

LIMITS OF ETHNIC BARGAINING: SERBIAN ENCLAVES IN KOSOVO

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Abstract

This paper examines the processes of status bargaining of two Serbian enclaves in Kosovo with the central government in Pristina. It develops a middle range theoretical model of enclave bargaining in order to account for different claims advanced against the center, by focusing on different practices and institutions of ethnic enclaves. Ethnic groups are largely viewed as unitary actors by dominant theories on claim making. This research shows that these groups are sometimes fragmented and have divergent interests, depending on their territorial position and demographic patterns. The changes in radicalization of enclavised ethnic groups are explained as a function of their bargaining leverage, which depends on the incentives offered to these enclaves by their external lobby actors and the host government.

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Introduction

Most of the violent conflicts in the world today are not those between the states, the likes of which we were able to observe in the first part of the twentieth century. Violent conflicts today often involve different ethnic, religious or other minority groups fighting for their self-determination. These conflicts occur on the sub-national level¹ and they tear countries, regions and personal lives of those involved apart. Anywhere from Rwanda, over Spain to Indonesia, these violent patterns are easily discernible—a suppressed minority fighting with the dominant majority over issues such as autonomy, self-determination, territory and culture. As the number of minority claims and its level of radicalization rises across the globe, it becomes extremely important to study and understand the dynamics behind this process. What causes these shifts in minority claims? Why are central governments so reluctant to grant any concessions to their respective minorities? Or, even the most important—is there a way to affect this process so as to avoid the most disastrous consequences of inter-ethnic strife?

More than twenty years after the start of Yugoslavia's dissolution, this process is still far from being over. As evidenced by the case of Kosovo, inter-ethnic struggles and claims for self-determination are still very much persistent. Despite generous support from the international community, long-lasting mediations and the painful process of negotiations over the final status, there still remain issues to be settled. The disputes between the Serbian minority in Kosovo, backed by Serbia, Russian Federation and few remaining supporters, and Albanian majority—backed by a larger part of international community—seem to be a never-ending source of news and reports that are filling front pages of the global media. This post-conflict territory, still under international supervision and in the process of becoming a state,

¹ Erin Jenne, "A Bargaining Theory of Minority Demands: Explaining the Dog That Did Not Bite in 1990s Yugoslavia," *International Studies Quarterly* 48, no. 4 (2004): 729,

is still on the global security agenda when it comes to inter-ethnic violence. Even thirteen years after the war ended, Kosovo remains one of the security hotspots and a nightmare for policy makers in the Balkans, as well as their counterparts in Brussels and elsewhere in the world.

Kosovar society is still deeply divided along ethnic lines, and struggle over the final political and territorial arrangement is far from being over. In addition to this, ethnic Serbs concentrated in enclaves in central and northern part of Kosovo have chosen different paths for their participation in Kosovo's political life. In the North, Serbs are seeking substantial autonomy and refuse to participate within Pristina's institutional framework; in south, they opted for integration while at the same time preserving strong ties with Serbia. On the other hand, government in Pristina and international community are unwilling to compromise and refuse any preferential arrangement stipulating that Kosovo must be a unitary political entity. The negotiations over the final status are often interrupted by violent outbursts, the most severe one being a violent clash in March 2004.² This is why it is extremely difficult to find a solution that is just and sustainable, while taking into account the varying claims of different Serbian enclaves in Kosovo.

Considering the precarious security situation in the Balkans—the proverbial ‘powder keg of Europe’—it becomes of utmost importance to understand the processes and inter-ethnic relations in the region, as well as the dynamics behind these claims for secession, irredentism and autonomy. This research project aims at shedding some light to this problematique, by offering a detailed account of why different Serbian enclaves in Kosovo pursued radically different choices despite the fact they were located within the same state. Namely, I will try to explain why Northern Kosovo adopted hardline approach of refusing to

² *Collapse in Kosovo*, Europe Report (International Crisis Group, April 22, 2004), <http://www.crisisgroup.org/en/regions/europe/balkans/kosovo/155-collapse-in-kosovo.aspx>.

participate with Pristina authorities, where Gračanica enclave in central Kosovo opted for integration. The way I will proceed with this is as follows.

In the first chapter, I will present the research problem and provide extensive review of the most recent literature addressing the process of minority claim making. I will propose a middle range theoretical model of *enclave bargaining*, which provides explanation for different outcomes of the negotiations between the Serbian enclaves and government in Pristina. I will then explicate my research design, justify my case selection and discuss the methods and sources used to support my claims. Lastly, I will propose two hypotheses that I will test against the collected data and address the limitations of this research.

In the second and third chapter, I will conduct process-tracing analysis of the negotiation process between Serbian enclaves and central government during two periods—one immediately after the 1999 war until Kosovo’s declaration of independence; the second after the declaration and up until the most recent negotiations held in Brussels over the status of North.³ Particular attention will be devoted to institutional arrangements and how these developed through time, as well as to patterns of minority group participation in the elections. Also, economic situation in the enclaves will be captured in order to assess the levels of their self-sustainability or dependence on other sources of income. The general findings suggest that territorial remoteness and lower levels of external lobby’s support influenced enclave’s bargaining position against the center in a negative way.

Finally, the fourth chapter will discuss the findings of this research and analyze them against the proposed theoretical model. The most important mechanisms that influence enclave’s choices for integration or against it will be discussed here. Theoretical model

³ Mediated by European Union, several rounds of negotiations have been held in Brussels between Belgrade and Pristina. The most recent significant step that has been made was signing of the agreement that regulates the status of North in Kosovo and its relations with Serbia. For full text of the agreement see: “Full Text Of Agreement Between Belgrade And Pristina,” *The Balkans Daily*, accessed May 13, 2013, <http://www.thebalkansdaily.com/full-text-of-agreement-between-belgrade-and-pristina/>.

developed here will be tested against alternative arguments that explain the outcome of the minority radicalization process. Lastly, remarks for future research direction will be offered.

Chapter 1.

1.1 Introduction

This research project is aimed at analyzing and explaining the dynamics of the bargaining process between different Serbian enclaves in Kosovo, the Kosovar majority government, and the Serbian state. The research will focus on practices, institutions and minority leadership in Serbian enclaves in central Kosovo and in the North, in order to explain why different enclaves, depending on their size and territorial position, have more radicalized claims for autonomy than others. Enclaves as understood here do not follow a more classical definition of this concept, the one which holds that an enclave is “a part of the territory of a state that is enclosed within the territory of another state.”⁴ In Kosovo, due to lack of actual state-like attributes of cases discussed, the term enclave as used here refers to ethnic enclave as defined by Massey et al: “as a place of residence with a high concentration of similarly identified individuals and families.”⁵ The primary source of identification are ethnic ties between the population, and as long as the ethnic group lives outside of its kin-state and its population is concentrated, it will be considered as an ethnic enclave—even if the group itself is not isolated and has direct territorial access to its kin-state.

Considering that “enclaves are often viewed as anomalous objects of the world’s political geography, as something peculiar, a curiosity in the world of geography and international relations,”⁶ there is a tendency towards forceful integration on the account of increased functionality. Enclaves in general are a much neglected topic in the field of political sciences. That is why it is important to understand the way of how minority groups in

⁴ Evgeny Vinokurov, *A Theory of Enclaves* (Lexington Books, 2007), 10.

⁵ Garth Massey, Randy Hodson, and Duško Sekulić, “Ethnic Enclaves and Intolerance: The Case of Yugoslavia,” *Social Forces* 78, no. 2 (December 1, 1999): 673.

⁶ Vinokurov, *A Theory of Enclaves*, 2.

enclaves form their political preferences, choose their leadership and bargain for their status with the center. This research project will try to shed some light on these issues.

1.2 Research question and importance

The peculiar situation of Serbian enclaves in Kosovo, their isolation and lack of territorial connection to the kin state, is believed to influence the process of bargaining their position *vis-à-vis* Kosovo's government. By studying claim-making dynamics in this particular case, it is possible to control for certain variables—such as territorial connection and lack of access to the kin state—thus contributing to the understanding of how and why minority leaders have different levels of success in the bargaining process in different enclaves, as well as make more generalized claims about how the ethnic bargaining process itself works in the context of enclaves. Therefore, this research project will try to provide an answer to the research question stated as follows. Why did Serbian enclave of Gracanica choose path of integration into Kosovo's institutional framework, whereas North remains hostile and refuses to integrate?

