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# The Real Reasons for War In Yugoslavia: Backing up Globalization with Military Might

Karen Talbot

**T**HE UNITED STATES AND ITS NATO UNDERLINGS CLEARLY WERE EMBOLDENED BY their “success” in bombing Yugoslavia, by their earlier bombing of the Serb areas of Bosnia, and by their victories in the other remnants of Yugoslavia — Croatia, Slovenia, and Macedonia. Burgeoning military alliances, with the U.S. at the helm, are now more likely than ever to try to intervene in a similar way against any country that refuses to be a new-world-order colony by allowing its wealth and labor power to be plundered by transnational corporations (TNCs). The assault against Yugoslavia threw open the floodgates for new wars, including wars of competition among the industrial powers. President Bill Clinton praised NATO for its campaign in Kosovo, saying the alliance could intervene elsewhere in Europe or Africa to fight repression. “We can do it now. We can do it tomorrow, if it is necessary, somewhere else,” he told U.S. troops gathered at the Skopje, Macedonia, airport (Agence France Presse, 1999).

It is hardly surprising that Clinton and the leaders of the other NATO countries glorified the aggression against Yugoslavia as “preventing a humanitarian catastrophe,” “promoting democracy,” and “keeping the peace” against a “Hitler-like” dictator who would not adhere to peace agreements. The public was repeatedly assured that the means — the bombing of the people of Yugoslavia — were justified by the ends. The media hype, including unprecedented demonization of the Serbs, was designed to mold public opinion to accept the “justice” of the war.

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The unmistakable message was that the “Serbs got what they deserved.” This rationale also concealed, and allowed unimpeded momentum toward, the true goals behind the stepped-up saber-rattling of the world’s superpower and its allies. The skillful disinformation campaign was spectacularly successful even in confusing and derailing sections of the traditional peace and progressive movement in the U.S. and Europe. So let us examine more closely the prettexts for the war and then look at the *real* motives.

### **Who Were the Real Terrorists?**

In the United States, we were told that the relentless U.S.-led NATO *blitzkrieg* (23,000 “dumb” bombs and “smart” missiles rained upon Yugoslavia for 79 days) was necessary to protect the human rights of ethnic Albanians in Kosovo. The U.S. Senate labeled Serbia a “terrorist state” (Weiner, 1999: A6). Yet what could be more “terrorist” than dropping upon civilians — from the sanctuary of high altitude, and from computer-guided missiles — radioactive depleted-uranium weapons and outlawed cluster bombs designed to rip human flesh to shreds? Was it not terrorism to deliberately target the entire infrastructure of this small nation, including the electrical and water filtration systems critical to the survival of civilians? Was it not terrorism to obliterate 200 factories and destroy the jobs of millions of workers? What of the constant air assault — “fire from the sky” — against cities, villages, schools, hospitals, senior residences, TV towers and studios, oil refineries, chemical plants, electrical power plants, transmission towers, gas stations, homes, farms, marketplaces, buses, trains, railroad lines, bridges, roads, medieval monasteries, churches, historic monuments — destruction amounting to more than \$100 billion? What of the incalculable destruction of the environment, including the deliberate bombardment of chemical plants. Above all, was it not terrorism to kill, maim, traumatize, impoverish, or render homeless tens of thousands of men, women, and children? Not only was NATO’s war a reprehensible act of inhumanity, it was also in contravention of all norms of international law, including the Charter of the United Nations. It was an unprecedented war by the most powerful military force in history. It involved the 19 wealthiest nations, which possess 95% of the world’s armaments, against a small sovereign nation that had little chance of countering such an attack.

We were told that this war was for a noble, humanitarian purpose and people wanted to believe this explanation. Yet the most obvious and glaring contradiction was the absence of any similar concerns about hundreds of thousands of Serbs expelled from the Krajina region of Croatia by the Croatian military in 1995, described as “the largest ethnic cleansing” of the Yugoslav civil war (Bonner, 1999: A17). Thousands died in that “Operation Storm.” Agim Ceku, who became the commander of the Kosovo Liberation Army (KLA) and was later promoted to head the Kosovo Protection Force (KPF), a key ally of the U.S. and NATO in Kosovo, as Brigadier General of the Croatian Armed Forces had been a chief

architect of “Operation Storm.” The private Military Professional Resource, Inc. (MPRI), comprised of “retired” U.S. military officers, was also heavily involved in “training” for this and other actions in Croatia and Bosnia (Chossudovsky, 1999a; Silverstein, 1997).

There were a million Serb refugees even before the bombing of Kosovo-Metohija began. That terrible flood of human suffering was greatly augmented by refugees who fled Kosovo after the NATO attack was launched — Serbs (many of whom were refugees from Bosnia and Krajina, once again uprooted), along with Turks, Romas, Goranics, and Albanians. After the NATO forces moved into Kosovo, there was a further vast exodus, particularly of Serbs, as the KLA swiftly stepped up the drive for an ethnically pure Kosovo. NATO troops stood by and took no real steps to prevent it.

As journalist Rick Rowden argued, “Americans should question the administration’s stated objective to ‘stop the killing’ in Kosovo. [It] should give us reason to ask, “Why can the U.S. support Croatian ethnic cleansing in Croatia but oppose Serbian ethnic cleansing in Kosovo? The answer likely has little to do with ‘stopping the killing’ and much to do with the expansion of NATO and its post-Cold War global role” (Rowden, 1999).

If protecting human rights was the purpose behind the bombardment, why were there no similar actions over the genocide in Rwanda, for example, or the tens of thousands killed in Angola, Mozambique, Guatemala, El Salvador, Palestine, or among the Kurds of Turkey? There were no threats to bomb on their behalf. What of the millions of victims of the bombings and continuing sanctions, such as using the withholding of food and medicines as a weapon of war, against the people of Iraq? What of the U.S. embargo against the people of Cuba?

What of the human rights of the people of Yugoslavia, who have been confronted by appalling conditions following the U.S.-NATO attack? People faced desperate circumstances according to Jim Carlton, Secretary-General of the Australian Red Cross, who inspected the devastation in June 1999. He reported that NATO’s air war had destroyed the basic industry, resulting in massive unemployment, and had caused a serious refugee situation. “The humanitarian assistance that the Red Cross can get into Serbia is minuscule compared to the need,” he said (Head and Conachy, 1999). In fact, there was no “humanitarian crisis” until NATO started bombing Yugoslavia, including Kosovo, over an *alleged* “humanitarian crisis.”

