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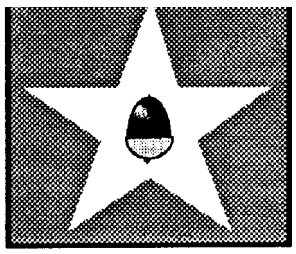

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Kosovo Economy & Society After 1945
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This paper argues that many of the dilemmas the international community is facing in Kosovo have their origins in the immediate post-1945 period, and that lack of understanding of the nature of Kosovo society under communism and the Kosovo economy under Titoism is hampering the international community in governing Kosovo today.

In the current major political and military conflict in Kosovo which culminated in the NATO bombing campaign, refugee exodus and subsequent withdrawal of Yugoslav troops and police from Kosovo in June 1999, the recent history of Kosovo has tended to be discussed from the period of the accession to power of Slobodan Milosevic in the late 1980s, and in more or less exclusively political terms. The 1974 Constitution, with its democratisation proposals, is usually about the limit of most non-Kosovars' historical perspective. Yet in a recent British television interview the US Balkan negotiator Richard Holbrooke made the interesting revelation that in the latter stages of the Febuary 1999 negotiations before the NATO campaign began, it was events in Kosovo in 1946 that were at the forefront of Slobodan Milosevic's mind.[1]

The violence that Milosevic was recalling was part of a much wider and deeper political crisis that occurred in Kosovo after World War II that has been little understood in the West. It is nevertheless still of seminal importance is assessing options for the future of Kosovo. Thousands of ethnic Albanians rose in revolt against the Tito government and disturbances continued in Kosovo for the next few years. Over 50, 000 Albanians went into exile, many to Turkey. These events have a very direct bearing on the present but are little known.[2] The spread of the Kosovo conflict to Kosova Lindore (the Presheve valley) in 2000-2001 is inexplicable without knowing of Tit0s policies between 1945 and 1950 in the region.

The particular economic and social basis of Kosovo society as it has evolved in the same period after the post-World War II political crisis has been similarly obscure. Discussion of the economic basis of Kosovo life has an additional relevance, in that the patterns of dependence and underdevelopment that characterise contemporary Kosovo have deep roots in the past, in both the Ottoman world, and in Royalist and 'socialist' Yugoslavia, and that to create a modern, western-oriented society in Kosovo, they will need to be better understood. The international community has not yet fully come to terms with the real nature of the economic and political history of Kosovo, to judge from policy positions that are so far being put forward by the United Nations administration in Kosovo, or the international community in general.

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The history of Kosovo has been little understood and little studied in the West. Under Tito, Kosovo has been generally seen, in some vague sense, as part of the wider society of the second Yugoslavia, and has been seen as, in the Titoist period, a reasonably sucessful example of a multiracial and multicultural society. Difficulties in Kosovo were a human rights, not a political problem, and were internal affairs of Yugoslavia. This way of thinking has been part of what might be termed the 'conventional wisdom' of western foreign ministeries and 'think tanks', and was played on by Slobodan Milosevic and his regime as a force to reinforce sympathy for the Yugoslav ideal, if not directly for his regime itself. As such, the prevailing ideology - if it can be called that - of recent Kosovo history has been at a subconscious level strongly supportive of Serbian views of Kosovo history and social development. In Britain, for example, it is perhaps significant that there was no modern, professional study of modern period history available to students of Kosovo history for three generations until 1997 when two major studies appeared in the same year.[3]

The 90% ethnic Albanian majority has naturally had a different view of recent history, but it has had a particular ideological overlay that has made it difficult to communicate to western opinion, linked to the specific economic and social relations in the province itself, and to widespread misunderstanding of Albanian nationalist aspirations. The central problem for the Albanians has been that a 'solution' to the Kosovo issue had already been made, 'in their favour' by the Axis occupiers in World War II, where a kind of 'Greater Albania' had been created with borders that included much of modern Kosovo and a small part of contemporary FYROM, all integrated within an 'Albanian' client state.[4] Fascist occupation had 'given' the Albanians something - if of a highly undemocratic and politically nebulous nature - that socialist Yugoslavia subsequently 'took away', a process that began in 1945, but was not completed until the time of Milosevic. Thus the generally benign image of the Titoist state in the West meant little to Albanian intellectuals, but they had great difficulty in conveying their criticisms of Titoist society and the legitimacy of their nationalist aspirations which had been tainted by fascism in the wartime occupation period. Croatian and Bosnian nationalists faced many of the same difficulties in the post-communist period in Yugoslavia. This was particularly the case in Britain, given the centrality of British help to the establishment of Tito's regime. Given these difficulties over major events in political history, it is not surprising that the economic and social life of Kosovo have not been well understood.

Kosovo Society in The Post-World War II Period

Since ancient times, Kosovo has always depended on two basic industries, mining and agriculture. The exploitation of the Trepca lead, silver and zinc reserves in northern Kosovo had begun in the Roman Empire, and has continued intermittently ever since. Trepca is much the largest and richest of the Kosovo mines, and discussion of its future has been at the heart of much discussion of the economic future of the province itself. The development of Trepca progressed as the once large mines at Novo Brdo (now Artana) declined. Most of the small mines in the Sar mountains that were opened in the late Ottoman period have been worked out. Trepca was developed in its modern form by British mining experts in the 1930s under the leadership of W Hudson, who later became an important British Special operations Executive (SOE) adviser to the Yugoslav resistance movement in World War II. The Trepca mine was an important source of minerals for the Axis occupiers' military machine in that period. Up until 1939, most of the Trepca ore,

and that of other Kosovo mines, was directly exported.[5] In Titoist Yugoslavia, much of the production was sold to Russia.