While the literature on claim making and minority bargaining is extensive, at the same literature on enclaves is scarce and this area remains largely under-researched. One of the most comprehensive studies on this topic was undertaken by Evgeny Vinokurov, in his recent book *A theory of enclaves*.⁷ Vinokurov provides the most recent overview of enclaves in the world, and suggests what appears to be a nascent theory of enclaves. As far as the Serbian enclaves in Kosovo are concerned, the process of their negotiation with Albanian majority largely remains under-researched. Given that inter-ethnic problems persist even today, thirteen years after the conflicts have ended, it is important to take a closer look into this *terra*

⁷ Vinokurov, *A Theory of Enclaves*.

incognita of academia. Therefore, my research will also help in filling the gap in existing literature on enclaves, by offering a useful starting point for other research on the same topic or the region.

1.3 Literature review

The literature on minority preference formation and radicalization of their claims is extensive.⁸ One of the first explanations of this problem is that of primordialism, which is usually associated with the work of Edward Shils and Clifford Geertz.⁹ This primordialist argument posits that there exist “ties stemming from a common linguistic, racial, tribal, regional, or religious background,”¹⁰ which are treated as fundamental identities that define ethnic groups. Those who endorse this approach hold that there exist strong, immutable characteristics of ethnic groups and that these groups will rally behind this shared identity and seek some sort of concession from the center in order to achieve their goals. As put forward by Walker Connor, “the issue at bottom is predicated upon two distinct group-identities and the question of the right of one of these to rule the other.”¹¹ However, not only that this approach seems to preclude any kind of compromise between the groups, due to innate group traits that are persistent and non-negotiable, but it also fails to explain how ethnic group’s claims change over time. As noted by Rabushka and Shepsle, “[n]ot only do communal values in conflict inhibit a strategy of ethnic de-emphasis; they prevent compromise solutions as well. *Ethnic preferences are intense and are not negotiable.*”¹² Therefore, this approach fails

⁸ The literature review as presented in this section is largely borrowed from Erin Jenne’s *Ethnic Bargaining: The Paradox of Minority Empowerment* (Cornell University Press, 2007). Whereas she applies these theories to ethnic groups, I will be focusing on enclaves and the process of bargaining over their status with the center.

⁹ These arguments are presented in Edward Shils, “Primordial, Personal, Sacred and Civil Ties: Some Particular Observations on the Relationships of Sociological Research and Theory,” *The British Journal of Sociology* 8, no. 2 (June 1, 1957): 130–145.; and Clifford Geertz, *The Integrative Revolution: Primordial Sentiments and Civil Politics in the New States*, 1967.

¹⁰ Walker Connor, *Ethnonationalism: The Quest for Understanding* (Princeton University Press, 1994), 103.

¹¹ *Ibid.*, 153.

¹² Emphasis in the original, Alvin Rabushka and Kenneth A. Shepsle, *Politics in Plural Societies: A Theory of Democratic Instability*. (Columbus, Ohio: Charles E. Merrill, 1972), 66.

to explain why members of the same ethnic group would put forward radically different claims against the center.

Other set of structural theories dealing with ethnic radicalization is primarily concerned with territorial arrangements of the minority groups, postulating that one might predict ethnic group behavior based on their demographic patterns. Stephen Van Evera posits that depending on structural factors, which include demographic characteristics and geography of a particular group, certain outcomes of ethnic interaction are more likely to happen.¹³ Depending on territorial dispersion of ethnic diasporas—whether they are intermingled with local population or homogenous and isolated—chances of conflict and claims for secession vary. Van Evera hypothesizes that “the risks posed by intermingling are larger if the rescue of diasporas by homelands is difficult but possible; smaller if rescue is either impossible or easy.”¹⁴ What can be deducted from this proposition is that so-called ‘ethnic islands’, ethnic communities deep into host state’s territory and far from its homeland, will have less incentives to radicalize their claims. At the same time, if an ethnic group lives in proximity to its homeland with direct territorial access to it, the central government will be deterred from exerting integrationist pressure on it. This is because of the assumption that “if rescue is easy, it may not be attempted since the threat of rescue is enough to deter abuse of the diaspora.”¹⁵

Another theory that addresses issues of ethnic radicalization is theory of indivisible territory, put forward by Monica Toft.¹⁶ As she argues, territory is a survival factor for both host states and ethnic minorities. However, they both have different views of territory, where for the states territory is a matter of physical survival, while for the minority group it is a

¹³ Stephen van Evera, “Hypotheses on Nationalism and War,” *International Security* 18, no. 4 (April 1, 1994): 15.

¹⁴ *Ibid.*, 8.

¹⁵ *Ibid.*, 19.

¹⁶ Monica Duffy Toft, *The Geography of Ethnic Violence: Identity, Interests, and the Indivisibility of Territory* (Princeton, N.J: Princeton University Press, 2003).

matter of identity survival. From previous propositions, Toft deduces that “ethnic groups will seek to rule territory if they are geographically concentrated in a particular region of a country, especially if that region is a historic homeland.”¹⁷ Therefore, demographic patterns of ethnic groups—whether they are dispersed or concentrated—determine the likelihood of group’s mobilization for advancing more radical claims against the center. As Toft proposes, “where both capability and legitimacy are high—as they are for a group that is concentrated in a region, especially if that region is its homeland—an ethnic group is likely to consider control over territory an indivisible issue and demand independence.”¹⁸

Another attempt at explaining logic of ethnic groups’ claims for secessionism and irredentism is elaborated in Donald Horowitz’s seminal work, *Ethnic Groups in Conflict*.¹⁹ Horowitz develops a theory of ethnic conflict that rests on group psychology explanation, where ethnic groups fear domination by other groups that they perceive as threats to their legitimate interests. Horowitz explains different claims advanced by different groups starting from the assumption that “the fear of ethnic domination and suppression is a motivating force for the acquisition of power [...]”²⁰ Horowitz proposes categorizing both ethnic groups and regions where they are located into developed and backward ones, based on their economic performance, hypothesizing four possible outcomes of such territorial arrangements. According to the analysis presented in his book, “by far the largest number of secessionists can be characterized as backward groups in backward regions.”²¹ Although it appears counter-intuitive that backward, impoverished groups living in backward regions would gain much by opting to secede from more prosperous regions, it seems that lower transaction costs and

¹⁷ Ibid., 19.

¹⁸ Monica Duffy Toft, “Indivisible Territory, Geographic Concentration, and Ethnic War,” *Security Studies* 12, no. 2 (2002): 84–85.

¹⁹ Donald L. Horowitz, *Ethnic Groups in Conflict* (University of California Press, 1985).

²⁰ Ibid., 187.

²¹ Ibid., 236.

belief that they would have more freedom in pursuing own economic policies is conducive to advancing secessionist claims.

After the collapse of the communist bloc in late '80s and early '90s, there was a rise of theories that were trying to explain dissolutions of USSR and Yugoslavia along their administrative and regional lines.²² This set of structural approaches, grouped together as institutionalist theories, posits that the existence of autonomous ethnic groups—with their universities, academies of sciences and administrative capacities—serves as a rally point around which secessionist claims are formed, after the central authorities become weaker and the federal states dissolute. A study of the USSR, conducted by Philip Roeder, suggests that these ethno-federal lines played a decisive role in the break-up of Soviet Union and secession of the federal units which ensued.²³ If this theory is applied to Yugoslavia, it would be able to account for most of the current geo-political arrangements. However, this approach cannot account for those claims put forward by Serbs in Bosnia or in Northern Kosovo, who never had territorial or institutional autonomy in these federal units, yet successfully managed to obtain some degree of autonomy in Republika Srpska and Northern part of Kosovo, respectively, mostly in territories divided along ethnic lines.