The U.S. and NATO’s hypocrisy over human rights has been exposed especially since the occupation of Kosovo began on June 8, 1999. There has been continuing, intense persecution and expulsion of tens of thousands of Serbs, Romas, and pro-Yugoslav ethnic Albanians — anyone targeted by the KLA. This has included attacks on Serbian monasteries and churches, and assaults carried out while NATO troops did nothing to stop them. The separatist KLA became further entrenched, not “demilitarized” as required in U.N. Security Council Resolution

1244, which ended the bombing.<sup>1</sup> Yet, out of a total of \$150 million appropriated for assistance for Kosovo, the U.S. Senate earmarked \$20 million for training and equipping a security force “that its authors say could include the KLA” (Weiner, 1999: A6).

The fascist roots of the KLA were detailed in the *New York Times* by Chris Hedges (1999), who wrote of the leadership faction as having “hints of fascism” and being comprised of the “sons and grandsons of those who fought in the World War II fascist militias and the Nazi Skanderberg SS Division” or descendants of the rightist Albanian Kacak rebels who fought against Serbs 80 years ago. They wore black fatigues and had ordered their fighters to salute with a clenched fist to the forehead, as did their fascist antecedents.

According to the U.N. Commissioner for Refugees, nearly one-third of the Serbs in Kosovo had fled by early July 1999. No longer were there any Serbo-Croat language television or radio programs. Broadcasting studios had been taken over by the KLA. Albanian and German currencies had replaced the Yugoslav dinar, postal links had been cut, and a legal system was being set up without Belgrade’s involvement (Prentice, 1999). As Human Rights Watch reported, “well over 164,000 Serbs have fled Kosovo with a significant number of Romas. The intent behind many of the killings and abductions appears to be the expulsion of Kosovo’s Serb and Roma population.” It said NATO and the U.N. “seem ill-equipped to stop the violence” (Cohen, 1999).

There are myriad examples of KLA brutality, such as the plundering of the Serb village of Belo Polje. Soldiers wearing KLA uniforms murdered Serb civilians, then looted and torched the entire village, according to a reporter at the scene. NATO soldiers did nothing to stop the mayhem (Dellios, 1999: A15). U.S. Congress member Dennis J. Kucinich described reports concerning a recent Executive Order that hands the CIA a black bag in the Balkans for engineering a military coup in Serbia, for interrupting communications, for tampering with bank accounts, freezing assets abroad, and training the Kosovo Liberation Army in terrorist tactics, such as how to blow up buildings.

How this is intended to help establish a democracy in Serbia or Kosovo hasn’t been explained. Nor has the failure to substantially demilitarize the KLA been explained. Nor has the reverse ethnic cleansing taking place in Kosovo by the KLA while NATO rules the province been explained (Kucinich, 1999).

### **The U.S. and NATO Prevented a Peace Agreement**

The key reason used by NATO to justify the bombing of Yugoslavia was that Slobodan Milosevic had refused to sign the Rambouillet “peace agreement.” Actually, the chance for a peaceful settlement of the crisis during the talks in Rambouillet and Paris, in February and March 1999, was thwarted. For one thing,

the short time initially allotted to “negotiate” this complex question showed a lack of seriousness from the start. It is clear from the text of the Rambouillet “agreement” that the Contact Group, especially the United States, did not want a peace agreement (*Le Monde Diplomatique*, 1999). No nation could be expected to sign away its sovereignty as was required in that document, which was accompanied by an ultimatum to sign or be bombed. This was *déjà vu* for the Yugoslavs. In 1941, Hitler had ordered them to capitulate to his pact or be bombed. Both times they refused and were bombed. The Austro-Hungarian Empire, in its thrust toward World War I, had inflicted a similar edict on Serbia in 1914.

In Rambouillet, the delegation from the Federal Republic of Yugoslavia (FRY), made up of representatives of every nationality of Serbia including ethnic Albanians, had agreed to the 10 original political points decreed by the U.S. and the Contact Group, including autonomy for Kosovo. However, they rejected the added demand for the deployment of NATO troops in the province, maintaining that if the parties agreed to the 10 points, there would be no need for a heavily armed force in Kosovo (*Serbia in the World*, 1999).

The acquiescence of the Yugoslavs to the political points provided an opening for a successful peaceful settlement of the crisis. It contrasted sharply with rejection of this document by the KLA, causing considerable consternation among U.S. officials. Press accounts were full of U.S. Secretary of State Madeleine Albright’s open apprehension that NATO would not be able to bomb if the KLA refused to sign. After a flurry of activity over several days, a signature was obtained on the greatly altered Rambouillet accords, with 56 added pages. It was presented to the FRY delegation when talks resumed in Paris. This virtually new document, totally contravening the 10 Contact Group principles, was never negotiated.

Aside from the other blatant violations of the sovereignty of Yugoslavia contained in the Rambouillet “accords,” there was a provision that after a three-year period a new international meeting would be held to “take into account the will of the people” in Kosovo. This was clearly meant to open the way to independence, even though the U.S. and the other Contact Group members had repeatedly assured the world they only favored autonomy, not independence, for Kosovo-Metohija. The formulation of the U.N. Security Council resolution on Kosovo could be interpreted as embracing this wording. Point 11-e of that resolution reads: “facilitating a political process designed to determine Kosovo’s future status, taking full account of the Rambouillet Accords.”

The refusal of the FRY to sign the fraudulent Rambouillet document provided the desired go-ahead for NATO to begin bombing, with all its terrible consequences. NATO’s ultimate goal of establishing itself in Kosovo was also accomplished. These few simple and obvious facts cut through the lies used to justify the war against Yugoslavia. What then were the *real* objectives of the U.S. and NATO?

### **McDonald's Needs McDonnell Douglas to Flourish**

An article by Thomas Friedman in the *New York Times* tells it all. Illustrated by a U.S. flag on a fist and entitled "What the World Needs Now," the article states:

For globalism to work, America can't be afraid to act like the almighty superpower that it is.... The hidden hand of the market will never work without a hidden fist — McDonald's cannot flourish without McDonnell Douglas, the designer of the F-15. And the hidden fist that keeps the world safe for Silicon Valley's technologies is called the United States Army, Air Force, Navy, and Marine Corps (Friedman, 1999: 40).

