Introduction

AID POLICY, RECONSTRUCTION AND THE NEW PERIPHERY

Conjuncture, Historical Shifts: Introducing the Problem

The collapse of the socialist project in Eastern Europe both expressed and instituted considerable changes in international relations, in state transformations, and in aid and security policy. With the end of what was called the ‘second world’ and the consequent reshaping of the global order, the whole socialist development model was dead. Furthermore, a whole new space was opening up for global capitalism as well as for the international aid regime. The very project of the socialist state, itself for decades a model for many developing countries, now became an object of aid policy.

Initially there was great optimism for the post-Cold War order, and Western neoliberal prescriptions for how the countries of the former Eastern bloc should transform their systems were advocated with great confidence. At the same time, however, the whole project of ‘development’ was in question.

Classical development aid policy started after the Second World War, and focused on building nation-states of former colonies and on economic development within those new states. In the Cold War bipolar order, the state, its role in the development process and in governing the economy, had been central in both the socialist model and in Western liberal thinking. The state had played the crucial role in the welfare project in postwar Europe, and this was reflected in postcolonial aid policy. For the United States too, the most market-liberal version of capitalism, the strengthening of nation-states – after the colonies had been shaken loose – was essential as a form of organising political and geographical space for global economic liberalism.¹

Through the 1970s, and more notably in the 1980s, the development gap between the rich and the poor increased. So did the number of aggravated political and social conflicts, and there was a rise in civil wars.²

¹See Smith (2003): for example, chapters 6, 7, 12, 13 passim.
²Although subject to definition, the number of wars increased from the 1960s to the 1990s, with an accompanying trend towards internal (civil) wars. See Gantzel (1994).
Since 1992 open conflicts have diminished but the development gap has continued. A crisis of development appeared in the 1980s, especially in relation to Africa, when Western aid policy departed from its traditional postcolonial concern with uneven development within the international system and its earlier focus on state and nation building. From the 1980s on the role of the state as an agent in development was de-emphasised. This marked the beginning of a trend which accelerated in the post-bipolar world. Aid policy now aims at intervention in society as such. Thus, in the 1990s, when former communist states in Eastern Europe became incorporated as aid receivers, aid policy was already embarking on radical change. In Eastern Europe, the term transition (to democracy and market economy) was favoured, whereas the term development was associated with the Third World. The change in aid policy was reaffirmed, developed and consolidated in the post-bipolar world. In the 1990s a duality developed within both aid policy and the increasingly related field of refugee policy. Based on trends from the preceding decade, there was an increased focus on the character of domestic relations, institutions and form of governing in unstable areas, effectively locating the problem of ‘transition’ as well as ‘development’ in the nature of domestic political and social relations of the concerned country. Then, accompanying the erosion of asylum regimes in the West, came a number of measures to prepare refugees for reintegration into their home societies, which was coupled with aid initiatives for social reconstruction.

The features of the changing aid policy have become increasingly clear and general during the last decade, and have been analysed as a logical response to the emergence of a number of regions marked by protracted political crises and institutional collapse coupled with internal wars and complex humanitarian emergencies.

One aspect of this change was the idea of linking relief to development combined with the reprioritisation of aid budgets, leaving larger budgets for humanitarian assistance, conflict management and social reconstruction at the expense of conventional development aid. In the post-bipolar world, development and security became increasingly merged into a single problem complex. Underdevelopment became defined as dangerous, while development projects and the idea of ‘social reconstruction’ have become prime instruments in the growing field of ‘conflict management’. Underdevelopment has generally become interpreted as a risk factor for conflict and war and, consequently, social reconstruction and aid measures have become central to conflict management. If the concern in the 1980s and early 1990s primarily was that

\[3\] DAC (1997).

\[4\] Duffield (1997)

\[5\] Duffield (2001)
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underdevelopment, and especially conflict and internal war, produced refugee flows, there came in the second half of the 1990s an increased attention to conflict and underdevelopment as harbouring international criminal networks.\(^6\) As such they were a threat to global order.

A fundamental component of global orders in general is the relationship between state, nation and political economy, as well as the delineations between them. The term globalisation aims at aspects of redefining those relationships, not least between the state and the political economy, and has widely been interpreted as a force behind the collapse of the socialist state.