Another important contribution to the understanding of dynamics of enclave radicalization is the ethnic fears approach, which relies on the application of security dilemma to the ethnic conflict. As suggested in a Barry Posen's study on the break-up of Yugoslavia, after the collapse of central government, ethnic groups living closely together up until that point ended up in a security dilemma with extremely high risks of conflict escalation.²⁴ After the disappearance of the power which constrained groups' actions and provided security under the federal umbrella, ethnic groups were in a situation unable to identify other party's

²² Erin K. Jenne, Stephen M. Saideman, and Will Lowe, "Separatism as a Bargaining Posture: The Role of Leverage in Minority Radicalization," *Journal of Peace Research* 44, no. 5 (September 1, 2007): 543–544.

²³ Philip G. Roeder, "Soviet Federalism and Ethnic Mobilization," *World Politics* 43, no. 2 (January 1, 1991): 196–232.

²⁴ Barry R. Posen, "The Security Dilemma and Ethnic Conflict," *Survival* 35, no. 1 (1993): 43.

intentions and therefore perceived the security situation as highly precarious. Although Posen's approach accounts for the radicalization of enclaves in Northern Kosovo, it fails short of explaining why did Gracanica enclave, even in a more precarious security situation of being a Serbian ethnic island among Albanian majority, opt to de-radicalize its claims and integrate.

Lastly, ethnic bargaining theory, as put forward by Erin Jenne, suggests that minority claim formation takes place in a triadic space, where the process of minority group claim making against the central government is influenced by an additional factor—support of the external lobby actor.²⁵ This added variable dramatically changes the dynamics of ethnic bargaining process. Jenne stipulates that minority groups would radicalize their claims based on their perception of two factors, one being support of external lobby actor and the other one being repressiveness of the host state. Although this approach largely accounts for different patterns of radicalization of Serbian enclaves, it presupposes that the host government must resort to repressive measures in order to prevent enclaves from seeking autonomy; conversely, external lobby actor in this model can only extend its support to ethnic groups in enclaves. However, as suggested by this research, central government can combine repressive measures with offering some concessions to the enclaves, so as to buy off their allegiance. At the same time, external support actor can exert repressive measures on its co-ethnics abroad in order to obtain goals of their own—such is distancing away from certain measures that are deemed unpopular by their voters at home.

1.4 Theoretical Framework

In this section I develop a theoretical model of *enclave bargaining*, which accounts for the different outcomes in Serbian enclaves' negotiation over their status with Pristina. This

²⁵ Jenne, "A Bargaining Theory of Minority Demands"; Erin K. Jenne, *Ethnic Bargaining: The Paradox of Minority Empowerment* (Cornell University Press, 2007).

framework addresses the bargaining leverage of Serbian minority groups living in enclaves in Kosovo, by observing their size, territorial position and level of economic self-sustainability. At the same time, this model accounts for the different incentives to integrate, offered by the host government in Pristina, and incentives against integration, offered by minority's kin-state—in this case Serbia. I will observe institutions in Serbian enclaves as a function of their bargaining leverage, hypothesizing that the higher level of this leverage leads to institutions that are more independent from Pristina's authorities and more closely associated with Serbia.

1.4.1 The Argument

I propose a middle range theoretical model that explains different outcomes of Serbian minority demands in Kosovo. It is a triadic model, meaning that ethnic group's demands are formed in a political arena located between the host government and group's external supporter—the lobby state. The enclave bargaining model builds on Jenne's ethnic bargaining model which also posits the dynamics of minority claim-making by placing the bargaining process in a triadic political sphere—it is comprised of the minority group itself, the center against which minority advances its claims, and the external lobbying actor.²⁶ As already suggested in the previous section, this third variable significantly changes the dynamics of the process, compared to other dyadic explanations which are focused only on the minority group and the host government. However, unlike ethnic bargaining model which focuses on ethnic groups as unitary actors, enclave bargaining model treats them as fragmented entities—both territorially within the same state and along internal socio-political lines.

The enclave bargaining model is, to use Robert K. Merton terminology, a middle range theoretical model. This means that it “lie[s] between the minor but necessary working hypotheses that evolve in abundance during day-to-day research and the all-inclusive

²⁶ Jenne, *Ethnic Bargaining*, 38–43.

systematic efforts to develop a unified theory that will explain all the observed uniformities of social behavior.”²⁷ Knowing that the middle range theories serve as guidance for empirical inquiry, it is important to emphasize that these theories need to be rigorously empirically tested, through formulating propositions and testing them against the observed data.²⁸

As proposed by this model, both host state and the external lobby actor offer different *incentives* to the ethnic enclave. These incentives are value-neutral, meaning that they can be either a positive stimulus or a repressive measure. The ethnic group in the enclave possesses *bargaining leverage*, which is primarily based on its size, territorial position and economic self-sustainability. This bargaining leverage determines the level of group’s radicalization, and these are positively correlated—the higher the leverage, the more radical enclave’s claims would be. The basic rationale behind this model is that the ethnic enclave tries to maximize its gains, or at least not make its situation worse. In other words, it tries to make an optimal choice, based on the bargaining leverage it possesses and the options it has at disposal, so as to maximize its well-being. This implies that enclave does not necessarily need to pursue a coherent set of policies and actions towards the center or the external lobby actor; it can choose the instances in which it will cooperate and in which it will refuse to, depending on the context and its assessment of the available options.

If this model was applied to Serbian enclaves in Kosovo, it would predict that the bigger population and territory size of Northern Kosovo, coupled with proximity to Serbia and direct access to its territory, together with somewhat sustainable economic model—largely trade and other activities as a result of its size and position close to Serbia—would lead to North having stronger bargaining leverage. This leverage is in turn used to negotiate a better position with the center, or at least to endure the integrationist incentives for longer periods of time. In case of Gracanica, the less populous Serbian enclave in central Kosovo,

²⁷ Robert K. Merton, *Social Theory and Social Structure*, 1968 enlarged ed (New York: Free Press, 1968), 39.

²⁸ Ibid.

which is isolated and without direct territorial contact with the kin-state, and in much more dire economic situation which is completely dependent on transfers from Belgrade, this means that it has reduced bargaining leverage and is more likely to accept less favorable conditions while negotiating with the center. Findings of this research suggest that what actually happened is that Serbian population in Gracanica—or at least a significant part of it—realized that their well-being and gains would be increased if they decided to cooperate with Pristina's authorities. Therefore, instead of pursuing option of ethnic retrenchment, which was general practice up until 2008, Gracanica opted for more inclusive and cooperative approach. Taking into account that the previous arrangement of territorial seclusion, isolation and dependence on external actor to provide for their well-being was less favorable, Gracanica enclave opted for integration, seeing the outcomes of this process as more beneficial to its interests.

1.4.2 Conceptualizing minority groups

The ethnic minority group²⁹ in this model is conceptualized following taxonomy offered by Ted Gurr. Ethnic groups are part of a larger order of ethnopolitical groups, defined as “identity groups whose ethnicity has political consequences, resulting either in differential treatment of group members or in political action on behalf of group interests.”³⁰ As a subclass of this higher order, minority groups are defined as “segments of a transstate people with a history of organized political autonomy whose kindred control an adjacent state but who now constitute a minority in the state in which they reside.”³¹ Minority groups in enclave bargaining model act as rational actors, which assess their current situation and perform a cost-benefit analysis of the available negotiation options in order to maximize their well-being.

²⁹ Terms ethnic group, minority group, national minority and ethnic minority are used interchangeably in this research, denoting the same concept.

³⁰ Ted Robert Gurr, “The Ethnic Basis of Political Action in the 1980s and 1990s,” in *Peoples Versus States: Minorities at Risk in the New Century*, ed. Ted Robert Gurr (US Institute of Peace Press, 2000), 5.

³¹ *Ibid.*, 17.

Minority groups are often conceptualized as unitary actors, despite the fact that they are often comprised “of a wide spectrum of individual leaders, interest groups, and political parties who regularly compete for the representation [...]”.³² Although this practice has its advantages, at the same time the internal dynamics often can unravel important mechanisms that can explain why different leaders pursued different choices, often against the expectations of the leading theories of minority claim making. This is why Horowitz makes a useful distinction between hard and soft view on ethnic groups, where the latter one presupposes that ethnic groups are comprised of motives of their members, and that “their actions need to be explained in terms of individual calculations of utility in specific contexts, rather than some transcendent collective purpose.”³³ When applied to enclaves, Horowitz’s approach accounts for different choices enclaves pursued that cannot be explained solely based on their belonging to the same ethnic group—it brings personal calculations and concerns over well-being into the equation, pushing more abstract collective interests to the background.