There could not be a better description of how the U.S. armed forces are seen as the military arm of globalizing transnational corporations. President Clinton said in a speech delivered the day before his televised address about Kosovo in April 1999: "If we're going to have a strong economic relationship that includes our ability to sell around the world, Europe has got to be a key.... That's what this Kosovo thing is all about" (Schwarz and Layne, 1999: 11).

Defense Secretary William Cohen, in remarks to reporters before his speech at Microsoft Corporation in Seattle, put it this way: "[T]he prosperity that companies like Microsoft now enjoy could not occur without having the strong military that we have" (Schweid, 1999). The defense secretary was making the case that conflicts in faraway lands such as Bosnia, Korea, and Iraq have a direct effect on the U.S. economy. The billions it costs to keep 100,000 American troops in South Korea and Japan, for example, makes Asia more "stable" — thus providing better markets for U.S. goods. "The military's success in holding Iraq in check ensures a continued flow of oil from the Persian Gulf," concluded the Associated Press dispatch reporting on Cohen's Seattle appearance (*Ibid.*).

### **Destabilizing Yugoslavia**

Yugoslavia was a victim of the worldwide process of capital restructuring and profit maximization. The targeting of Yugoslavia did not begin with the bombing. Economic destabilization of that nation began in the 1980s with IMF and World Bank structural adjustment programs (SAPs). As happens throughout the world where such SAPs have been imposed as conditions for debt relief, they devastated the economy, laying the groundwork for the breakup of Yugoslavia.

Political destabilization of Yugoslavia has been equally intense. There were increasingly direct pronouncements about U.S. intentions to depose Milosevic, which was finally accomplished in the September 2000 elections. The funding and organizing of opposition groups was openly espoused and carried out.

Referring to the U.S.-government-funded National Endowment for Democracy (NED), Alan Weinstein, who helped launch the NED said, "a lot of what we

do today was done covertly 25 years ago by the CIA” (National Endowment for Democracy, 1999). The NED, which Republican Congressman Chris Smith defined as “the most cost-effective item in the budget,” had been pouring millions of dollars into Yugoslavia for years. Among other things, NED’s Paul B. McCarthy praised the Forum of Non-Governmental Organizations held in Belgrade in June 1998, and encouraged U.S. organizations “to provide opposition political parties with expertise.” At the time, he said that Western funders should support organizations like the Alternative Academic Network and the Anti-War Campaign, which “protested the war in Kosovo.” NED funding also was funneled to the Humanitarian Law Center, the Center for Democracy Foundation, the Belgrade Center for Human Rights, the Center for International Private Enterprise, the European Movement of Serbia, the G-17 group of economists, and the American Center for International Labor Solidarity, which backed UGS Nezavisnost, a trade union confederation opposing Milosevic (*Ibid.*).

### **Profits for the Military-Corporate Complex**

Another major objective behind the NATO action was to add more billions to the already bloated U.S. military budget and to fill the coffers of corporations with super profits acquired from the hard-earned tax dollars of U.S. workers. After all, the stocks of Tomahawk cruise missiles and other weaponry used in the bombing must be replenished. Congress, with great bipartisan fervor, approved an increase for the Pentagon of \$20 billion, making a total of \$288.8 in military spending for fiscal year 2000. By contrast, all other domestic discretionary spending, including for education, job training, housing, the environment, and health programs, totaled \$245 billion — “the biggest disparity in modern times,” according to the Center for Defense Information. If that were not enough, President Clinton signed a bill appropriating an additional \$15 billion to wage the war against Yugoslavia. Most of that was siphoned out of the Social Security surplus fund.

Jaynatha Dhanapala, U.N. Under-Secretary-General for Disarmament Affairs, asserted that “television coverage of modern warfare has effectively created an ‘advertising dividend’ for the manufacturers of high-tech weaponry and the countries and alliances that use such weapons.” He observed that during the Persian Gulf War and the NATO bombing of Yugoslavia, tiny video cameras enabled hundreds of millions of viewers to “experience vicariously” the flight paths of attacking missiles to their intended targets (Inter Press Service, 1999). The bombing and missile strikes were giant bazaars for selling the wares of the armaments manufacturers.

A reporter for *USA Today* wrote: “The USA’s defense equipment, such as the satellite-guided smart bombs, has stolen the international spotlight as NATO air forces pound Serbian forces. That could mean increased foreign interest in U.S. military equipment” (Kahn, 1999: 2B). Raytheon spokesperson, David Shea, said: “We are expecting the Kosovo conflict to result in new orders downstream.”



Officials at Raytheon announced that replacing munitions used in the Balkans could lead to about one billion dollars in new contracts (Kirchofer, 1999: B2).

No wonder stock prices of the large military manufacturers shot up. Right after the beginning of the war against Yugoslavia, on March 24, 1999, the stock of Rockwell International (maker of the Lancer, B-1 bomber) was up 48%; Boeing Aircraft (maker of the B-52 Stratofortress) was up 30%; Raytheon Systems (maker of the Tomahawk cruise missile, HARM missile) was up 37%; Lockheed Martin (maker of the F-117 Nighthawk, F-16 Falcon), was up 18%; and Northrop Grumman (maker of the B-2 bomber) was up 16%.<sup>2</sup>

The “Big Three” weapons makers — Lockheed Martin, Boeing, and Raytheon — receive a total of over \$30 billion per year in Pentagon contracts and are actively engaged in shaping U.S. foreign and military policies. Their efforts have yielded the “payoffs for layoffs” subsidies for defense industry mergers, the elimination of royalty fees that foreign arms customers paid to reimburse the U.S. Treasury for the cost of weapons developed at taxpayer expense (a loss for taxpayers of roughly \$500 million per year), and the creation of billions of dollars of new grants and government-guaranteed loans to support the export of U.S. weaponry (Hartung, 1999).