In this context the switch from an aid policy focusing on the state as an agent in development to an aid and security policy focusing on managing populations reflects a key reformulation in the relationship between the centre and periphery in the global order. Both aid and security now take populations and life as their referent object, rather than states, and have in this sense become biopolitical.\(^7\) Central to this process has been the concept ‘human security’, which became widely used by the UN (United Nations) in the 1990s.\(^8\) Donor governments – as well as the UN – have increasingly come to finance and subcontract NGOs (non-governmental organisations) and private partners to work directly in recipient societies. The role for the receiving state is now primarily to provide the security and legal framework for reforms and their implementation, rather than to be an actual agent in a development process.

In the 1990s an organisational reshaping of the aid sector has included the growth of public–private networks, with donor agencies, international organisations, NGOs, private agencies and military units operating together in conflict management and post-conflict reconstruction.

In East European ‘transition’ states the networks have not included military units, but in areas like Kosovo or Bosnia-Herzegovina, which are international protectorates, they are an essential component. These networks constitute the organisational structure for implementation as well as a space for policy articulation of an emerging system of global governance. The process of outsourcing and of operating through public–private networks marks a shift in the governing of public policy, which has parallels in all policy areas, but the radical intervention in countries over which the donor governments have no legitimacy – in

\(^6\)Thus for example drug cartels in Latin America has been a central concern for the US Government in the 1990s; following the collapse of the Soviet Union a great concern has been Russian mafia and the possibility of ‘nuclear drift’; and following 9/11 the problem of areas harbouring terrorist networks has become central.

\(^7\)The concept will be discussed further in Chapter 1; cf. Foucault (1976/1978); Brigg (2002); Duffield and Wadell (2004); Dillon and Reid (2001); Hardt and Negri (2000).

international law – and over populations to which they have no accountability, is a particular phenomenon.

This is certainly the case where there is no UN mandate for intervention. For example, in much of Eastern Europe, since the 1990s, bilateral aid policy has largely been operating through NGOs. In Eastern Europe the object has been to facilitate transition. This concept focused attention on regime change along with a tradition within political science and economics that studied preconditions for, and processes of, transition from authoritarian rule, especially with experience from Latin America and Iberian Europe. Regime change and systems change here implied the institutional arrangements for both liberal democratic forms of government and market liberalism, with political and economic liberalisation assumed to go hand in hand. Within this framework the concept civil society was eventually revived to imply a kind of institutional and cultural infrastructure of associations operating independently from the state and assumed to promote and safeguard democracy. Here, the state was rather seen as part of the problem since it was too big and bureaucratic, too autocratic, or both.

The disintegrating Yugoslav state is an excellent case in point, since it fitted the transition problem, while also requiring a direct humanitarian and postwar reconstruction response. Indeed, the Yugoslav crisis has been central in the emerging new aid and security policy. Initially interpreted along the Soviet model, as countries breaking loose from a central communist dictatorship, it soon proved more complex. As a conflict area it was in need of social reconstruction and reconciliation. Throughout the 1990s the Yugoslav crisis came to pose a fundamental challenge to central aspects of emerging policies in the European Union (EU), its separate member states, and to the United States. Security policy, including foreign, aid and defence policy, were deeply affected through it.

A number of important historical problems are generated here. First, the change in the language and in the structure of international aid as part of an emerging system of global governance expresses a radical change in the relationship between centre and periphery on a global scale. Second, the transformation of relatively developed areas – and even previous role models for development in Eastern Europe –, such as the former Yugoslavia, into aid receivers expresses a problematic change in the centre–periphery relationship. Both processes are related to changing relationships between the state, the nation and the governing of the political economy.

The changes in centre–periphery relationships in the 1990s with the incorporation of postsocialist states, and its consequences, have been especially clear in the Balkans. In the process, both the receivers and the donors of aid are continuously transformed. This involves the change of the entire security policy of Western states, including their military organisation, which is adapting to new tasks of peacekeeping.
or to fighting wars in the periphery. Moreover, the greatest effort, from a European point of view, in global governance and social reconstruction – both in terms of military resources and in aid – is currently in progress in Europe, in the Balkans: in the international protectorates of Kosovo and Bosnia-Herzegovina.

This book addresses these issues by focusing on three sets of problems. First, how has aid policy changed and how is contemporary aid policy and reconstruction policy working in a post-conflict region? More specifically, what problems is it confronted with and how is it interpreting, conceptualising and addressing these problems? Here the region under study is Kosovo. Second, how did socialist Yugoslavia, which for decades seemed a successful development model and a successful multi-ethnic state, become enmeshed in ethno-national conflicts and a major recipient of international aid and reconstruction? Indeed, how did it change from being a symbol of success into becoming a symbol of ethnic violence, foreign intervention, aid and reconstruction? Here we look at the experiences Yugoslavia has had with regard to the national question, the organisation of the political economy, and the state framework. These experiences were in turn built on a previous postwar reconstruction after the Second World War. Third, what is the character of the societies and political economies that have emerged out of Yugoslavia? Here, the focus is on Serbia and especially on Kosovo. In effect, aid policy is scrutinised in the context of real emerging political economies and societies and the historical experience of the region.

