 soldiers.” (Kim, 2001: 6) This group has been fighting for the greater Albania and had no connections with NLA. After 9/11 the NLA rebels claimed no connection to radical Islam.

Macedonian government attempted to move the rebels to Kosovo and regain control over towns and villages. Before that the government attempted to launch a peace talks with the political

parties but refused to negotiate with the rebels, calling them terrorists.

3rd May 2001 - Another NLA led ambush near Skopje resulted in a violent response of the Macedonian army with helicopter gunships in the area of Kumanovo. In the mid-May a brief truce took place and the government claimed a victory. (Phillips, 2004)

6th June 2001 - The NLA fighters countered the attack and moved close to Skopje and Tetovo. (Kim, 2001)

10th June 2001 - The fights in Aracinovo (just outside of the capital) threatened the government with conflicts in the capital (Kim, 2001) as the rebels have been strategically located in an area with a close reach to the airport and oil refinery (Ackerman, 2002; Chivvis, 2008).

Between 11th and 27th June 2001- An agreed ceasefire was supposed to take place. (Chivvis, 2008; Kim, 2001)

22nd June 2001 - the government forces broke the ceasefire with an attack on the area of Aracinovo. After the government lead bombing of the rebel forces during the agreed ceasefire, NATO started evacuating the rebels from Aracinovo. (Kim, 2001)

1st July 2001- another sequence of hostilities took place organised by the rebels in four villages near Tetovo, which ignited a strong counter attack from the government forces. Instead of political dialogue, allegedly, the ceasefire has been used by both sides for regrouping and supplying their forces. (Phillips, 2004)

5th July 2001 - new ceasefire mediated by NATO

24th July 2001 - the biggest casualty during the truce when Macedonian protesters attacked the US embassy in Skopje, accusing the West of helping and supporting the Albanian rebels.

August 2001 - the beginning of August witnessed the worst fights since the start of the conflict.

7th August 2001 - "Macedonian police launched a raid on rebel forces in Skopje, killing five. The police seized a cache of weapons from the rebels and accused them of planning an attack on the capital." (Kim, 2001: 7-8) The next day another ambush from the rebel side took place between Skopje and Tetovo, resulting in death

of 10 Macedonian soldiers, provoking a set of hostilities in the capital during the next few days. Villages near Tetovo have been bombed by the government forces and during the next days few Albanian civilians have been killed, although the Macedonian forces reported that the victims were terrorists and not civilians. (Phillips, 2004)

13th August - The political leaders have signed a peace agreement, nevertheless some hostilities still pervaded. (Kim, 2001)

19th August 2001- “NLA leader Ali Ahmeti announced that the rebel group would honor the peace accord and agreed to surrender weapons to NATO.” (Kim, 2001: 8)

Ich erkläre hiermit gem. § 5 Abs. 3 PuStO, dass ich die vorstehende Masterarbeit selbstständig verfasst und keine anderen als die angegebenen Quellen und Hilfsmittel benutzt habe.

29th September 2015

Tkadlecová