### **The New NATO**

Major corporations — especially military-industrial corporations — have pushed vigorously for expanding and extending the role of NATO. Their blatant salivating over potential profits was indisputable during NATO’s 50th Anniversary celebrations in April 1999, which became “the ultimate marketing opportunity,” as described in the *Washington Post* (Smart, 1999: E1). The host committee included the chief executives of Ameritech, DaimlerChrysler, Boeing, Ford Motor, General Motors, Honeywell, Lucent Technologies, Motorola, Nextel, SBC Communications, TRW, and United Technologies. These companies sell weapons, but also other products. They have lobbied for the expansion of NATO to avail themselves of the lucrative markets in Eastern European nations that have been pressed to join NATO. Poland, the Czech Republic, and Hungary have already been admitted. To be a part of the Alliance, these nations must spend billions to upgrade their military forces by purchasing the needed equipment and weaponry.

Even the Ukraine, part of the NATO-sponsored Partnership for Peace, held joint naval exercises with the United States in July 1999. Perceiving this as a threat, Russian Prime Minister Sergei Stepashin was quoted by the Interfax Ukraine news agency as telling the officers and men of Russia’s Black Sea fleet to prepare for a naval exercise to imitate the military action in Yugoslavia during the Kosovo crisis (Reuters, July 18, 1999). The Ukraine, Georgia, Uzbekistan, Azerbaijan, and Moldova are members of GUUAM, a bloc of “Western-oriented” Commonwealth of Independent States (CIS) members. Moldova and Uzbekistan joined during the

NATO Anniversary Summit in April, and a charter was established encompassing military cooperation within the group and with NATO. GUUAM members have opted out of the CIS Collective Security Treaty.

The pendulum of Ukrainian foreign policy swung closest to the West on June 12, when Kiev briefly closed Ukrainian airspace to Russian aircraft trying to reinforce Russian troops at Slatina airbase in Kosovo.... Russia's military commanders were furious. It was bad enough that NATO convinced ostensibly neutral Romania and Bulgaria to deny their airspace to Russian aircraft, but Ukraine was a step too far. Ukraine had to clarify its relationship with NATO and with Russia (Stratfor, 1999b).

Also of great concern is the fact that NATO possesses nuclear armaments and continues to refuse to renounce first use of these weapons.

In sum, NATO has succeeded in projecting its new role as acting "out of area" and intervening anywhere on the basis of "humanitarian concerns," regardless of national sovereignty and international law. The purpose has been to send a message to nations of the entire world that if they do not do the U.S. bidding, they, too, could be a victim of the kind of devastation unleashed upon Yugoslavia and Iraq. They, too, could be divided up and "balkanized." Especially vulnerable are the countries involved in the petroleum wealth of the Caspian Sea basin — Russia, Turkmenistan, Kazakhstan, Azerbaijan, and Georgia — where there are already related conflicts, from Chechnya to Nagorno-Karabakh and Abkhazia. The Middle East is also closely linked to this region. Together they comprise the oil-rich Eurasian crescent area.

### **A New Strategic Concept**

NATO expansion pertains to what Washington calls a "new strategic concept," an expensive new program to have NATO, under U.S. leadership, become the key player globally. In this new plan, NATO extends throughout Eastern and Baltic Europe, and considerably beyond. Zbigniew Brzezinski (1997) defines the alliance as part of an "integrated, comprehensive, and long-term geostrategy for all of Eurasia," in which NATO would eventually reach Asia, where another U.S.-led military alliance would connect Pacific and Southeast Asian states.

The unfolding events in Indonesia and East Timor appear to be closely related to plans for establishing a U.S.-controlled NATO-type military alliance in that region and to counter a purely Asian military association. (This topic is taken up by John Feffer — *eds.*)

### **A European Military Force**

As in East Asia, U.S. military and economic policies sometimes conflict with those of European countries in spite of considerable collaboration and commonality of interests. Economic competition between the U.S. and the European Union

is epitomized by such things as the banana trade wars in the late 1990s, when the World Trade Organization (WTO) ruled in favor of U.S. TNCs, the rivalry over the oil riches of the Caspian Sea basin, and access to the labor, markets, and resources of Eastern Europe.

On the day that Yugoslavia adhered to the Group of Eight (G-8) agreement on Kosovo, which followed approval of U.N. Security Council Resolution 1244, the leaders of 15 European countries announced that the European Union would establish an independent military force. The U.S. has warned openly that it would not tolerate a purely European military alliance to take the place of NATO. This was clearly spelled out in "The Defense Planning Guide," excerpted in the *New York Times*, which said:

We must account sufficiently for the interests of the advanced industrial nations to discourage them from challenging our leadership or seeking to overturn the established political and economic order.... [W]e must [deter] potential competitors from even aspiring to a larger regional or global role.... We must seek to prevent the emergence of European-only security arrangements which would undermine NATO (Tyler, 1992: 1)

However, U.S. aerospace companies are determined not to be locked out of the lucrative profits to be had from the establishment of a separate European military alliance. This pressure led to a slight shift in policy by the Pentagon. Mergers between U.S. and European defense contractors were given the go-ahead. "U.S. Undersecretary for Defense Jacques Gansler was in contact not only with European governments such as the United Kingdom, Germany, France, and Italy, but also with leading defense companies including British Aerospace (Bae), France's Aerospatiale Matra SA, and Germany's Dasa" (Staples, 1999a; 1999b).

Thus, the economic rivalry between the U.S. and Europe is sometimes tempered by the corporate imperative to survive at all costs and to reap maximum profits by resorting to mergers and partnerships. Lockheed Martin, maker of missiles and high-tech weaponry, has created Lockheed Martin UK Limited, based in London. Its largest U.K. operation is the Royal Navy Merlin helicopter program, among others. Lockheed Martin has more than 200 international partnerships around the world (*Ibid.*).

### **Why the Balkans?**

The peoples of the strategically situated Balkans have had the great misfortune of living on real estate coveted by empire after empire, all of which employed classic divide-and-conquer tactics by pitting one people against another. In the recent period, this stratagem again proved effective in breaking up Yugoslavia.

