

Testimony
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Thank you, Mr. Chairman. The review of U.S. policy toward the Balkans is timely. This region is the main piece missing in the long-held goal of a Europe whole and free, democratic and peaceful.

I will focus on the states of the former Yugoslavia and in particular on the situation in Serbia, Montenegro, and Kosovo.

This panel will discuss challenges remaining in the region, and much of what we say may sound negative. It is right for the friends of this region to be blunt about the problems it faces. But we must not fall into the trap of dismissing the region's successes or ignoring its progress. The problems of post-conflict engagement in Iraq, Afghanistan, western Africa, the Congo, and Haiti lead some to say that America should avoid engagement in regions emerging from conflict. Mr. Chairman, we do not have such a choice but to engage. And there is much we can learn from the Balkans as we engage around the world.

In this region, the picture as a whole vindicates the U.S. decision to intervene in the 1990s and our leadership in pressing for this region to be brought into a Europe whole and free. Slovenia, where the first war of Yugoslav dissolution was fought, is a NATO ally and EU member. Croatia will become a candidate for membership in the European Union, and Macedonia may also receive a decision on its candidacy next year. Before the end of this year, Bosnia may start a feasibility study for its EU candidacy, and the country is not a source of tension between Serbia and Croatia.

As a result of the decision to intervene in the Balkans, our NATO alliance was strengthened, our European allies are developing new security capacities, the U.S. military has performed brilliantly – and with no deaths from hostile action -- and the United States has learned much about what it takes to help a country make the transition from conflict to peace.

Serbia, Montenegro, and Kosovo. Of course, every country in the Balkans faces considerable challenges, and the struggle to establish democratic societies is not over. The greatest challenges lie in Serbia, Montenegro, and Kosovo, and it is here I will focus my remarks.

Even here, the picture is nuanced. In Serbia, democratic forces worked together to elect a Serbian president who is committed to European integration and economic reform. The Prime Minister and President each are democrats, and they have stabilized a

democratic coalition that has been in constant deterioration since it assumed power. In Kosovo, 135,000 Serbs are registered to live in Kosovo, and more than 60% are outside the Serbian enclave in northern Kosovo. And Montenegro repeatedly has affirmed again its commitment to joining European structures.

The challenges in the region do not grow from U.S. policy, but we must acknowledge that an effective U.S. policy could do much to improve the situation.

For the last several years we have had half a policy toward Serbia, Montenegro, and Kosovo. We have defined our relationships exclusively in terms of issues that are politically difficult if not suicidal for democratic leaders. It is of course critical to demand accountability for atrocities of the 1990s and protection of human rights. I helped develop the policies that insist on both goals and would not support any US policy that did not. But we should insist on performance on those issues in a way that helps those leaders carry out policies that would win them credit at home.

Serbia. In Serbia, we should answer the calls of the democratic President and Prime Minister and make clear, publicly, that as soon as possible Serbia will be in NATO and will receive our support for its EU candidacy. We should engage actively and as necessary increase our assistance – financial, technical, and diplomatic – so that we can use our engagement as a tool to help democratic leaders reform the military and intelligence services, arrest war criminals (and destroy the networks that protect them), create jobs, and attack organized crime. If Serbia's democrats can produce benefits for their citizens and overcome revanchist forces that remain strong there, America and our allies will be safer; if they can achieve those goals with our help, America will have strengthened our partnership and position in Europe.

Montenegro. Montenegro may – or may not -- have a sustainable majority in favor of independence; the majority remains solid but slim, and the opposition remains strong. Its leadership – looking at these facts -- has decided to make its shotgun marriage to Serbia so arduous that the Serbs will ask them to leave, thus ending the debate. There is little chance of this happening in the foreseeable future. As a result, the joint institutions of Serbia & Montenegro do not work, and military and economic reforms are jeopardized.

The United States has let the European Union set the agenda on this issue. It is time for the United States to speak up. At a minimum, the United States should urge the EU to:

- let Montenegro decide its own fate next year, three years after the signature of the agreement that created Serbia & Montenegro.
- open discussions toward possible EU membership on separate tracks with Serbia and Montenegro.

The Montenegrins, who made a brave decision to oppose Slobodan Milosevic and stand by the United States during a pivotal time for the region, deserve the chance to make up their own minds about the future of Montenegro, and the people of both Serbia and Montenegro deserve to shape their own destinies in Europe without an artificial union slowing them.

Kosovo. Kosovo is the most urgent issue facing the region. I am proud of the part that the United States played in reversing Milosevic's ethnic cleansing five years ago. Nearly one million people returned home, and with U.S. leadership NATO and the UN have played important roles in helping these people live without oppression.

But we have not done enough. The continued violence against Serbs is abhorrent. It is a stain on the reputation of the people of Kosovo, and it drains international interest in addressing Kosovo's final status.

Thankfully, most Kosovars do not support violence. But after the crimes of March it will be the extremists who decide when violence may erupt again. The Albanian political leadership was outflanked and surprised by the violence and cannot be counted upon to contain future explosions. Also, the extremists' calculations have changed. In March, UNMIK appeared hapless, and KFOR appeared to be a force hollowed out and left without political guidance. Extremists will be looking for an opportunity to test whether we have learned the lessons of March.

In the months since March tensions would have worsened without the personal involvement of senior U.S. officials, especially Marc Grossman, the Under Secretary of State. I applaud these efforts, and they have produced some gains. Privatization will resume, more authority is being given to Kosovo's democrats, there are reasonable discussions about create local governments that will reassure Serbs, and the trade regime has been improved.