Agriculture was the other vital industry and remains so to this day. In Ottoman times Kosovo was important for cereal and meat production, and the rich forests of the Drenica central hills were exploited for timber. In Royalist Yugoslavia, efforts were made to broaden the base of Kosovo agricultural production, with the introduction of more fruit and vine cultivation. The details of these changes matter less in the present than understanding their basic nature, which was always, under both the Ottomans and Royalist Yugoslavia, an effort to boost the capacity of Kosovo as a source of cheap raw materials and primary products which were sold out of Kosovo for export, manufacture or consumption elsewhere, generally in the more northern parts of Yugoslavia. These trade patterns were inherited from Ottoman times, with a crop like plums being grown primarily for sale to Bosnia. In the political framework of Royalist Yugoslavia, with Kosovo in 'south Serbia' (which also included most of modern FYROM), the Serbian colonists operated a classical dependent economy, where the cheap raw materials from Kosovo and other places in the south were processed elsewhere for added value, and little or none of the surplus produced found its way back to Kosovo, either as wages or capital for investment. In most Kosovo localities, subsistence farming continued as a mainstay of many family economies. Kosovo was part of the North-South crisis of the old Yugoslavia, where the 'progressive', often 'bourgeois' North - as foreign observers usually saw it - exploited the backward 'South' for cheap labour and raw materials.[6] In the same way, in Titoist Yugoslavia, Kosovo and the Macedonian republic were at the lowest levels of development, income and education.

In these circumstances, pre-1939, it was difficult for a non-clientistic local middle class to develop. Many important posts in business were either held by Serbs who had recently moved to Kosovo, or Belgrade administrators and legal officials who were often contracted to work in Kosovo for set periods. Some stayed after their contracts expired, but many did not A number of jobs were available in the expanding mining and extractive industries, in most cases taken by local Serbs, who moved off the land to take up an industrial and often urban life. Many of these small farms were bought by Albanians when they were sold, and throughout the inter-war period, Albanian numbers involved in agriculture grew while Serb numbers decreased. This paralleled the general process of Serb numerical decline in Kosovo society as a whole.[7] The economy of Kosovo was essentially that of a Third World society in this period.

In these pre-World War II developments, many of the elements of the post-1945 and contemporary Kosovo crisis can be recognised, in terms of over-dependence on a few extractive industries, a mass of the population involved in low level semi-subsistence agriculture, a consistent pattern of emigration and land hunger, an expanding Albanian population pressing in on a declining Serb population, and so on. Kosovo Serbs who stayed on the land had difficult relations with the Belgrade newcomers, and were regarded by the modernising new officials as backward. In a real sense, the problems of the Kosovo economy, and its associated and oddly distorted social structure, would be recognised, in structural terms, by an intelligent late-Ottoman official.

Industrialisation & Dependence Under Communism

But the communists thought they knew better. At the end of Second World War, these problems of underdevelopment were acknowledged by the Yugoslav communists. Finding solutions proved more difficult. It is always worth remembering that Tito himself did not ever visit Kosovo until 1967, a generation after he had taken power in Yugoslavia. Kosovo was a low priority for the Titoists who as a 'Westernising' elite found the rural, predominantly Moslem society there an obstacle to their plans. The rhetoric was different. In the original period of Partisan idealism after 1944, it was hoped that the advent of a 'socialist' society would overcome the problems of underdevelopment in the poorer regions of Yugoslavia, the antagonism, in the Marxist sense, between town and country would be overcome, and ethnic conflict between Serbs and the Albanians, a product of the capitalist world, would be superseded.

In the view of the Titoists, the unbalanced development of Kosovo under capitalism could be corrected by a proper planned programme of industrialisation.[8] To this end, in the first 5 year plans of post-war Yugoslavia, the developing of manufacturing production in Kosovo played a significant part, with, over the years, investment in plants to make rubber products and tyres at Suva Reka, a smelter at Gjakova, the ferro-nickel plant at Glogovac, and so on. Some investments were made at the Trepca plant complex, so that added value could be obtained from manufactures such as batteries, rather than the export of lead ingots. But this progressive outlook did not alter the basic arithmetic of production in Kosovo. These plants were meant to operate within the planned economy. In practice most of the surplus was appropriated by privileged groups outside Kosovo, principally the rapacious party elite centred in Belgrade and the northern cities. The single most important example of this economic exploitation was, and is, the development of the Kosovo electricity industry. Rich reserves of lignite were discovered in Kosovo near Pristina, and major lignite burning power stations were built. Although Kosovo benefited from the power produced, most of it went to south Serbia in general as a free 'gift'. The British historian of Titoist Yugoslavia, Nora Beloff, comments in her 1985 book 'Tit0s Flawed Legacy', 'The average income of individual residents of Kosovo compared with that throughout Yugoslavia slumped between 1947 and 1962, from 52.4% to only 34%. In 1980, after more than a decade of Federal funding, it had still risen to only 40%.'