After striving to comply with the market reforms imposed by the IMF and World Bank, the Yugoslav government committed the unpardonable sin of putting

the brakes on those reforms, including the drive to privatize all public enterprises. Huge strikes by workers had protested the reforms. President Borisav Jovic, who headed the government from 1990 to 1991, opposed the devastating austerity measures because of the economic havoc they were wreaking for the people. Among others, Slobodan Milosevic, who was president of the Republic of Serbia at the time, backed him in that stance. This was the “unpardonable sin” that led to further destabilization and the dismemberment of Yugoslavia.

Numerous articles in the mainstream U.S. press have unveiled this real complaint against Milosevic. The *New York Times*, for example, reported, “there has been little improvement in the Serbian economy, largely because of the determination of Mr. Milosevic, a former Communist, to keep state controls and his refusal to allow privatization” (Perlez, 1996: A10). The *Christian Science Monitor* put it this way: “Milosevic is harking back to the political control promised by that old Communist star on this presidency building.... [He] is revoking some privatization and free market measures” (Peterson, 1996: 7).

In response to this “stubbornness” by Yugoslavia, the U.S. Congress passed the 1991 Foreign Operations Appropriations Law 101–513 on November 5, 1990. That law abruptly cut off all aid, credits, and loans from the U.S. to Yugoslavia, further demolishing the Yugoslav economy. It also demanded separate elections in each of the six republics making up Yugoslavia, and included provisions for only those forces defined by Washington as “democratic” to receive funding from the U.S. At the time this law was passed, the CIA issued an unusual public report predicting “that the federated Yugoslavia will break apart most probably in the next 18 months and that civil war is highly likely.” The article mentioned the expected impact of cutting all U.S. funds to the Yugoslav government as the basis of impending civil war (Binder, 1990: A7). This was one year before it actually happened and before there were any indications in the press of the impending trouble. Coupled with the increasing economic suffering of the people, this law fueled ethnic strife by providing backing for right-wing and nationalist elements. In this way, the full onslaught for the dismantling of Yugoslavia was launched.

The targeting of the Yugoslav economy can be traced to a “Secret Sensitive” 1984 National Security Decision Directive (NSDD 133) on United States policy toward Yugoslavia. A censored version, declassified in 1990, largely elaborated on NSDD 54 on East Europe issued in 1982. The latter advocated “expanded efforts to promote a ‘quiet revolution’ to overthrow Communist governments and parties,” while reintegrating the countries of Eastern Europe into a market-oriented economy (Flounders, 1998).

### **The Allure of Rich Resources and Cheap Labor**

The determination by the U.S. and NATO to occupy Kosovo and virtually all of Yugoslavia was spurred on by the enticement of abundant natural resources and cheap labor. Serbia as a whole is rich in minerals. The coveted northern Serbian

province of Vojvodina is an extremely fertile land — a major “breadbasket” for Europe. Then there are the enterprises to be privatized at bargain prices, and the anticipation of exploiting very inexpensive and highly-skilled workers potentially available to work under sweatshop conditions.

Kosovo alone has the richest mineral resources in all of Europe west of Russia. The *New York Times* observed that “the sprawling state-owned Trepca mining complex, the most valuable piece of real estate in the Balkans, is worth at least \$5 billion,” producing gold, silver, pure lead, zinc, cadmium, as well as tens of millions of dollars in profits annually. Kosovo possesses 17 billion tons of coal reserves, and it (like Serbia and Albania) also has oil reserves (De Palma, 1999: A15).

Chapter 4 of the 85-page Rambouillet “agreement” spells out plans for the economic assets of Kosovo. Article 1 calls for the privatization of the whole economy. This meant that private Western corporations were to be allowed to plunder the large industries in this Serbian province, which had been almost entirely state owned. Already, at least 2,000 enterprises have been taken over by Bernard Kouchner, head of the U.N. “peace keepers,” UNMIK. On August 14, 2000, the Zvečan Smelter of the Trepca mining complex was seized by Kouchner’s UNMIK forces on the pretext of stopping environmental pollution (Mertens, 2000; Johnstone, 2000). Similarly, a major aspect of the implementation of the Dayton Accords on Bosnia pertains to overseeing the publicly owned enterprises and their privatization.<sup>3</sup>

Yugoslavia had retained strong elements of a socialist economy — the last in Europe — however tattered it had become after years of economic destabilization by the West and international financial institutions. Sixty-five percent of all firms were either publicly owned or self-managed cooperatives. Most heavy industry was state-owned. Only state-owned factories were bombed during the 79 days of NATO attacks. The banking and financial system was also state-controlled. Only 20% of the work force was in the private sector (Lituchy, 1999). Now, the Democratic Opposition government is moving very rapidly to change all that by instituting austere “market reforms” once again.

Like scores of nations around the globe, Yugoslavia had fallen prey to international financial institutions. The U.S. had joined Belgrade’s other international creditors in imposing a first round of macroeconomic reforms in 1980, shortly before the death of Marshal Tito. According to Michel Chossudovsky (1996: 33):

Successive IMF-sponsored programs since then continued the disintegration of the industrial sector and the piecemeal dismantling of the Yugoslav welfare state. Debt restructuring agreements increased foreign debt and a mandated currency devaluation also hit hard at Yugoslavia’s standard of living.... [The] IMF prescribed further doses of its bitter

economic medicine periodically.... Industrial production declined to a negative 10 percent growth rate in 1990 — with all its predictable social consequences.

In autumn of 1989, Yugoslavia had agreed to even more sweeping economic reforms, including a new devalued currency, another wage freeze, sharp cuts in government spending, and the elimination of socially owned worker-managed companies. Workers from all national communities protested and the government began to reject those structural adjustment requirements in 1990, when Borisav Jovic was head of the collective Yugoslav presidency. In later years, after he was elected president of the FRY, Slobodan Milosevic had again moved away from privatization (Silber and Little, n.d.). This, as we have seen, outraged the U.S. and its partners. To make matters worse, it was not long before harsh economic sanctions were imposed against Yugoslavia.

### What About Montenegro?

Montenegro, the only other remaining Yugoslav republic besides Serbia, is coveted for its beautiful seacoast and because of its extremely valuable port of Bar, a deep-water port that provides the cheapest route for commerce in and out of Eastern Europe and beyond. It provides the only remaining outlet to the sea for the FRY.