In order to answer these questions it is necessary to adopt an historical approach. We must look at how the national question was addressed and managed in Yugoslavia and how the state and the political economy was organised. Over time we can identify continuity and change in problems and issues which are still present today, namely how to organise the political economy and reconstruct societies, and how to address and manage the national question in the region. Moreover, in order to understand the societies that have emerged out of conflict we need to study how relationships between social groups, especially ethnic groups, have changed, which structures have changed and how they have done so. Indeed it helps us identify which elements and structures have tended to be persistent and which have not. This is the context in which international aid and reconstruction takes place. Thereby, a historical approach will make us better equipped for understanding how aid policy is operating and which problems it is confronted with. Moreover, Yugoslavia was itself reconstructed as a multinational state after vicious internal conflicts and foreign occupation during the Second World War. In many regards its socialist model and state framework was a solution for how to reconstruct the region after the war. Therefore we consider if there are any parallels from which we can better understand current post-conflict reconstruction.
In order to achieve focus, the study is limited to outlining Yugoslav history in broad strokes, thematically, until 1990; then focusing only on Serbia and Kosovo until 1999; and then only on Kosovo until 2007. There is thus no treatment of the wars in Bosnia-Herzegovina and Croatia or of the other republics emerging out of Yugoslavia after 1991. The analysis of aid policy and governance in the international protectorate of Kosovo ends in the early months of 2007 when the UN special envoy Martti Ahtisaari submitted his report on the issue of status for Kosovo. At the time of writing, the issue of status remains unresolved and the negotiation process continues.

The Main Arguments of the Book

The approach adopted here is not just historical, but macro-historical. It is necessary to scrutinise large structures, such as the change in world orders and the changes in the global political economy, in order to understand social and political change in the particular region. However, this is just the wider framework and it has to be coupled with a study of political and social relations on the domestic level: changes in the macro-scope provide limitations on the opportunity of choice available at the regional and local level. We can say that they provide an opportunity structure in which states and regional agents have to address political and economic issues, but these large structures do not in themselves determine certain outcomes at the regional or local level. There are various options for how to address and adjust, interpret and mobilise; and the particular character of political and social relations, alliances and even individual strategies at regional and local levels are equally constitutive in shaping change. In other words, we can say that questions of causality, which is typically a theoretical construction for understanding a relationship between factors and events (themselves isolated in the interpretation), involve a multiple set of factors interacting at various levels. My approach will be developed further in Chapter 1.

A few central arguments are pursued in this book. First, I argue that the changes in international political economy, and especially the advent of neoliberalism where the state has given way to the market (particularly in many sectors considered ‘public good’ or ‘public service’), are a central factor in understanding the push to the periphery and the marginalisation of many areas on the globe, including the collapse of Yugoslavia. I argue that it is also the main factor in understanding how aid policy and the whole way of addressing the periphery have changed. Indeed aid policy is one component of, and an integral part of, the new

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9The concept opportunity structure is from Karl Polanyi and is developed in Chapter 1.
international political economy. As such it is scrutinised as a problem, rather than just considered a solution. I argue that the changes in global order should be understood against the background of international political economy. Then, the reshaped world order after the Soviet bloc collapsed provided further ground for consolidating, and gave further impetus to the already established trend within international political economy. By extension I also argue that both the Yugoslav states, between the world wars, and after the Second World War, must be seen in context of the global political configurations and global economy at the time. Here, in spite of the recent crisis, the second Yugoslavia was in many regards a successful solution in postwar reconstruction, development and creation of a multinational federation, but Kosovo was always the weakest link both in terms of legitimacy and of political-economic development. This is also where the recent crisis started and where it eventually has to find a solution.