A small communist party elite developed within Kosovo itself, along with a larger professional group of educated Albanians, but all real power was kept in the centre, in Belgrade. The vast majority of the Kosovo population, both Serb and Albanian, remained of a working class or peasant composition. The workers' self-management system had accentuated this tendency, where, particularly for Albanians, there was little incentive to join the non-proletarian elite when to do so meant accepting important aspects of the Serb political agenda for Kosovo and brought few real gains in status or economic life for most people. In theory at least most of the available value derived from production was appropriated by the workers in the enterprise themselves.[9]

The condition of agriculture was meant to be ameliorated by co-operation and collectivisation. Again, early Titoist ambitions soon fell by the wayside and little was achieved in most rural communities, although large state farms continued on land that had already been farmed on a large scale pre-war. In reality, co-operatives had dominated the pre-1939 agricultural scene, and one of the ways that the ethnic Albanian majority used to resist Stalinist/Titoist collectivisation concepts

was to keep local co-ops functioning on an informal basis within the 'system', an early example of the Kosovo Albanians' unique skills in running parallel institutions as a means of keeping a semblance of democratic control over their lives in a hostile external atmosphere. Some co-operatives, such as the land on the plain between Prizren and Pristina, had even been part of old Ottoman *cifliks*. But these were untypical. Most holdings were small family farms, as they had always been. Other rural industries remained in crisis in the Titoist period.

In central Kosovo the timber industry was in rapid decline owing to gross mismanagement and over-exploitation, something that accelerated with the develoment of the furniture industry under Tito. Even Albania became a source of cheap timber for the new Yugoslav factories as virgin beech and oak forest was destroyed for export. Thus in these and other respects, the advent of socialism, in its early Titoist form, did little to change the basic problems of the Kosovo economy and social structure. It was ironic that the Titoist state was prepared to engage in bilateral deals with Albania over timber, with massively detrimental environmental and economic effects, with the despised Hoxha, while local families in border regions who wished to trade at local level cross border in their products were prohibited from doing so. This is not merely a matter of sentiment; some regions of western Kosovo such as the lands around Gjakova had in the past had very close economic links with northern Albania, based on cattle rearing, leather and metal trades. The advent of communism and a police state border using highly coercive force broke these economic links and cut off one area of the regional economic space from another, something UNMIK is continuing in contemporary Kosovo.

Although under communism some significant degree of Kosovo industrialism had been achieved, and manufacturing played a significant part in the economy, the facts of dependence and subservience to Serbia remained. This had an important political dimension, in that there was never, under either Royalist or socialist Yugoslavia, the free development of a local elite who could take responsibility for the development of a free civil society, as far as the Royalist dictatorship or Titoism allowed one to develop. Thus, when the Titoist system was relaxed, after the introduction of the 1974 Yugoslav constitution with its promise of de facto autonomy for Kosovo, there was an immediate danger of Belgrade losing economic control, something that became more and more of a reality during the 1980s, as Albanians took control of the party apparatus. The political struggles in the Kosovo League of Communists over the Gjakova metal smelter and the emergence of a 'Gjakova Mafia' in the party are a case in point. The Gjakova region had been selected as a trial region in Kosovo for the development of independent factory enterprises in the Markovic era in the late 1980s.

The rise to power of Slobodan Milosevic, as is well known, took place with a promise to defend the Kosovo Serbs from their human rights problems as a minority in an Albanian dominated province. This has always, understandably, been understood as a matter of ethnicity; but it also had a vital economic and social dimension. Economic forces involving the liberation of free markets and hard currency use were moving Kosovo away from Belgrade control. Then (and now), the semblance of Belgrade (or now, 'FRY' authority) could only be maintained by resisting the operations of the markets, in both currencies and regional trade. With the rise of a large diaspora in the 1960s and 1970s as an important factor in the economy, a shift of economic as well as political power was moving towards the Albanians. The incapacity of the Kosovo Serbs to form an effective and loyal elite was being further reduced by the external inflows of funds from the diaspora. Thus in the final crisis of Kosovo within Milosevic's Yugoslavia, there was a new and specifically fiscal

dimension. In a world of mobile capital flows, the amount of external funds moving into the Albanian Kosovo community was profoundly destabilising. Serbs there were mainly dependent on state incomes derived from their preponderance in the League of Communists and other badly paid state jobs; Albanians were much more easily able to exploit commercial opportunities in the gradual disintegration of socialism within Yugoslavia. At the same time, the diaspora had an important element in the radicalisation of Kosovo Albanian politics. Radicals who fell foul of the Yugoslav authorities could now go abroad and as well as supporting themselves economically could begin to form new political groupings, outside the institutions of the Kosovo Democratic League dominated by Dr Ibrahim Rugova. Groups which were seminal in the development of the Kosova Liberation Army, like the Kosovo People's Movement, were to a substantial extent developed if not born in the diaspora[10], and still dominate the assumptions of Kosova Albanian politics in many diaspora centres.