Even though a referendum in Montenegro had rejected seceding from Yugoslavia, every effort was undertaken by the West to break Montenegro away from the FRY. Unlike Serbia, Montenegro had privatized 95% of its economy under U.S.-supported leadership. In 1992, Montenegro had received a pledge from Secretary of State Madeleine Albright to “shield” it from the sanctions imposed on Yugoslavia. Montenegro was receiving \$5.9 million in aid from the U.S. and \$4.4 million from the European Union (Reuters Dispatch, 1998).

Efforts to dismantle Yugoslavia further by peeling away Montenegro and Sandjak (a region connecting Kosovo to Bosnia-Herzegovina), as well as the northern province of Vojvodina, were well underway in 1999. Talks began in mid-July of that year between delegations from the two republics — Montenegro and Serbia. “Montenegro’s pro-Western government hopes the talks might lead to Yugoslavia becoming a looser federation,” the Associated Press (1999) reported. “The threat of a split puts pressure on Serb officials to consider ousting Milosevic.... Serb-born American millionaire, Milan Panic, who served [briefly] as federal premier...told Belgrade daily *Blic* that, if Milosevic remains in power, ‘everything has been prepared for Montenegro to secede.’”

Since the September 2000 elections in the FRY, matters have shifted and President Djukanovic of Montenegro, at least for the time being, is being pressured by the U.S. to tone down his talk of independence because such a move would result in the total destruction of Yugoslavia and therefore the basis for Vojislav

Kostunica's presidency. However, Djukanovic has not been very cooperative in that regard, preferring to pursue full separation from Serbia.

### **Sanctions: War Against the People**

Before the NATO bombing, Yugoslavia had suffered under severe sanctions for seven years, and as it tried to recover from the vast destruction of the country, there was no letup to those sanctions. U.S. Senate Bill 1234 (and its counterpart in the House, HR 2606) declared Yugoslavia a "terrorist state," along with Cuba, Iraq, Libya, North Korea, Iran, the Sudan, and Syria. In Section 578, the bill called for keeping sanctions in place against Yugoslavia (Weiner, 1999: A6). As has happened in Iraq, this will likely result in the deaths of additional thousands of people in a nation with heavily damaged infrastructure and 90% unemployment due to the U.S.-NATO bombing. This Section also stipulated that sanctions would remain in place, until the president certified that:

successor states to the Socialist Federal Republic of Yugoslavia [the former Yugoslavia] have successfully negotiated the division of assets and liabilities and all other succession issues.... Serbia-Montenegro is fully complying with its obligations as a signatory to the...[Dayton Accords]; ...fully cooperating with and providing unrestricted access to the International Criminal Tribunal for the former Yugoslavia, including surrendering persons indicted for war crimes who are within the jurisdiction of the territory of Serbia-Montenegro, and with the investigations...of war crimes and crimes against humanity in Kosova [*sic*]: ...instituting democratic reforms; and Serbian-Montenegrin federal governmental officials, and representatives of the ethnic Albanian community in Kosova [*sic*] have agreed on, signed and begun implementation of a negotiated settlement on the future of Kosova [*sic*] (Weiner, 1999: A6).

### **The Lucrative Business of Destroying and Rebuilding**

Another U.S.-NATO goal, rapidly being implemented, has been to create a "Marshall Plan" for the Balkans. Though this sounds benevolent — certainly reconstruction is desperately needed — it means using public funds of the U.S. and other NATO countries to underwrite private corporations to rebuild the infrastructure and entrench themselves in Yugoslavia. This amounts to massive corporate welfare paid for by taxpayers. It will provide easy access into the region for Western corporations and gives impetus to the establishment of a "free" market economy and massive privatization. Destroying and rebuilding is enormously lucrative!

Secretary of State Madeleine Albright told Congress in mid-April 1999 that the Clinton administration envisioned a plan to reconstruct Kosovo, create a

common Balkan currency, and forge new trade relationships. She assured Congress that Europeans were prepared to pay for most of it. Subsequently, NATO finance ministers met with the World Bank and IMF to “explore aggressive ways for us to help,” in Clinton’s words. Later a conference was held in Bonn to plan for ways to come up with the billions needed for reconstruction of the Balkans (Balman, 1999).

Other countries in the region had also been hard hit by the NATO war against Yugoslavia. They, too, will need “rebuilding.” The bulk of commerce for Bulgaria, Macedonia, and Romania went either to or through Yugoslavia. This was substantially destroyed by the NATO attack. A World Bank and IMF report issued in April 1999 noted that over five percent of the gross domestic product for the Balkans would be wiped out in that year, plunging their economies into recession and unemployment (World Bank and IMF, 1999). Debt-ridden and impoverished Albania and Macedonia, both of which gave NATO free rein to use their territories, and, to a lesser extent, Bosnia-Herzegovina, Croatia, and Slovenia will require “rejuvenating,” as well.

The U.S.-dominated South East European Cooperative Initiative (SECI), in which Milosevic had refused to participate, has been very active in this process. Though U.S. officials had insisted there would be no aid to Serbia so long as Milosevic was in power, Montenegro received considerable “assistance.” There also had been promises of aid made to mayors and city councils of some cities if they opposed the Milosevic government. In Washington, the Foreign Operations, Export Financing and Related Programs Appropriations Act, 2000, passed on June 30, 1999, with only two dissenting votes. This foreign aid bill not only designated Yugoslavia as a terrorist state, it also barred U.S. aid to Yugoslavia and permitted Kosovars [*sic*] to sue President Slobodan Milosevic for damages in U.S. courts. It included \$20 million for training and equipping a Kosovo security force that its authors said would include members of the Kosovo Liberation Army. The bill included \$150 million in aid to Kosovo, \$85 million for Macedonia, \$45 million for Bulgaria, and \$35 million for Montenegro.<sup>4</sup>

Serbia is highly susceptible to the whetted appetites of TNCs that are eager to invest and rebuild on their own terms. In Britain, Germany, and France, special task forces made up of companies that wanted to go after reconstruction contracts were set up. There was considerable hustle and bustle by these enterprises as they sought to avoid being outdone by competitors in the U.S. and other countries. The U.S. Undersecretary for Trade, David Aaron, announced on June 15, 1999, that the U.S. was demanding a share of the Kosovo contracts, saying 100 companies wanted to participate (Pomeroy, 1999).