Having in mind these divergent interests of individuals within ethnic groups, the question of consequences of this division arises, in terms of creating effective minority-oriented policies on the state level. In his definition of communal politicized groups, Gurr argues that “the group collectively suffers, or benefits from, systematic discriminatory treatment *vis-à-vis* other groups in a state.”³⁴ However, what happens if only fraction of the group benefits from such arrangements? For instance, minority leaders and those in the political establishment might have access to certain resources, while rank and file of the minority group might be precluded from accessing them. The main rationale behind minority groups’ change in claims advanced against the center is the idea that they have a “defined socioeconomic or political status within a larger society [...] and are concerned about

³² Jenne, “A Bargaining Theory of Minority Demands,” 732.

³³ Donald L. Horowitz, “Structure and Strategy in Ethnic Conflict” (presented at the Annual World Bank Conference on Development Economics, Washington, DC, 1998), 3.

³⁴ Ted Robert Gurr, *Minorities at Risk: a Global View of Ethnopolitical Conflicts* (United States Institute of Peace Press, 1993), 6.

protecting or improving that status.”³⁵ Political and economic inequalities are a consequence of different access—or lack thereof—to lucrative positions and scarce resources; this is why minority group’s primary interest is in protecting or improving this condition. Further, Gurr claims that collective interests of the group are not unitary, because “those who are assimilated or who serve as favored intermediaries with dominant groups have privileges to protect.”³⁶ A consequence of this proposition is a possibility of intergroup partitions, which has important implications for the dynamics of collective claim making in the group. Finally, this approach raises a question whether “there is an irreducible common interest, or collective good, for which members of a group will set aside their more parochial interests?”³⁷

Therefore, minority radicalization, or change in minority claims over time, can be meaningfully conceptualized as a result of intergroup dynamics and competing narratives over what is best for the community and, often, for the leaders themselves. This dynamic is important because “the mobilization of ethnic groups is the immediate precursor of the political actions used to make demands on governments.”³⁸ From the internal structure of minority group one might infer the kind of relations with the host government the groups will pursue.

This proposition about the intraethnic dynamics of minority groups is of great importance for the enclave bargaining model; based on it, it possible to deduce the types of ethnic enclaves that are more likely to radicalize their claims and those that are not. As hypothesized by Horowitz, “intraethnic monopoly provides the leeway for interethnic cooperation, but often not the incentives. Intraethnic competition provides the incentives, but sometimes not the leeway.”³⁹ This proposition suggests that it is easier to create new ties between different ethnic groups if they are divided, than between those that are coherent and

³⁵ Ibid., 15.

³⁶ Ibid., 68.

³⁷ Ibid.

³⁸ Barbara Harff and Ted Robert Gurr, *Ethnic Conflict In World Politics* (Westview Press, 2004), 79.

³⁹ Horowitz, *Ethnic Groups in Conflict*, 598.

unitary. If this is applied to enclaves, it predicts that those enclaves that are internally fragmented—along social or economic lines—would be more inclined to opt for integration with the majority central government, provided there is the necessary leeway. Conversely, enclaves that are cohesive and less fragmented internally will have fewer incentives to cooperate with the center.

1.5 Research Design

1.5.1 The strategy of paired comparison

In order to examine my study variable, radicalization of minority claims, I will do a structured comparative case study of two territories in Kosovo with concentrated Serbian population—two ethnic enclaves. As suggested by Sidney Tarrow, the rationale behind this methodological choice is that “the move from single-case to paired comparison offers a balanced combination of descriptive depth and analytical challenge that progressively declines as more cases are added.”⁴⁰ In other words, this approach combines the best elements of large-N analyses and single-case studies—sufficient level of generalizability of the former and in-depth, detailed analysis of the latter. A caveat here is that this method has its own pitfalls, which include questionable representativeness of the wider population and problems with case selection,⁴¹ but these will be addressed later in the chapter.

While employing the paired comparison strategy, one version of John Stuart Mill’s method of difference will be utilized here to tease out the effects of my study variable. Originally, Mill formulated his method of difference as a use of experimental design “which involves comparisons of cases differing in only one causal condition,”⁴² where this different

⁴⁰ Sidney Tarrow, “The Strategy of Paired Comparison: Toward a Theory of Practice,” *Comparative Political Studies* 43, no. 2 (February 1, 2010): 246.

⁴¹ *Ibid.*, 248–249.

⁴² Charles C. Ragin, *The Comparative Method: Moving Beyond Qualitative and Quantitative Strategies* (University of California Press, 1989), 38.

condition is to be taken as the cause of the studied phenomenon. This is also known as the *most similar systems* design, as put forward by Przeworski and Teune, where intersystemic similarities and differences are in the focus of research.⁴³ The logic behind this type of approach is as follows:

Systems constitute the original level of analysis, and within-system variations are explained in terms of systemic factors [...] Common systemic characteristics are conceived as “controlled for,” whereas intersystemic differences are viewed as explanatory variables. The number of common characteristics sought is maximal and the number of not shared characteristics sought, minimal.⁴⁴

In this project, the independent variable of territorial connection will be considered as the determining condition that is present in one case and not in the other, and its presence—or lack thereof—will be used to explain different outcomes of the studied phenomenon. First of the selected cases in my study is territory of Northern Kosovo, a region comprised of three municipalities in northern part of Kosovo—Leposavic, Zvecan and Zubin Potok—and Mitrovica North as a city district, separated from Mitrovica South by the river Ibar. The North is connected to the kin state, Serbia, by a long border which is under control of international peacekeeping forces, Kosovo’s police force and Serbian authorities. The second case is Gracanica enclave, the biggest Serbian enclave in central Kosovo, completely cut off from the kin state and surrounded by the majority Albanian population. The justification for selection of these two cases is that both have absolute majority of Serbian population—these two enclaves together make up more than 50% of total Serbian population in Kosovo.⁴⁵ These are also the two largest areas with concentrated Serbian population in Kosovo. The enclaves share similar cultural and political traits, while at the same time hosting both so-called ‘parallel

⁴³ Adam Przeworski and Henry Teune, *The Logic of Comparative Social Inquiry* (Wiley-Interscience, 1970), 33.

⁴⁴ Ibid.

⁴⁵ *North Kosovo: Dual Sovereignty in Practice* (International Crisis Group, March 14, 2011), p. 2.

Serbian institution⁴⁶ and institutions of the Kosovo's central government. The only difference between these two cases is territorial connection to Serbia proper, being present in the former and lacking in the latter case. In this way, by comparing the cases of Serbian enclave Gracanica in central Kosovo and Northern Kosovo, I will be able to investigate my study variable—territorial connection with the kin state—while controlling for other variables.

The method of process tracing will be employed in order to provide a detailed account of the process of negotiations of Serbian minority and the central government in Pristina. Jeffrey Checkel defines the process tracing as a method in which the researcher “carefully maps the process, exploring the extent to which it coincides with prior, theoretically derived expectations about the workings of the mechanism.”⁴⁷ Taking this definition of process tracing as a starting point, I will perform an analysis of the negotiation over status in Gracanica enclave and in Northern Kosovo. I expect to find enough empirical evidence that will support my hypotheses. Namely, it is reasonable to expect that Gracanica, due to lack of territorial access to Serbia proper will have reduced bargaining leverage and, as a consequence, will be integrated within Pristina's institutional framework to a greater extent. At the same time, because of its territorial ties to Serbia, Northern Kosovo is expected to be largely autonomous and with institutions primarily tied to Serbian authorities.

The process tracing will be completed in two steps. I will first look at the period 1999-2008, before Kosovo declared its independence. This period is characterized by a general lack of cooperation by the Serbian side, refusal to recognize Kosovar institutions as legitimate, and a major violent outburst in 2004. The second observed period is 2008-2013,⁴⁸ the one after Kosovo declared independence. This period also coincides with the government change in

⁴⁶ Technically, these institutions in the North are not parallel, taking into account that they are the only ones that function in this region. (Ibid.)