Secondly, I argue that these macrostructures – of global economy and political orders – are not sufficient to understand the collapse of Yugoslavia or the character of societies emerging from it. A study of the particular regional-local conditions, social and political relations, alliances and cultural characteristics is necessary in order to understand the present outcomes. A further step of significance is to study how agents interpret and articulate problems, and formulate strategies to address them. Third, I make some arguments about continuity and discontinuity. I argue that although there are obvious disruptions in both the political economy and in the political-constitutional organisation of Yugoslavia, there are notable continuities as well. Disruptions are evident in the fact that the first Yugoslavia (1918–41) was a peripheral pseudo-parliamentary monarchy drawn under capitalist influence, the second Yugoslavia (1945–91) was a federalised socialist republic; and the Yugoslav successor states generally have tended to mono-ethnic solutions, been pseudo-democratic, and that illiberal economies have consolidated in certain areas, whereas in others (like Slovenia) transition to market economy and democracy has been more successful. The idea of the state has been different in these three configurations: the first being an attempt to create a Yugoslav state as independent when the two empires (the Habsburg and the Ottoman) crumbled, the second being a unique form of self-management socialism and a highly federalised state, and the successor states being largely dominated by ethnic nationalism. However, there is continuity in the problem of integrating into the international political economy, and in organising a model for development in an area with considerable uneven regional development. There is continuity in the problem of finding a solution to the national question and of how to organise a polity, and also in certain traditional structures and clientelist networks which have worked sometimes within institutions and sometimes outside them. I argue
that such traditional structures and clientelist networks have played a crucial role both in socialist self-management and in the more recent illiberal economies, especially the expansion of black and grey sectors of economy. These arguments, and their implications, are further elaborated in Chapters 3 to 7.

Fourth, building on the previous arguments I argue that the neoliberal policies directed by the international community on Yugoslavia increasingly marginalised the country and that such policies have helped expand illiberal (including criminal) economies clustered around clientelist networks and ethno-nationalist projects. I argue that external structures and agents have had an important role in creating the problems with which the region is confronted today. In certain instances this has been particularly so, as is the case with economic sanctions on Yugoslavia, the political and diplomatic treatment of certain issues, and the military intervention in some cases. This has not always been the case, but sometimes it has been detrimental. Certainly this does not imply that I would have argued for non-intervention, and I do not engage in counterfactual reasoning; rather I assess how external agents often have acted upon ill-founded assumptions about the region or the character of society. Fifth, I argue that current aid policy and reconstruction policy in Kosovo has been partly founded on assumptions and conceptualisations of the area which have little basis in historical or contemporary social, political and economic reality. Moreover, the ideology underpinning these policies are ill fitted to promote reconciliation and sustainable liberal economic and political development. Finally, I argue that rather than addressing such problems through learning by experience on the ground, these policies are more shaped by factors in the intervening or donor countries themselves, by the changing ideology and nature of governing, by new forms of mobilisation for policy, and new ideologies of global governance. In order to show how and why these things are the case the book is organised as follows.

The Organisation of the Book

The following Chapter 1 is theoretical, and critically discusses various approaches to transition and to post-conflict reconstruction. After a critical scrutiny, and following some comments on key concepts such as nationalism and political economy, I outline the theoretical approach adopted in this study. Chapter 2 takes departure in a comparative discussion between contemporary reconstruction and aid in Kosovo and the reconstruction of post-Second World War Europe, with the so-called Marshall Plan (European Recovery Program). With this comparison as a departure the chapter outlines major trends and changes in the global order and global political economy over the past century. This consti-
tuted the changing macrostructure for Yugoslavia as well as for development aid. Finally, the project of development and international aid is positioned and discussed in this context. The following three Chapters, 3–5, provide a study of the Yugoslav states. The presentation is narrative, organised chronologically as well as thematically around the central themes of the organisation of the state, the political economy and the national question. Chapters 6 and 7 analyse the character of society, politics and political economy in Serbia and Kosovo after the break-up of Yugoslavia. Chapter 6 is on Serbia generally, while Chapter 7 is on Kosovo. Here the emergence of illiberal (or shadow) economies is studied in some detail. Chapter 8 analyses Kosovo under the UN administration and international aid policy in the region. Finally, Chapter 9 analyses contemporary aid policy and its conceptions of civil society, which has become so pivotal in relation to democratisation. This final chapter is intended to bring out some aspects of the aid problematic emerging from the preceding chapters. While Chapter 8 is directly anchored in the empirical ground in Kosovo, Chapter 9 is moving to the concepts as used among international agencies, in documents and policy formulation. Chapter 10 is a conclusion, highlighting the main concerns of the study. Although I favour theoretical discussion anchored in history and the empirical, and believe that the current problems must be interpreted through a historical analysis, I have attempted to write the chapters so that they can be read separately. The reader who wishes to skip theory can move directly to Chapters 2 or 3, whereas the one who is mainly concerned with theory can read chapters 1, 2 and 9. Reading them in order, however, will reveal the elements of continuity and discontinuity and give a historically anchored and fuller picture of my arguments.