### **It’s About Oil!**

Perhaps above all, this U.S.-led NATO multi-pronged onslaught is about oil. It is related to the drive to extend and protect the investments of transnational



corporations in the Caspian Sea region, especially the oil corporations. The Balkans are strategic for the transshipment of oil and gas to Europe and beyond. The region is critical in the competition between Europe and the U.S. over these riches. The first tanker shipment from the port of Supsa in Georgia on the eastern Black Sea coast — the terminus of a pipeline from the Caspian Sea oil fields — took place in 1999. Another pipeline passing through Russia and Chechnya, also ending at the eastern shore of the Black Sea at Novorossiisk, will add to the tanker traffic.

The predicament is how to get that oil beyond the Black Sea. The Bosphorus straits at Istanbul are narrow and pose considerable hazards, especially for the heavy tanker traffic expected. So far, plans to build a pipeline through Turkey (Kurdistan) have been thwarted by the struggles of the Kurds, by costs, and by competing interests. Hopes for a pipeline through Iran and Afghanistan have also been on hold.

The oil can be shipped by tanker up the Danube River, a waterway crossing Europe from the Black Sea, where a short canal connects it to the port of Constanza in Romania. The Danube runs through Belgrade and Novi Sad in Yugoslavia. The completion of a grand canal between the Danube and the Rhine now makes it possible to ply those waters through a great inland system of canals and waterways to the industrial Ruhr Valley and clear to the North Sea. Undoubtedly, this route is favored by European governments and corporations in the competition over the Caspian Sea oil wealth.

There are also plans to build pipelines across the Balkans. One from Romania — which has considerable oil wealth itself — would extend from Constanza to Trieste on the Adriatic Sea. At Trieste, the oil would be shipped westward out of Europe by tanker (U.S. Energy Information Administration, 1998).

Another pipeline is planned to extend through Bulgaria from the port of Bourgas on the Black Sea, to the Vlore port on the Adriatic in Albania. This is a project of the U.S.-owned Albanian, Macedonian, and Bulgarian Oil Corporation (AMBO) (*Ibid.*). These would be part of a multiple pipeline system in the Balkans, with some connecting with existing “Soviet-era” pipelines from Russia that would need upgrading. The oil and gas pipelines extending through Serbia from Russia to Central Europe are extremely valuable. In the competition with European-based companies, the U.S. backs the Caspian Pipeline consortium led by Mobil (Joint U.S.-European Union statement, n.d.).

Furthermore, Kosovo is in a transportation corridor used for centuries as a route between Europe and the Middle East. The route follows river valleys — particularly the Presovo Valley, which lies just east of the Kosovo border. This valley connects with the Danube Valley near Belgrade. The southern arm of the transbalkan railway runs along this route. The Presovo Valley is in a narrow strip of land between Kosovo and Bulgaria. It would provide a link from Kosovo to the Black Sea. Recently, KLA forces have been attacking Serbs in the Presovo Valley.

It appears to be no coincidence that the U.S.-based Bond Steel, the largest in Europe, is about 15 miles from this border area in Kosovo. The Presovo Valley is yet another strategic piece of real estate critical to the U.S.-NATO drive eastward.

Control of these overland passageways was crucial to the German war machine in World War II, and to other conquerors. It is currently vital to getting the oil riches into Europe from the Middle East and for other two-way commerce.

Neighboring Albania, whose economy has been completely transformed to meet the requirements of the "free-market" and domination by Western transnational corporations and banks, has vast untapped mineral resources, including oil reserves. These are already being gobbled up by transnationals, including the major oil companies. According to Chossudovsky (1999b), the application of strong structural adjustment policies imposed by the World Bank and IMF:

contributed to wrecking Albania's banking system and precipitating the collapse of the Albanian economy. The resulting chaos enabled U.S. and European transnationals to carefully position themselves. Several Western oil companies, including Occidental, Shell, and British Petroleum, had their eyes riveted on Albania's abundant and unexplored oil deposits. Western investors were also gawking [at] Albania's extensive reserves of chrome, copper, gold, nickel, and platinum. The Adenauer Foundation had been lobbying in the background on behalf of German mining interests (Chossudovsky, 1999b: 20).

### **Stoking Conflict in the Caucasus-Caspian Sea Region**

There is growing contention between Russia and the West over the oil wealth of the Caspian Sea basin. This was manifested not only in the NATO war against Yugoslavia, but also increasingly in the Baltics, the Ukraine, the region of the Caucasus Mountains, and among all the littoral nations of the Caspian Sea. The main pipelines for Central Asian oil, the Baku-Novorossiisk and Baku-Supsa pipelines, pass through the Caucasus. The conflicts occurring in this region are clearly related to the struggle over the gas and oil wealth. For example, in mounting disputes, Russia had been allying itself with Armenia and, it is suspected, with the Abkhaz separatists to "counterbalance NATO influence in Azerbaijan and Georgia." Chechnya is also critical in this struggle as the Baku-Novorossiisk pipeline traverses Chechen territory (Stratfor, 1999b).

For Russia, Dagestan retains an important strategic value. Dagestan [which lies between Chechnya and the Caspian Sea], commands 70 percent of Russia's shoreline to the oil-producing Caspian Sea and its only all-weather Caspian port at Makhachkala. It provides the crucial pipeline links from Azerbaijan, where Russia maintains important oil interests (Gall, 1999: A10).

Thus, it is not surprising that conflict between secessionists and Russia also exploded last year in Dagestan.

The recently opened Baku-Supsa route through Georgia, favored by the West, bypasses Russia altogether, undermining Russian influence on the region's oil and Russian revenue from that oil. This route was opened following military maneuvers for training to defend the line by Ukrainian, Georgian, and Azeri troops, as part of the GUUAM alliance. Intensifying competition between Russia and NATO had escalated after a battle with heavy losses, on June 14, 1999, between Azerbaijan and Armenia over Nagorno-Karabakh (Stratfor, 1999b).

The other pipeline route favored by the U.S., between Baku and Ceyhan, Turkey, would be more expensive and would transverse the area of intense struggles by the Kurdish people. This has recently led U.S. oil companies to revive their interest in other routes. One of these would be through western Afghanistan; another would cross through Iran.