⁴⁷ Jeffrey T. Checkel, *It's the Process Stupid! Process Tracing in the Study of European and International Politics*, ARENA Working Paper (ARENA, 2005), p. 6.

⁴⁸ Due to time constraints, this research project has examined the relevant literature, sources and covered developments in the field as of May 20th, 2013.

Serbia, which was conducive to more fruitful negotiations between Belgrade and Pristina, as well as the internal reform of Kosovo administrative divisions and formation of Municipality of Gracanica.

1.5.2 Proposed causal path

The proposed causal path is as follows. As suggested by enclave bargaining model, the independent variables of minority group's size, territorial arrangement and economic sustainability determine the baseline value of the dependent variable—the parameters within which the enclave will radicalize. Another intervening variable is added to this path, namely the bargaining leverage of the minority group. As put forward by Jenne et al, “minority demands are a function of bargaining leverage against the center,”⁴⁹ which suggests that the bargaining leverage is an intervening variable which can be observed as a function of minority group's perception's about the state of the world. An additional IV that influences the bargaining leverage will be observed, namely the presence of the territorial connection to the kin-state. This is another structural parameter that determines how high or low enclave's demands can go. In addition to this, actions by Belgrade and Pristina, in form of the incentives offered to the enclave, determine which exact demands will be advanced within these baseline parameters.

It is proposed that higher level of support by the kin-state, coupled with low level of repressiveness by the central government and the existence of territorial connection will lead to increase in bargaining leverage of the enclave. In the opposite case of low level of support, increased repressiveness and lack of territorial connection, this leverage would be reduced. In conclusion, the structural factors of enclave's size, territorial position and economic self-sustainability determine enclave's set of available options; the dynamic factors of incentives

⁴⁹ Jenne, Saideman, and Lowe, “Separatism as a Bargaining Posture,” 540.

offered by the host state and external lobby actor account for changes in demands over time within this available set of options.

1.5.3 Operationalization and hypotheses testing

As already mentioned, incentives offered by both lobby actor and central government are value-neutral, in a sense that they can be expressed either as support or as pressure to integrate. Therefore, the incentives will be operationalized as official support offered to the minority group, either through financial means, technical support, political cooperation or lobbying for the group's interest in the negotiation process. They will also include attempts of both central government and international community at reducing minority group's autonomy, enforcing legal and institutional arrangements upon the minority group and refusal to grant concessions in the fields of administrative, security and judicial self-government. Finally, the level of integration of minority enclave with the host state's institutions will be observed to see whether it varies as the function of the bargaining leverage that the enclave possesses. Therefore, the bargaining leverage will be operationalized as the success of minority groups in maintaining their independent institutional arrangements and in resisting pressure for the integration from the center.

Since both of the two enclaves are to some extent integrated within Kosovo's institutions, the goal of this research is to establish the level of that integration and in this way determine the bargaining leverage of the respective enclaves. The main hypotheses of this research project are formulated as follows:

H₁: Enclaves with territorial connection to the kin-state have increased leverage for negotiating their position with the central government of host state.

H₂: Enclaves without territorial connection to the kin-state have reduced bargaining leverage for gaining concessions from the central government of the host state.

The expected finding of this research project is that the northern part of Kosovo chooses to integrate to a lesser extent with Pristina's institutions than is the case with Gracanica, as a consequence of its higher bargaining leverage. As far as the methods are concerned, I will be using process-tracing in order to determine the causal paths of gradual change in institutional arrangements in Serbian enclaves *vis-à-vis* the Kosovo's government. This will allow me to make valid claims about the level of support Serbian enclaves received from their kin state; level of oppression from the central government; and the changing nature of their claims.

1.5.4 Sources

For the purposes of my research, I will be mainly relying on two types of sources: interviews with enclave authorities, activists, and observers, as well as written sources. Originally, the plan was to conduct semi-structured interviews with two representatives of Serbs from Kosovo, one from the Gracanica enclave and one from Northern Kosovo; one representative from the Kosovar central authorities in Pristina; one representative of the Serbian government's Kosovo office in Belgrade; former head of the Ministry for Kosovo and Metohija in Serbian government; representatives of NGOs dealing with peace-building and reconciliation process; finally, two journalists who are covering local interethnic issues—one from Belgrade and one from Pristina. By combining information gathered from this diverse set of actors, representing different sides, I would be able to minimize the information bias and create a more accurate picture of the situation in territories populated by ethnic Serbs in Kosovo and their position *vis-à-vis* the central government in Pristina. However, after an agreement between Belgrade and Pristina, mediated by the European Union, was signed in Brussels on 19th of April,⁵⁰ the situation in the field changed dramatically. During my time

⁵⁰ "Full Text Of Agreement Between Belgrade And Pristina."

spent doing field work, which was scheduled for late April several weeks in advance, it was impossible to conduct most of the interviews as previously arranged.

Because of the problems encountered in the field, as described above, I have had to rely largely on written, secondary sources for most of the necessary information. This second set of data I used consists of a set of public documents and newspaper articles covering the negotiation process between the Serbian minority and Kosovo's government. These sources are used so as to facilitate the analysis of the changes in the institutional arrangements that exist within Serbian enclaves and their level of integration with the host government. The use of both of these sources fit well with the process-tracing method I will be utilizing, which requires a substantial amount of specific and relevant data concerning how social phenomena developed over time in order to establish causal paths of events and create a sufficiently rich and accurate historical account.

Lastly, in order to overcome limitations stated above, and in order to actually measure the popular perception of the bargaining process within the general Serbian population in Kosovo, I will use publicly available opinion polls and surveys, coupled with popular social networks' posts,⁵¹ as well as interviews with ordinary people from Kosovo. By using a wide range of sources of information, I believe that the negative effects of the difficulties encountered during field work will be largely mitigated.

1.5.5 Limitations of the research

Due to different constraints that arose in the process of conducting this research, there are several limitations that need to be addressed here. First, because the 14 years covered in this research is a lengthy period with many important developments, there is no possibility to

⁵¹ These will include personal blog posts by some of the most popular Serbian bloggers in Northern Kosovo and Gracanica; op-eds on one of the most frequently visited websites in Kosovo read by both Serbs and Albanians, kosovotwopointzero.com; and other social media content published by most popular social activists through various online news outlets.

address many aspects of the process of minority bargaining, and some events will necessarily be omitted from the analysis. I will be primarily focusing on institutions of local administration and leadership in the enclaves when discussing levels of integration; health care, education system, judicial and security sectors will largely be omitted from the analysis. Second, due to already mentioned problems encountered during my field work, there will be limited amount of interviews and primary data—I will be mostly relying on secondary sources, news articles and official reports by relevant bodies. Using these different types of sources and available data is supposed to decrease information bias. However, conducting a proper process-tracing requires detailed data in ample quantities. This is something that is missing, particularly in regard to interviews with public officials from Northern Kosovo.

Lastly, the new agreement between Belgrade and Pristina over status of the North is still far from being implemented. The negotiations over its implementation and the pace at which this is going to be done are still ongoing. This is why it was largely omitted from this analysis, and only briefly discussed in the fourth chapter. Although it does create a new situation in the field, while Kosovo Serbs refuse to accept it, it is impossible to give any valid predictions as to how the situation will develop. Therefore, it is necessary to take findings of this research with the reservations regarding the issues being addressed in this agreement.