The processes of industrialisation initiated by the Titoists accelerated the process of urbanisation of Kosovo. What were, in essence, small market towns like Peje and Gjakova that had grown on Ottoman period trade routes, expanded when local industry arrived. In a few places, Kosovo was even allowed investment from the central military industries fund in Belgrade. such as the ammunition factory built in Skaderaj in the early 1980s.[11] But Yugoslav investment had its limits. Infrastructure was grossly neglected apart from arterial main roads designed to benefit Yugoslavia as a whole. Transport in Kosovo has always been a notorious problem, going back to Ottoman times, with large parts of the country sometimes virtually cut off in the winter from other regions, and a complete lack of a functioning railway or road system in the early twentieth century. The railway system was improved somewhat at various later times, but the roads remain very poor, ironically a major factor in the failure of the Yugoslav police and military apparat in crushing the Kosovo Liberation Army in its early days of emergence in 1997-1998.

As well as transport, telecommunications were very underresourced in Kosovo in the old Yugoslavia. A separate system always existed for the military, police and party elites, while a normal, modern network was very slow to develop outside the main towns. Many small villages had no telephone at all until the 1980s, and many ethnic Albanian families were not allowed to have private telephones because they were thought to be politically unreliable. This hindered normal economic and business activity in many respects, and accentuated the Albanian majority's sense of an external elite with control over society. An irony of the current extensive KFOR/UNMIK use of telephone intercepts as a means of intelligence collection and social control in Kosovo is that a political culture exists which has always relied on informal and personal contacts and private couriers in the absence of a modern phone system. In the Tito and Milosevic periods, a further aspect of this was the police state apparatus, based in Nis, in south Serbia, which had an extensive network of telecommunications surveillance, particularly of international calls, that in turn was controlled by the KOS secret police in Belgrade. Thus the normal processes of democratisation of any industrial society, communist or non-communist, through technological progress were stopped in Titoist Kosovo. It was as if a nineteenth century society had continued to live until the end of the twentieth century. In time, this was to have a political dimension that would astonish the world, with the emergence of a rural-based, armed insurgency movement, the Kosovo Liberation Army, within mainland Europe, with a modus operandi that would have been recognisable in the time of Karl Marx or Bakunin. The Serbs paid the price for keeping Kosovo in nineteenth century conditions with

the emergence of a nineteenth century style revolutionary movement. The same structural factors has inhibited the KFOR/UNMIK project of social control and pro-Yugoslav reorientation of the direction of Kosovo politics.

As is well known, at the heart of the crisis of economy and society under Titoism was the education question. All socialist Yugoslav constitutions gave specific rights to nationalities and ethnic minorities regarding the use of their languages. A central demand for the Albanians was always for education in higher institutions in the Albanian language, an essential element in the process of national elite formation. By 1967, Pristina University was fully established, with many teachers of a very nationalist orientation. With the withdrawal of support for this university after the Milosevic clampdown, once again the process of elite formation in Kosovo had failed. The Kosovo policy of Milosevic here is often presented in the West as an aberration, something that was at odds with the previous development in socialist Yugosavia. This is not the case. The plans for the ethnic cleansing of Kosovo had been fully elaborated by the late 1930s. In the pre-1939 period, substantial numbers of Serb and Montenegrin colonists had been moved into Kosovo. Substantial cleansing had been achieved by the Titoists in the post-1945 period, particularly in the key Kosovo Lindore/Presheve area. The current project of the International Community to present Yugoslavia as a basically benign model for Kosovo within a future 'FRY' that was distorted by Milosevic and is capable of resurrection founders on these historical realities. Albanians have had no reason to trust Serbs in Kosovo at any time in the twentieth century. It was certainly true that there was a process of Albanian advances in the 1980s but it also clear how short lived and shallow those advances had been, and how difficult it had been to actually force the Belgrade authorities to put into operation the theoretical rights embodied in the 1974 constitution. The central fact is that whatever the exact state of play regarding the political status of Kosovo between Pristina and Belgrade, and between Serbs and Albanians, the process of Yugoslav economic exploitation of Kosovo resources continued regardless.

The Economic Dilemma – An Inheritance From Titoism

This controversy has a direct bearing on the present, and the political future of Kosovo after the NATO intervention. It is currently the policy of the international community to keep Kosovo within Yugoslavia. It is proposed that there is a return to a form of 'substantial autonomy' where the 1974 Yugoslav constitution is frequently cited as providing the basis for a functional, democratic and practically viable model of 'autonomy'. There are many reasons why it may be difficult to convince even the most 'moderate' Albanians of the validity of this project, but a major factor that is not widely realised in the West is how little actual popular and meaningful democracy that 1974 constitution provided in Kosovo, and how far many of the formal provisions in it were never carried out.[12] The United Nations and KFOR are likely to face many similar problems in establishing their own political legitimacy in Kosovo in the relationship between new political and economic realities. A major and highly divisive issue that is looming in the near future is concerned with economic and fiscal relationships between Kosovo and Yugoslavia. So far this problem has been seen in rather formal terms by the 'international community' as a problem of a decision about the Kosovo currency. This certainly is an important issue, but given the universal acceptability of the German mark in the region, is perhaps less central than many politicians have seen it to be. The 'Euro' has been introduced into Kosovo in January 2002 to replace the DM.