But the broad policy remains more of the same. As a result we will get more of the same. We continue to apply a policy designed as an interim approach five years ago, when Serbia was ruled by a dictatorship and Kosovo had been destroyed by a brutal war that ejected approximately one million of its inhabitants. It is time to shore up Kosovo's own democrats and to help Belgrade's democrats move their own politics beyond this issue.

In simple terms, Kosovo's final status is impossible but not difficult. We must find a way to let Kosovars govern themselves and decide their future while also making it possible for any person who wants to live in Kosovo.

A realistic agenda should start from the premise that Kosovo's final status will not be taken up formally until 2005. The Contact Group decision, against a backdrop of elections in the United States, in Kosovo, and probably in Serbia mean that not much will happen until then in any case. (In fact, positioning for final status negotiations has begun already as the sides put out options and suggest redlines.)

My fear is that 2005 will be a date for further delay, and that will lead to violence. Our policy now must be to take steps that ensure 2005 will be a date for decision. For that to happen over the next months we should take several steps.

First, UNMIK must get out of the way, although NATO must stay. Even before March 2004, public respect for UNMIK and the SRSG had fallen by more than 50%, according to UNDP. Kosovars will be reassured if they see change. Several things should happen:

- UNMIK should prepare to end in 2005, leaving behind a residual international presence – possibly EU, ad hoc as in Bosnia, or even a light UN presence – with limited veto rights on decisions taken by the Kosovar institutions. The new SRSG should have a mandate to reform and wind down operations.
- As part of its reforms, UNMIK should focus on two issues that make the greatest difference to ordinary Kosovars: security, especially for Serbs, and corruption. The latter will be particularly important as privatizations become more frequent.

Second, give Kosovars full self-government. Kosovo's own provisional institutions should receive more responsibilities. This can be done by revising UNMIK's mandate or, more likely, by sharing responsibilities within that mandate. Kosovo deserves self-government, not a quasi-colonial administration.

As a matter of special importance, Kosovo's governing institutions right now should be held accountable for making it possible for Serbs to live in Kosovo. The PISG should add a ministry for returns and human rights, put a Serb in charge of this ministry, and provide an adequate budget, including for assistance to communities that support returns of Serbs.

Third, the economy should be the main priority of the PISG. 75% of Kosovars are pessimistic about their economic prospects, and the percentage of Albanians expressing pessimism jumped 20% in the months leading up to March 2004. Investment by small and medium enterprises fell sharply from 2002 to 2003. Registered unemployment rose 30% in 2003, creating a steady annual increase of 10-12%. The violence of March 2004 will make it worse. Asked whether the environment in Kosovo is positive for business, 4.4% of Albanians said yes; 7.7% of Serbs were positive, as were 6.2% of other groups.

Improvement involves three steps, which UNMIK and the PISG should undertake together:

- Unlock domestic savings. These have grown at a tremendous rate. Unfortunately they are not circulated into the economy to support small businesses and home purchases at the rate they should. Support for lower interest rates and longer maturity periods would help.

- Accelerate privatization, especially in the area of manufacturing for export. This will require decisions on state-owned enterprises and municipal properties. Perhaps communities that support efforts to keep Serbs living in Kosovo could be given special authorities in this regard, as a way of keeping the returns – and the communities as a whole – economically viable.
- Fight corruption. To attract investment, Kosovo must be transparent about both the process for tenders and the conditions of the investments.

Fourth, KFOR must remain at strength, and remain for several years. KFOR is one institution that many Kosovars look to with respect. Still, some units (not the US sector) have received heavy criticism for their performance in March. KFOR should look for ways to rebuild its credibility. It must have clear rules to engage when violence breaks out, it should communicate this to local leaders (and plan with them), and it must be resolute in engaging with communities to prevent and respond to problems as they arise.

It will be difficult to keep troops with the proper kinds of training and equipment in Kosovo. Capable EU allies are shifting forces to Bosnia, where the EU will take on the mission. The recent initiative to expand a carabinieri force, able to investigate organized crime and work as a unit to control demonstrations, is very welcome.

Fifth, prepare for status discussions. There are steps that only the international community can take.

- Engage Kosovo's Serbs.

Kosovo is their land, too, and they are the community most endangered by uncertainty and violence. Naturally, they look to Belgrade for support and guidance. But Belgrade has its own domestic pressures to consider and will not always be in position to speak for Kosovo's Serbs. It is inexcusable to negotiate the future of this land without hearing the voices of all those who are trying to keep Kosovo multi-ethnic.

- Prepare a simplified process for resolving Kosovo's status.

Most proposals suggest bilateral talks between Belgrade and Pristina, or a UN Security Council vote, or regional roundtables, or other multiple step approaches. The anticipation of such a process puts strains on politics in Belgrade and in the Council. There should of course be discussions in these venues, but they should remain informal ways to ensure that Serbian interests are met as best possible. Lengthy discussions about the shape of the table will prolong the process unnecessarily and keep tensions high. We should look for an expeditious, straightforward process.

Sixth, the electoral system should change to open lists. The current system, in which voters select party slates, builds up the party leaderships. Under an open list system, voters could select individual candidates. This would bolster the government, because individual politicians could challenge party discipline without losing their ability to win election.

Mr. Chairman, thank you for this hearing. We have a chance to help the people of the Balkans complete an historic transformation, so that Europe can be whole and free. In many countries they are doing well. In Serbia, Montenegro, and Kosovo, they need effective U.S. leadership, with our allies. If we continue to coast we may lose our long-held goal of seeing Europe be whole and free. And we will fail all those in the region who want to live in peaceful democracies.