Chapter 2. Kosovo after the War: Statebuilding and Journey to Final Status Settlement (1999-2008)

2.1 Kosovo: Living under International Patronage

As soon as NATO halted its air bombing campaign on June 10, 1999, as a result of Kumanovo Agreement⁵² signed the day before, the UN Security Council adopted resolution 1244. This document has effectively established international civil presence under the UN auspices and military presence under command of NATO in the province of Kosovo. As Serbian forces were withdrawing from the province in accordance with the resolution, mass exodus of the remaining Serbian population ensued—of more than 200,000 living in Kosovo before the war, only approximately half remained.⁵³ The rest of Serbian population was

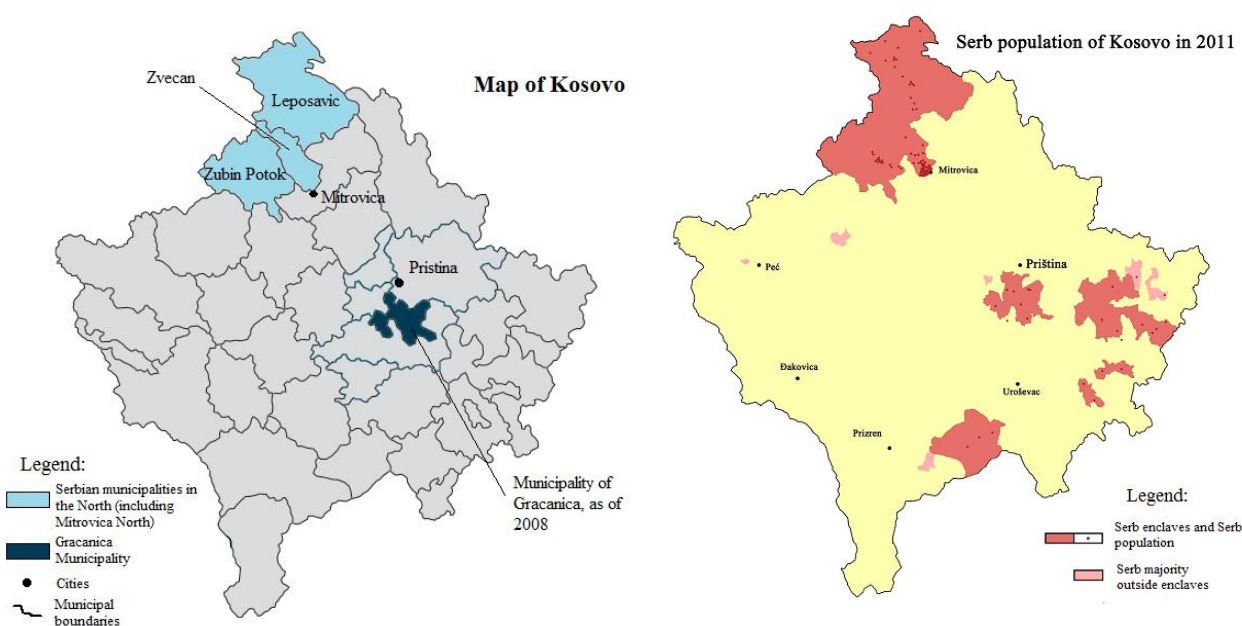


Figure 1. Maps of Kosovo's municipalities (left) and Serbian population living in Kosovo (right). Source: OSCE

⁵² The official name of the agreement is "Military Technical Agreement between the International Security Force ("KFOR") and the Governments of the Federal Republic of Yugoslavia and the Republic of Serbia." The full text can be found here: <http://www.nato.int/kosovo/docu/a990609a.htm> [accessed May 20, 2013]

⁵³ Independent International Commission on Kosovo, *The Kosovo Report: Conflict, International Response, Lessons Learned* (OUP Oxford, 2000), 108.

concentrated in several towns that already had majority Serbian population in central Kosovo, or remained located in Northern part of Kosovo which was historically dominated by Serbian population (see Figure 1).

2.1.1 Institution building and path to the final status

After the war, Kosovo's local administration effectively collapsed, due to the exodus of Serbs who were majority in all of the pre-war institutions. The vacuum left after they fled the province was claimed by two Albanian political entities. The first was the Government of the Republic of Kosovo, presided by Ibrahim Rugova, a pacifist leader from the 1990s; the second was the Provisional Government of Kosovo, headed by the wartime KLA commander Hashim Thaci.⁵⁴ This institutional conundrum was further complicated by a strong international presence and efforts directed at establishing the rule of law by UNMIK, as well as by attempts at disarmament and increasing security by KFOR.

The first attempts at creating a legitimate government with popular support happened in 2001, when the first parliamentary elections took place under the auspices of OSCE. The government was formed with the Rugova-led LDK winning most of the seats in the parliament. Serbian voter turnout in these elections was a surprising 47%.⁵⁵ This fact was praised by the international community as an important shift which validated the election process and signaled acceptance of Kosovo's government as legitimate authority by the Serbian population. According to Scott Bates of Washington-based National Democracy Institute, nobody thought "two years ago that we'd have peaceful elections with all ethnic

⁵⁴ Ibid., 104.

⁵⁵ "Constitutional History of Kosovo," accessed May 16, 2013, <http://www.constitutionnet.org/country/constitutional-history-kosovo>.

groups participating [...] I was here then, and I can tell you, this is a miracle.”⁵⁶ The story behind it was that the newly elected democratic government of Serbia recommended to Kosovo Serbs to participate in these elections. Nevertheless, during the next municipal elections which took place already in 2002, the turnout of Serbian voters was only around 20%, which some officials interpreted as a consequence of police intimidation as well as mixed messages they were receiving from Belgrade.⁵⁷ Most of the voting occurred in the North, where Serbs constitute majority, whereas in the south, “following the contradictory statements of Serb political leaders, the Serbian community decided to abstain from voting.”⁵⁸

However, the major turning point in the position of Serbian minority in Kosovo was the outburst of violence in March, 2004. These events differed from other violent episodes in Kosovo by its scale and the consequences—they resulted in 19 deaths of civilians, more than 900 injured persons, and over 4,000 displaced Serbs.⁵⁹ The whole series of violent events started as a protest over the death of three Albanian children who drowned in river Ibar, allegedly after being chased by local Serbs. The next day, dozens of thousands of Albanians gathered to protest these deaths across Kosovo, while some of them tried to cross the bridge in Mitrovica and get to the Serbian side of the city. This appeared as an “all-out attack of Albanians on Serbian northern enclave,”⁶⁰ and local Serbs responded violently in order to protect their territory. This violence escalated quickly across the entire Kosovo, directed at Serbian population and other non-Albanians, eventually resulting in:

“Mayhem all over Kosovo. Dozens of Orthodox churches destroyed. Hundreds of houses burned and looted. Thousands of Kosovo Serbs finally convinced to leave their homes. Mobs attacking international staffers.”⁶¹

⁵⁶ Melinda Henneberger, “Serb Turnout in Kosovo Vote Seen as an Encouraging Step,” *The New York Times*, November 20, 2001, sec. World, <http://www.nytimes.com/2001/11/20/world/serb-turnout-in-kosovo-vote-seen-as-an-encouraging-step.html>.

⁵⁷ “Constitutional History of Kosovo.”

⁵⁸ Tomas Jirsa, *Report on the Municipal Elections in Kosovo, 26 October 2002* (Strasbourg: Congress of Local and Regional Authorities, December 16, 2002), <https://wcd.coe.int/ViewDoc.jsp?id=886367&Site=COE>.

⁵⁹ Tim Judah, *Kosovo: What Everyone Needs to Know* (Oxford University Press, 2008), 103.

⁶⁰ Interview with Marko Jaksic, April 25, 2013, Kosovska Mitrovica.

⁶¹ Iain King and Whit Mason, *Peace at Any Price: How the World Failed Kosovo*, 1st ed. (Cornell University Press, 2006), 189.

These events led to a huge shift in perceptions of Serbian minority about their place in Kosovo, which was easily observable in the elections which took place in October, 2004. It was the first time that the newly established body, Kosovo's Central Election Commission, administered the elections. Organizing the elections only six months after the violent outburst led to a situation where “the ethnic Albanian turnout was roughly equal to the previous elections, [while] very few Serbs voted as a result of the March 2004 violence.”⁶² In addition to this, violent events from 2004 caused further emigration of Kosovo Serbs to Serbia. At the same time, the already slow return of the refugees to Kosovo virtually ground to a halt. This led to a demographic shift even more in favor of Kosovo Albanians.

As a consequence of these violent events, including the failure of UNMIK's official policy of ‘Standard before Status’, the UN Secretary General gave the task of supervising the talks over the future status of Kosovo to former Finnish president, Marti Ahtisaari.⁶³ These talks lasted for 14 months and resulted in a Comprehensive Proposal for the Kosovo Status Settlement, widely known as Ahtisaari Plan. This plan later became the basis for Kosovo's constitutional order and led to its independence.