Electricity generation is a barometer issue. It is stated in the Rambouillet and later NATO documents that Kosovo should, indeed must, have a 'free market economy'. At first sight this may seem an uncontroversial proposal, after all there are no political forces in Kosovo Albanian politics standing for socialism, let alone communism. With the exodus of Serbs from Kosovo in the last two years, it can be safely assumed that the Socialist Party of Serbia, Milosevic's party, will have collapsed as a functioning political organisation.

What will the UN and KFOR do? Will they accept the FRY legal framework as it applied to the economy, in which case they will, in practice, be defending the most statist and communist economic interests of the Milosevic regime? During 2001, pressure has been building up in Kosovo for a widespread privatisation programme, and it appears the initial reluctance of the UN to privatise may be overcome. UN lawyers in New York have argued that privitisation would lay the authorities open to claims from Yugoslavia for compensation.

In turn, this decision will demand a clear evaluation of the economic and social situation in Kosovo under Tito and subsequently Milosevic, something where there is little sign of any activity. Yet to reject the Titoist economic legacy and its legal framework that the Milosevic regime has exploited for its own purposes will, in practice, be effectively endorsing Albanian demands for separation and independence.[13]

It will clearly be a matter for extensive debate among historians to determine how far the Milosevic regime in Kosovo was merely building upon repressive and economically exploitative traditions inherent in Titoism, or how far it represented something fundamentally new in sociological and political terms. Given the failure of previous Kosovo elites to achieve political legitimacy, elements of a new elite were substituted after 1989, predominantly the police and military and paramilitary state apparatus. In place of civilian control of the administration, whether Serb or Albanian, or a mixture, any pretence of a civil society based on democratisation was abandoned and a police state regime developed. This was certainly effective while the international community allowed it to be, and nothing was done to prevent the pattern of very serious human rights violations and political repression that developed after 1989. In the middle of this decade, an important factor was the appeasement of Milosevic embodied in the Dayton Accords in 1995 to end the Bosnian war. The Kosovo problem was deliberately excluded from Dayton as a concession to Milosevic in order to have the Serbian leader act as a 'guarantor' of the Bosnian peace deal.[14] Although understandable in realpolitik terms at the time, this represented a significant appeasement of Milosevic, and a gross misjudgement by the international community of the potential of Kosovo to disrupt the Balkan peace process.

A key question for the future is how far the failed process of elite formation that typified Kosovo society since World War II is likely to continue in the completely new situation in Kosovo after the successful NATO war in spring-summer 1999, and the removal of the Serbian army and police state apparatus from Kosovo. This, in the present and future, will be closely related to economic factors. KFOR policy is to reconstruct the old elite, on a multicultural and multiracial basis. But it is difficult to see whether this elite, even if it can be 'reassembled' in the absence of so many Serbs, would have a functioning society to 'manage'. It would appear, from first estimates, that Kosovo suffered much less total and all-embracing material damage than could have been expected from the war activities. In general, all direct war damage has been to military or police installations. However, in some spheres,

such as telecommunications, the general militarisation of society under Milosevic has meant that virtually all 'civilian' facilities have been destroyed as well. Very serious damage has also been done to some factories, such as the Suva Reka rubber and tyre plant, by fighting between the KLA and Serbian forces in the latter stages of the war. An installation such as Pristina central post office, which was destroyed by a cruise missile in May 1999, was both an important communications facility for the paramilitary police and also a main civilian telecommunications centre. The retreat of the Yugoslav army also involved massive theft of valuable infrastructure goods, such as administrative, hospital and educational equipment, and the looting of Pristina and other museums. There has been substantial damage to parts of the Trepca complex, and it is clear that it will be time before these economic installations could become operational, even if the international funds are available under EU and other foreign aid programmes and the Balkan 'Stability Pact' to assist. It is also very unclear what the real value of the Trepca complex is if it was exposed to life in modern free market competitive conditions. There has been little investment in recent years, it is said the ore body is in decline, and world prices for lead and silver are at historically low levels. With FRY motor manufacturing destroyed by NATO bombing with the total destruction of the Zastava plant, the local market for some products such as Trepca batteries has disappeared. The Trepca complex actually straddles the Kosovo-Serbia border in some aspects of its operations, and it is far from clear when this area will be secure. International investment aid is unlikely to be forthcoming in these highly uncertain conditions. The history of the last seven years in the region is full of examples of grandiose promises of economic reconstruction where 'paper' commitments made at reconstruction conferences by the international community do not materialise in practice. It remains to be seen whether this will occur in Kosovo.

The Economy & The Future

Yet unless there is a massive and sustained transfer of funds to Kosovo reconstruction these difficulties will never be solved and Kosovo will be a centre of regional political instability. It seems certain that immediate short term aid will come forward to enable refugees to rebuild their houses and for essential infrastructure works. It seems that most, perhaps almost all Serbs, in terms of being a secure, economically active minority will have left by the year 2010 if some present trends continue, although there has been a stabilisation in some areas after the difficulties of the 1999-2000 period and there was good Serb participation in the 2001 national elections. In these conditions it will be very difficult for the international community to develop a policy that will persuade most ethnic Albanians that there is any future for them within a Yugoslavia. Although this is likely to cause serious political problems for the UN and KFOR it is only, in fact, the reappearance of an economic and social dilemma for the Albanians that existed under Titoism but in a new form. In the last thirty years, many Albanians have felt that emigration was the only answer to their problems, and there was a continual drain of talent from Kosovo. This process has always been seen as a threat to Albanian aspirations, and all Belgrade governments have encouraged ethnic Albanian emigration. From the point of view of Belgrade, emigration provided a safety valve for the Kosovo 'pressure cooker' and a useful source of hard currency to support families.