Richard Morningstar, special advisor to President Clinton and Secretary of State for Caspian Issues, said it was essential that the two Caspian states — Azerbaijan and Turkmenistan — agree as soon as possible about a trans-Caspian gas pipeline to transport oil from Turkmenistan to Turkey via the Caspian Sea. Washington has urged these states to ignore Russian and Iranian opposition and to move ahead with this pipeline even if it means violating the existing legal status of the Caspian Sea, whereby all littoral states are to be consulted about its future. Russia and Iran “feel increasingly irritated by the U.S. activities in Central Asia, aimed at preventing Moscow and Teheran from reasserting their economic and political grip over the former Soviet republics in the Caspian region” (Stratfor, 1999a).

Also at stake in this region is growing competition from China, which recently has established significant military and economic ties with Turkmenistan. China's National Petroleum Company has helped rebuild over 100 wells in Turkmenistan, resulting in an increase in the nation's export production. It is estimated that Turkmenistan soon will be the third-largest gas exporter in the world (*Ibid.*). China, the world's second-largest energy consumer, is expected to require 40% of its oil through imports by 2010 — up from less than 20% today (Kynge, 1999).

### Summary

The U.S.-NATO destruction of Yugoslavia established a precedent for military attack, cloaked in the disguise of democracy and human rights, against any sovereign country that might have the temerity to stand up to the encroachment of TNCs. It awakened millions of people to the ferocious nature of the U.S. corporate drive for world dominance. That process needs to be accelerated by exposing the palliatives designed to mislead the public and by making a true diagnosis that can help lead the peace and justice movement to an effective response. We need to disclose the real goals of this new-world-order imperialism and see clearly how it

hurts workers and poor and oppressed people, within our own borders and globally. We need to see the ways in which military dominance increasingly works in close tandem with economic globalization, privatization, and the drive for corporate super profits. This basic understanding is essential to building a powerful united worldwide resistance movement for real justice and peace.

### Postscript, December 2000

Since this article was written, Slobodan Milosevic was forced out of the Yugoslav presidency in the September 2000 elections and Vojislav Kostunica is now president. Due to continuing dissension among the numerous opposition groups backed by the U.S., Kostunica was seen as someone they could all “get behind” as the “Democratic Opposition” (DOS) and he became a candidate for president. The U.S. had funded an array of opposition groups for many years, but that effort was stepped up considerably in the weeks leading to the election. In July 1999, Special U.S. Envoy to the Balkans, Robert Gelbard, his assistant, James Pardew, and Senator Joseph Biden testified before the U.S. Senate hearings on Serbia. They stated clearly that the U.S. pays and controls the “independent democratic” opposition. The day before the hearings, the U.S. Senate voted to give this opposition \$100 million. Gelbard said: “In the two years leading up to the Kosovo crisis, we spent \$16.5 million on programs in support of Serbian democratization.” This is just the tip of the iceberg, with monies also flowing to opposition forces from the Soros Foundation and from other governments. These funds have backed, or created, political parties, radio stations, and even trade unions. If a hostile foreign power were to do that in the U.S., their local agents would be jailed.

One of the supposedly independent groups funded through the National Endowment for Democracy is the G-17 group of “independent” economists. DOS and Kostunica endorsed a program written for them by G-17.<sup>5</sup> Many of the measures called for in the program are rapidly being implemented. The following is a sample of some of the points in the DOS platform:

1. The option of adopting the German mark as a legal currency for the whole of Yugoslavia, following the lead by NATO forces in Bosnia, Kosovo, and Montenegro. Early in December 2000, the Yugoslav central bank announced its plan to make the dinar partially convertible, which they admitted would cause job losses (Reuters Dispatch, 2000). It will make the country dependent on the German economy. The country’s largely foreign debts will be paid off by steep drops in personal income, by plant closings, and massive unemployment in a nation already devastated by war and sanctions. They also will be paid by selling off public assets at bargain-basement prices. It becomes clearer why Western political and corporate leaders have been so elated about the changes in Belgrade and why they engineered those changes.

2. Ending all price controls — no subsidized food, or social protections.

3. An immediate shock treatment to introduce a full “free market” capitalist economy.

4. Slashing public spending, demilitarization, radical tax changes, and drastically limiting the power of the central government.

5. Accept the U.S. dictate that Yugoslavia no longer exists and that Serbia must ask to be recognized again. This means the immediate surrender of all the assets and historical rights of the Yugoslav state, including billions of dollars worth of embassies, the Yugoslav navy, the air force, bank accounts frozen all over the world, foreign assets, and property assembled by the Yugoslav people since the end of World War I.<sup>6</sup>

Though the election resulted in victory for Kostunica, the forces backing Milosevic, primarily the Socialist Party, substantially increased their majority in the federal parliament in that election. There was no attempt to try to discredit that vote because to do so would also imply discrediting the vote for Kostunica. Real power resides in the parliament. The presidency is largely a figurehead position.

Nevertheless, DOS has moved fast, with well organized and prepared “crisis teams” arbitrarily, and sometimes forcibly, taking over many enterprises and agencies. Similarly, there is considerable power in the parliament of the Serbian Republic, the larger of the two remaining republics of Yugoslavia. So DOS immediately took action to compel the Serbian parliament to hold elections in December, even though the regular schedule for the elections was many months away. They hope the coalition that backed Milosevic, including the Radical Party, will be defeated and DOS will take over the Serbian parliament as well.

## NOTES

1. U.N. Security Council Resolution 1244, U.N. document number S/1999/648.
2. See U.S. Department of Defense, May 26, 1999, and New York Stock Exchange daily data, 1999.
3. Interview with Gennady Shabonnikov, deputy in the Office of the High Representative in Brcko (Bosnia), by Karen Talbot, December 29, 1998.
4. Foreign Operations, Export Financing and Related Programs Appropriations Act, 2000, passed on June 30, 1999, U.S. Congress.
5. This program was posted on the web sites of both G-17 and the “student group,” Otpor.
6. This information about the DOS program is taken from a statement by Jared Israel, Max Sinclair, Peter Maher, Karen Talbot, Michel Chossudovsky, and Niko Vorkevissier, “How the U.S. Has Created a Corrupt Opposition in Serbia,” [www.emperors-clothes.com](http://www.emperors-clothes.com).

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