2.1.2 Economy in Kosovo: From post-war bloom to gloom

Historically, Kosovo has been a very poor region. Even in Yugoslavia, it was the poorest province receiving substantial amounts of development transfers from Yugoslav republics. In addition to this, the prolonged interethnic strife and NATO bombing brought more woes to this already poverty-stricken region. In words of Tim Judah, correspondent of the Times and the Economist for the Balkans, “everyone in Kosovo will remember the UNMIK years for different reasons. But for many its biggest failing was the economy.”⁶⁴

⁶² “Constitutional History of Kosovo.”

⁶³ Judah, *Kosovo*, 111.

⁶⁴ *Ibid.*, 105.

Immediately after the war, economic development started virtually from zero. As a report commissioned by UNICEF found, “an injection of international assistance and private inflows triggered an immediate post-war boom in trade and construction.”⁶⁵ More than 5 billion euros have been spent in Kosovo by 2005, through various assistance and development schemes. In addition to this, high inflow of remittances, comprising almost 45% of the total Kosovo’s income, helped stimulate the spending side of the economy.⁶⁶ The economy saw double-digit growth rates, which made it possible that “by the second half of 2000, agricultural output was estimated to have reached 75% of its pre-conflict level, the investment–GDP ratio had climbed to almost 40%, and per-capita GDP stood at 759 U.S. dollars.”⁶⁷

However, these one-time boosts did little to help Kosovo’s economy in the long run by addressing its structural problems and reducing poverty. What is even more interesting is the fact that this trend of strong growth and international assistance only really benefitted the Albanian population. A study from 2006 has shown that there exists a:

“[...] significantly lower per-capita expenditure and [...] significantly greater incidence of poverty among Serbian households than among Albanian households, although the members of the former have age structures and educational attainments that are more consistent with higher earnings than those of the latter [...]”⁶⁸

In addition to this, it was found that “only 5% of Serbian households receive private transfers compared with 44% of Albanian households, suggesting that children living in other countries are an important source of private transfers for Albanian households.”⁶⁹ Although members of surveyed Serbian households were, on average, better educated, with bigger

⁶⁵ *Getting to Lisbon: Assessing Vocational Training Needs and Job Creation Opportunities for Rural Women* (UNICEF, April 2008), 18, http://www.unicef.org/kosovo/Getting_To_Lisbon_-_English.pdf.

⁶⁶ *Ibid.*, 19.

⁶⁷ Sumon Kumar Bhaumik, Ira N. Gang, and Myeong-Su Yun, “Ethnic Conflict and Economic Disparity: Serbians and Albanians in Kosovo,” *Journal of Comparative Economics* 34, no. 4 (December 2006): 757, doi:10.1016/j.jce.2006.07.002.

⁶⁸ *Ibid.*, 763.

⁶⁹ *Ibid.* 763.

properties and considerable working experience, their lack of access to international funds and low levels of remittances played a major role in their impoverishment.

2.2 Serbia: Democratization and its Policies towards Kosovo

After the Kosovo war ended and UNSC resolution 1244 was adopted, Slobodan Milosevic declared victory over NATO:

“Our army and our people bravely fought to defend our country against the forces that were many times stronger, and managed to preserve territorial unitarity, territorial integrity and sovereignty of our country, while managing to solve the problems in our southern province under the auspices of the UN [...]”⁷⁰

Although the country’s infrastructure and economy was tremendously damaged, and almost 200.000 IDPs from Kosovo flooded Serbia proper, Milosevic remained in power and refused to acknowledge the change of situation in the field. It was only in October 2000, after his refusal to step down after suffering electoral defeat earlier that year, that Milosevic was ousted from his office and new, democratic government was established, headed by Prime Minister Zoran Djindjic.

Djindjic’s coming to power was a major turning point in Serbian politics in general, and especially towards Kosovo. After successful opening of Serbia to the world, marked by cancellations of sanctions, debt forgiveness and establishing partner relations with Western governments, there was a window of opportunity for successful negotiation over Kosovo. Realizing this, the Serbian government made important changes to its current Kosovo policy. First, it strongly insisted on starting Kosovo status talks immediately, realizing that prolonged

⁷⁰ “Kako Je Milošević ‘Pobedio’ NATO - B92 Vesti,” B92, accessed May 24, 2013, http://www.b92.net/info/vesti/index.php?yyyy=2008&mm=03&dd=24&nav_category=11&nav_id=290676.

period of negotiations will be detrimental to Serbian interests.⁷¹ Recognizing that the intentions of international community were directed towards creating independent Kosovo, Djindjic warned that the Serbian minority might lose its rights and become second-class citizenry in the process.⁷² Second, Serbia agreed to turn over former government officials and military personnel indicted by the ICTY for war crimes, including Milosevic. Although not directly related to the Kosovo issue, this move substantially increased Serbia's reputation and provided additional leverage in the negotiation process over Kosovo status.

Unfortunately, Djindjic was assassinated in March, 2003, and after the ensuing crisis a populist party led by Vojislav Kostunica took over the government. This changed Serbia's position towards Kosovo to a great extent. First, Kostunica's government took a more hard-lined approach of refusing to accept legitimacy of the Kosovar institutions, insisting on a solution that was popularly referred to as 'more than autonomy, less than independence.' This was the major guiding principle during the status talks between Pristina and Belgrade, which started in 2006 and were conducted under the UN auspices, supervised by Special Envoy Marti Ahtisaari. At the same time, a new constitution was drafted and adopted in a referendum that was organized in Serbia. The main modification that was added was in the preamble of the constitution, stating that "[...] the Province of Kosovo and Metohija is an integral part of the territory of Serbia, that it has the status of a substantial autonomy within the sovereign state of Serbia [...]"⁷³ Although seen as a statement that largely did not correspond to the actual situation in Kosovo, legal consequences for Serbian institutions and individuals were nevertheless real and far-reaching.

Kostunica's coming to power also saw a new set of laws and decisions that were aimed at creating better living conditions for Serbs in Kosovo, in order to provide them

⁷¹ "Đinđić Tražio Da Se Hitno Reši Status Kosova - B92 Vesti," *B92*, accessed May 24, 2013, http://www.b92.net/info/vesti/pregled_stampe.php?yyyy=2006&mm=08&dd=04&nav_id=206863.

⁷² "Đinđić: Međunarodne Institucije Stvaraju Nezavisno Kosovo - B92 Vesti," *B92*, accessed May 24, 2013, http://www.b92.net/info/vesti/index.php?yyyy=2003&mm=02&dd=22&nav_category=11&nav_id=101795.

⁷³ *Constitution of the Republic of Serbia*, 2006. Preamble.

incentives to stay in the province, as well as to attract new residents and stimulate the return of IDPs. Among most important of these was a government's decision from 2003 to provide the so-called 'Kosovo bonus' to all those working in institutions sponsored by Serbia.⁷⁴ In addition to these monetary transfers, Kosovo Serbs were also given fiscals stimulus, in the form of being exempt from paying value-added tax (VAT) for services and goods purchased in Serbia. Income taxes and other personal taxes were also abolished, mostly because of the fact that Serbian authorities had no real enforcement mechanisms in Kosovo, or ability to control economic activities and keep track of money flows. Lastly, Serbs living in Northern Kosovo haven't been paying their electricity bills ever since the war ended in 1999. At first, this was done because Serbs in the North "do not recognize the Kosovo Energy Company (KEK) and refuse to pay electricity bills to it."⁷⁵ After Pristina's authorities threatened to cut the power supply, the North was connected to Serbian power grid and continues to receive its electricity free of charge.

At the same time, Serbs in the south did not have space for maneuvering. According to the Serbian representative in Kosovo's parliament from Gracanica, Rada Trajkovic, citizens of this enclave were exposed to frequent and gradual pressures in order to accept certain changes. Pristina's authorities started by cutting off Gracanica's water supply, shutting it off from the local power grid and cancelling operations of Serbian mobile phone carriers in the enclave.⁷⁶ Because of the inability to rely on alternative sources to provide them services, due to complete territorial seclusion of the enclave, Gracanica was forced to slowly accept these changes.