Given the conditions of the refugee crisis in 1999, it is very unlikely that western countries will be prepared to accept significant numbers of Kosovo migrants in the future. The massive military effort that was made in 1999 was the first

'humanitarian war' that has been fought in world history, but it was not fought for entirely humanitarian motives. A significant factor in western political thinking was the need to get the refugees home to avoid the threat of mass population movement of a large impoverished ethnic Albanian diaspora into western Europe, with all the very negative political implications this would have for western governments.[15] A significant element in the future of the Balkans may well be population movement from Serbia if economic conditions do not improve, and if democratisation proves elusive.

Yet massive population displacement is not new in Kosovo, as the history of the immediate post-World War II period shows. The disastrous economic and social consequences for the communities involved were on television screens throughout the summer of 1999. But it was the memory of similar atrocities and human rights crimes in earlier generations that inspired the fighting spirit of many Albanian families. Some very old people even have clear memory of the bitter retreat of the Serb army through parts of Kosovo in 1916, which was accompanied by massive and very widespread violence on both sides. How many western diplomats had even heard of such an event in their education? As so often in the Balkans, formal understanding of history is displaced, but in the Balkans, historical memory is long, and forgiveness is in very short supply. Many Serb families remember family members who were working with the Partisans being betrayed to the Axis occupiers by Albanian collaborators in World War II. The father of Dr Ibrahim Rugova was assassinated in front of the child by Yugoslav communist Partisans.

A number of preliminary conclusions can be drawn about the effects of economic and social development in the post-1945 period on the dilemmas of the present. The first salient factor is that agriculture and retail trade are likely to remain by far the most important Kosovo economic activities, in the absence of any clear perspective for the resumption of efficent production - or even any production - in the major extractive and manufacturing industries. Of the two pillars of the Kosovo economy, throughout this century, the Milosevic period and the war have effectively destroyed one, that is most of the functioning industrial base, linked to the particularly unfortunate geographic location of the big Trepca mine complex, and the associated political and ethnic problems referred to above. It is imperative that agriculture is revived as soon as possible, not merely to restore local food supplies and lessen Kosovo's dependence on foreign aid, but also to help restore some elements of social stability. Yet this will be a difficult question for the European Union, in particular. The type of agriculture practised in Kosovo is in one sense 'backward' in the extreme, in that it is highly labour intensive, has few capital inputs in modern plant and machinery, and most of all, it is attuned to the needs of subsistence agriculture by the extended family. It is not attuned to the free market, as there has never been such an institution in the local agricultural world, certainly not since 1945. There are certainly many markets in Kosovo, but in the past, under the Yugoslav system the price and supply of many inputs of production, like diesel oil and fertiliser, were controlled by the government and in recent years supplies have been rationed. It is very unclear how many of these family farms which are completely uneconomic by all normal western criteria will fare in the new economic world that is developing in Kosovo, bearing in mind that many families have no money at all, and certainly no spare funds for capital investment. Holdings are usually very small, often farm animals are the main source of motive power in the absence of much machinery, and most construction, whether of farm buildings or dwelling houses, is made of wood. The sad and poetic vulnerability of this world that so appalled western television viewers may become a future handicap to stabilisation.

If agriculture is not revived, it will have important, rapid and very serious political consequences. A vital but little known conflict in Kosovo Albanian society since World War II has been between the new elite of the cities, principally Pristina, and the traditional society of the rural world. The Pristina 'middle class' was the basis of support for Dr Ibrahim Rugova's party, the Kosovo Democratic League, and it is clearly part of the perspective of the international community that this force for political moderation should be revived as soon as possible and incorporated into a democratic and pluralist political system. The high LDK vote in Pristina in the 2001 national elections illustrates that this policy has had some success. The poor rural areas such as Drenica and the western mountains have always been the most rebellious parts of Kosovo, as Milosevic knew very well. In recent times, the heartland of genuine popular support for the Kosovo Liberation Army and its successor parties, the PDK and AAK, have been in these regions. There are, however, many large agricultural areas in Kosovo, especially in the east, which have been more prosperous and where nationalist or Marxist radicalism has had little appeal. The Gniljane region is a case in point. Here, the Kosovo Liberation Army had a very limited presence until near the end of the war. But if a viable agricultural industry does not develop in the new Kosovo, there is every chance that these 'middle' regions will turn against the traditional moderate leaders in the cities and add to the general process of destabilisation. The economic inheritance of the period of communist Yugoslavia is again central to policy considerations in the present and in the future.

There is a very strong case for an urgent and massive agricultural aid programme, coupled with measures to help infrastructure development with Albania. A new road link between Kosovo and Albania to the port of Durres would have very widespread regional and international benefits and assist in the stabilisation of northern Albania through ending its current isolation. It is impossible to envisage circumstances in the short or medium term where normal (ie Titoist inspired) trade links with FRY could resume. There is every possibility, though, of the rapid development of links with Albania and FYROM. This is already happening with many cases of import substitution, so that, for instance, Slovene goods have replaced Serb products in many Kosovo retail contexts. In the reverse direction, involving opportunities for FYROM businesses, beer from Yugoslavia is no longer imported, but beer from Skopje has taken its place. Much of the import substitution is politically-inspired. As well as the exclusion of Yugoslav goods, Greek fruit and juices are being replaced by Turkish products. (Greece is probably the most unpopular country in the region in the popular Kosovar mindset as a result of the refusal of the Simitis government to take any refugees in the 1998-99 crisis.) The Albanian government has announced that it intends to build a new joint telecommunications network between Kosovo and Albania that will facilitate both personal and business links.[16] NATO has promised to rebuild the Tirana-Kukes-Prizren road, the essential transport link between Kosovo and the Adriatic coast.

Many of these new business links involve black market and technically illegal trading, but whether the international community likes it or not, they do represent an inevitable future. Albanians will do everything in economic terms to secure a new and democratic economic space by the development of free markets while they are prohibited from obtaining national independence by the policies of the international community. It is possible that in the end they may gain much more by this policy of reliance on economic forces, as whatever the international community thinks of Albanian national aspirations, it will be extremely difficult to resist the development of free markets in the region and free trade, and it will be

very difficult to appear to be defending the economic interests of the Belgrade regime through the indefinite legal protection of Yugoslav state owned property. A difficult policy choice will be involved for KFOR at some point under the de facto Kosovo protectorate arrangements, as the country moves towards independence. An understanding of the economic history of Kosovo under Titoism will be more than ever necessary.[17]

ENDNOTES

[1] Interview on BBC television 'Newsnight' programme 20 August 1999. Holbrooke said that Milosevic recalled how the 'Albanian terrorists' had been 'crushed in Drenica in 1946'. It is an interesting comment insofar as it illustrates the centrality of the Yugoslav Partisan heritage to Milosevic's political psychology, and in that it shows how little he seemed to really understand the military situation in central Kosovo vis à vis the KLA, even after nearly two years of open warfare. For a general survey of the post-war uprising from an Albanian point of view, see 'Levizja ilegale petriotike shqiptare ne Kosovo (1945-47)' by Sabile Kecmezi-Basha, Rilindja, Pristina, 1998. The fullest account of the Kosovo Lindore/Presheve conflict then is in 'Mulla Idris Gjilane dhe mbrojta kombetare e Kosoves Lindore 1941-1951' by Muhamet Pirraku, Pristina, 1995.

[2] The fighting in Kosovo after World War II is hardly mentioned in most of the standard histories of Titoist Yugoslvia in use in the UK. In Yugoslav historiography, it is interesting to trace the evolution of abusive terminology for the anti-communist Albanian rebels, from 'bourgeois reactionaries', 'fascist collaborators' and 'backward elements' of the early Titoist period to 'Islamic fanatics', 'Hoxhaist agents' and 'Islamic chauvinists' of Milosevic period books. The most recent books published in Serbia emphasise the 'Marxist' threat, thus President Kostunica's current foreign affairs adviser, Predrag Simic, stresses the 'Enverism' and 'Marxist-Leninism' of the KLA in his paper in his book on the Kosovo Crisis 1995-2000, Nea, Belgrade, 2000. The meaning of these terms is rarely defined, and is actually a cover for criticism of Albanian nationalism. It is extraordinarily difficult to find a single book by Hoxha, Marx or Lenin on sale in Pristina and has been for many years. One of the objectives of Serbian propaganda in the post-June 1999 period has been to encourage the international community in Kosovo to adopt the same terminology and habits of thought. The terminology used by the Kosovo law enforcement community has recently distanced itself from Serb models, see the impressive 'Kosovo Police Service Report - 2000', but that used by UNMIK and the Customs Authorities often mirrors them.

[3] These books are Noel Malcolm's 'Kosovo A Short History', Macmillan, London, 1998, and 'Between Serb and Albanian - A History of Kosovo' by Miranda Vickers, C Hurst, London, 1998.

[4] The absence of wartime history was not only a western omission. It is interesting to recall that in standard Kosovo-Albanian advocacy books, such as Dr Alush Gashi's 'The Denial of Human and National Rights in Kosova', New York, 1992, there is very little about the wartime period. See also the article by James Pettifer in South Slav Journal, London, Vol 17, No 3-4, 'The Albanian National Question', on the problem of Albanian's alleged collaboration with fascism, and 'Albania's National Liberation - The Bitter Victory' by Sir Reginald Hibbert, London, 1991, for by far the best participant's account of the wartime period. There were, of course, significant numbers of Serb collaborators with Nazi Germany, but objective historical enquiry is rare in this field. In Albanian, see 'Kosova ne luften e dyte boterore 1941-1945, by Muhamet Shatri, Toena, Tirana, 1997, and recently, 'Albania at War, 1939-1945' by B Fischer, C Hurst, London, 1999, and for the Second World War in Drenica, 'Lufta e Drenices 1941-45 dhe N D SH ne Kosove deri me 1947' by Professor Islam Dobra, Pristina, 1997.

[5] Accurate up to date information about the exact state of the Kosovo mining industry is very difficult to obtain. See the good International Crisis Group report on Trepca on the ICG website www.crisweb.org. The volume 'Yugoslavia' in the British Admiralty 1943 Handbook series gives a good account of the original 1930s development of the Trepca complex. Production statistics published in the communist period are largely meaningless. Very few agricultural statistics were ever collected. The Trepca trades unions were very

important in the birth of the Kosova Democratic League, and exiled Trepca mineworkers, after the disturbances in 1989, provided a hardcore of diaspora radicals in countries like Switzerland and Germany, particularly in Zurich.

[6] Many of the same economic forces which limited development in Kosovo have also applied to FYROM. See 'The New Macedonian Question' ed James Pettifer, Macmillan, London, 1999. A good picture of the economic world of pre-1939 Kosovo and what is now northern FYROM is to be found in League of Nations material, the published proceedings of the 1939 international conference on European Rural Life (League of Nations, Geneva, 1939) in particular. The backwardness of 'South Serbia' dominates the Yugoslav section. For a reliable general picture of the Titoist economic project in Kosovo, see 'Ekonomia e Kosoves ne vargonje e politikes jugosllave 1945-1990', by Marenglen Verli, Tirana, 2000. Verli makes clear that once the major industrial investments at Trepca and in the electricity industry had been completed, Belgrade economic planners lost interest in most of Kosovo. Even at the height of Titoist activity, between 1971 and 1981, the rosy-tinted Western view of Titoist Kosovo had little economic basis: for those years, investment per inhabitant was only 57% of the Yugoslav average. This is a matter of contemporary political relevance as the political roots of the Kosovo Democratic League lie in this period, and many members of the international community in Kosovo are prone to accept uncritically very optimistic evaluations of the achievements of 'reformist communism' in order to try to reinforce the LDK as a political force in contemporary Kosovo.

[7] See Vickers, op cit.

[8] In the standard volume of Tit0s speeches and writings published in the West 'Tito - Selected Speeches and Articles, 1941-1961', Belgrade, 1963, Kosovo is hardly mentioned.

[9] See 'Socialist self-management in Yugoslavia' ed D Dasic & B Boskovic, STP, Belgrade, 1980. By this time some of the more intelligent people in the Yugoslav elite were beginning to realise how destabilising Kosovo might become, purely from an economic point of view, and the book states revealingly (p460) that 'We still have before us the task of speeding up the development of the underdeveloped republics, and areas, particularly of the Province of Kosovo'.

[10] For discussion of the KLA and its origins, see 'Kosovo - Myths, Conflict and War' ed K Drezov, B Gokay, D Kostovicova, Keele European Research Centre, Keele, 1999, also 'Kosovo - War and Revenge' by Tim Judah, Yale, 2000. Numerous war memoirs are beginning to be published in Kosovo; a good introductory volume is 'A Narrative about War and Freedom' by Ramush Haradinaj, Pristina, 2000, along with 'War for Kosova' by Rrustem Mustafa (Captain Remi), Pristina, 2000. Serbian government views of the KLA are found in 'Terrorism in Kosovo and Metohija and Albania – White Book', Belgrade, 1998, and 'Kocmet ili Kosova', NEA, Belgrade, 1996. In retrospect it was a great pity that the latter very useful and illuminating collection has never been translated into a west European language. For more recent orientation, see 'A Concept for a New Reality - Dialogue with Hashim Thaci', introduction by James Pettifer, Pristina, 2001.

[11] It was ironic that the arms factory was built in what became part of the first area of Kosovo to be controlled by the KLA, around the villages of Lausa and Klina, in January 1998.

[12] See Vickers, op cit.

[13] See 'Albanian Daily News', Tirana, 22 July 1999.

[14] See article 'We have been here before', by James Pettifer, 'The World Today' RIIA, London, Vol 54, No 4, April 1998. Richard Holbrooke's book about the Bosnian peace negotiations 'To End a War', Random House, New York, 1998 is often revealing (sometimes unintentionally) about the Clinton administration and its understanding of the Kosovo problem.

[15] It is arguable that it was only the potential destabilisation of FYROM caused by refugee flows in April 1999 that brought the full gravity of the regional implications of the Kosovo war home to many governments. See 'Kosovos Refugees in the European Union' ed J van Selm, Pinter, London, 2000. KLA political strategists had decided in 1998 that NATO intervention in the conflict was unlikely unless the strategically important state of FYROM was threatened. Western governments were aware of this and there was intense pressure put on the media to discourage reporting and comment on the deteriorating human rights situation for minorities in FYROM. See Report on 'Kosovo: The Humanitarian Crisis', to the House of Commons International Development Committee, 11 May 1999, London: The

Stationery Office, also CSRC Report G98 by James Pettifer on FYROM in mid-2001, 'Former Yugoslav Macedonia - The Shades of Night?', www.csrc.ac.uk

[16] See 'Albanian Daily News', Tirana, 21 August 1999.

[17] There a number of recent studies which attempt to open up discussion of these problems. For a Russian perspective, see 'Kosovo', Carnegie Endowment for International Peace, Moscow, 1999. Greek views are to be found in 'Kosovo and the Albanian Dimension in South East Europe' ed T Veremis & D Triantaphyllou, ELIAMEP, Athens, 1999. The best statement of the case for conditional independence is in the report of the International Commission on Kosovo published in October 2000, in Stockholm, and the follow up volume 'Why Conditional Independence?', December 2001, www.globalreporting.net

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