⁷⁴ "Duple Plate Na Kosovu," *Koliko Košta Kosovo?*, accessed May 21, 2013, <http://kolikokostakosovo.info>.

⁷⁵ Ramses Amer, Ashok Swain, and Joakim Öjendal, *The Security-development Nexus: Peace, Conflict and Development* (Anthem Press, 2012).

⁷⁶ "Blic Online | Protest Srba Zbog Isključenja Mobilnih Operatera Na Kosovu," *Blic Online*, accessed May 29, 2013, <http://www.blic.rs/Vesti/Drustvo/186747/Protest-Srba-zbog-isključenja-mobilnih-operatera-na-Kosovu>.

2.3 Enclaves: Security Concerns and Ethnic Retrenchment

2.3.1 Security situation

After Serbian forces withdrew from Kosovo, according to what was agreed in Resolution 1244, a massive exodus of remaining Serbs in Kosovo ensued. Despite the presence of almost 50,000 thousand KFOR troops in the province, Serbs and other non-Albanians “were first reduced, and eventually completely evicted from all major Kosovo towns.”⁷⁷ Thousands of them fled to Serbia, and others were concentrated in few remaining enclaves in central Kosovo, Gracanica being the biggest one. The killings, destruction of property and extreme levels of violence were sporadic, yet persistent. It is widely regarded that international community’s security forces have failed to provide satisfactory levels of security for minorities in post-war Kosovo. Furthermore, their inability to hold those responsible for these crimes against minorities accountable “has created a culture of impunity in which common crime and corruption also flourish.”⁷⁸ This had far reaching consequences in terms of establishing the rule of law and effective judicial system, which are still very much persistent issues.

The security situation in Gracanica was highly precarious, due to its isolation and hostile surrounding population. In order to provide at least some levels of safety, “most of the remaining Kosovo Serbs have since June 1999 been confined to ghetto-like living in virtual segregation within the KFOR-protected enclaves [...]”⁷⁹ Freedom of movement was non-existent and virtually all of the social and economic activities were reduced to a minimum. Apart from terrible living condition, the situation was further aggravated by the fact that “electrical and communication connections were continuously being cut by vandals.”⁸⁰

⁷⁷ Dusan T Batakovic, “Surviving in Ghetto-like Enclaves: The Serbs of Kosovo and Metohija 1999-2007,” in *Kosovo and Metohija: Surviving in the Enclave*, ed. Dusan T Batakovic (Belgrade: Serbian Academy of Arts and Sciences, 2007), 248.

⁷⁸ Benjamin Ward, “Failure to Protect Minorities in Post-War Kosovo, The,” *Helsinki Monitor* 11 (2000): 47.

⁷⁹ Batakovic, “Surviving in Ghetto-like Enclaves: The Serbs of Kosovo and Metohija 1999-2007,” 249.

⁸⁰ King and Mason, *Peace at Any Price*, 69.

Northern Kosovo was in a somewhat more favorable position. Serbian National Council was formed, with the goal of asserting control over this region and cementing existing partitioning line between ethnic Albanians and Serbs—the river Ibar. This move was supported by Belgrade, whose security forces were still clandestinely present in Kosovo, the most infamous of them being the so-called ‘bridge-watchers.’⁸¹ These security forces in the North, originally formed and supported by Serbian intelligence service and later financed from voluntary contributions of local population, were the ones in charge of protecting the bridge in Mitrovica—a symbol of division between two ethnic groups in the city. The ‘bridge watchers’ were a paramilitary organization comprised of local males, led by Oliver Ivanovic—the former State Secretary at the Serbian Ministry for Kosovo and one of the most respected Serbian politicians to this day, both by Albanians and international community.⁸² The exact numbers of these paramilitaries was never known exactly, but estimates go anywhere between 70 to several hundreds.⁸³ Main tasks of these forces were to work on preventing encroachment of Serbs by Albanians, in absence of Serbian protection forces; to serve as the last line of defense in case of a massive violent attack of Albanians aiming to overtake the North and push Serbs out.⁸⁴ As early as 2002, this *de facto* division of the city of Mitrovica and the whole Northern Kosovo was seen as an obstacle for secure future and functional institutions.⁸⁵

Security concerns of Kosovo Serbs were aggravated by the fact that KFOR never actually completed the disarmament of KLA forces, although it was one of the conditions

⁸¹ *Parallel Structures in Kosovo* (OSCE Mission in Kosovo, October 2003), 13, <http://www.osce.org/kosovo/42584>.

⁸² *Bridging Kosovo's Mitrovica Divide*, Europe Report (International Crisis Group, September 13, 2005), 3, <http://www.crisisgroup.org/en/regions/europe/balkans/kosovo/165-bridging-kosovos-mitrovica-divide.aspx>.

⁸³ Interview with Marko Jaksic, April 25, 2013, Kosovska Mitrovica.

⁸⁴ This ‘last line of defense’ duty was actually exercised during the March, 2004 violent events—‘the bridge watchers’ were the first ones who reacted to an armed Albanian mob crossing the bridge in Mitrovica and provided initial defense of the city. (Interview with Marko Jaksic)

⁸⁵ *UNMIK's Kosovo Albatross: Tackling Division in Mitrovica*, Europe Report (International Crisis Group, June 3, 2002), <http://www.crisisgroup.org/en/regions/europe/balkans/kosovo/131-unmiks-kosovo-albatross-tackling-division-in-mitrovica.aspx>.

stipulated in the UN resolution 1244. UNMIK was gradually ceding its powers to the government in Pristina, which was led by war-time KLA commanders with strong ties to the criminal underground and still operating Albanian militias.⁸⁶ Development of situation in this direction was not conducive to increasing trust of Kosovo Serbs in the newly established institutions. After the violent events of March, 2004, partition along the ethnic lines was enhanced even more. According to public polls conducted after these events, 99.5% of Kosovo Serbs believed that the recent developments had tremendous negative impact on security situation; their levels of trust in KFOR and UNMIK were only 11% and 1.6%, respectively.⁸⁷

2.3.2 Serbian support of the enclaves

Serbian enclaves suffered from the same economic problems as the whole post-war Kosovo. The end of war saw ruined infrastructure and virtually all normal economic flows were interrupted. However, during Kosovo's economic boom fostered by international assistance and foreign aid, Serbian enclaves were largely excluded from benefits brought by this development. In Gracanica, an enclave completely cut-off by barbed-wire at the time and with KFOR soldiers protecting Serbian minority, there was little or no room for any kind of economic growth. Opposite to this, lack of any kind of regulation and sudden influx of foreign currency brought by international forces caused significant growth of service sector in the North—mostly trade, transport and related activities.

However, the single most important source of income in Serbian enclaves in Kosovo was money transfer coming from Serbia. With a devastated post-war economy, severe structural constraints and the enclavisation of Serbs to small, impoverished towns, the main sources of income were salaries, pensions and social payments coming from Belgrade. Taking

⁸⁶ Erin K. Jenne, "The Paradox of Ethnic Partition: Lessons from de Facto Partition in Bosnia and Kosovo," *Regional & Federal Studies* 19, no. 2 (2009): 282-283.

⁸⁷ *Early Warning Report Kosovo* (UNDP, RINVEST, August 2004), 24–25.

into account that the education and healthcare systems in the Serbian enclaves, together with local administration, are to this day financed by Serbian authorities, it is difficult to overemphasize the importance of these transfers from Belgrade for Serbian households. In addition to this, a law proposed by the Serbian government in 2003 and adopted in the parliament later in the year, introduced a salary raise of 100% for all employees who worked for institutions sponsored by Serbia.⁸⁸ This law was introduced in order to prevent ethnic Serbs from leaving Kosovo because of difficult financial situation and lack of opportunities for employment in an ethnically divided region. According to the information of Serbian Ministry for Kosovo and Metohija, more than 44 000 people benefited from this arrangement, which is roughly one third of the total Serbian population in Kosovo.⁸⁹

⁸⁸ “Do Sada ‘Kosovski Dodatak’ Primalo Oko 44.000 Sugradjana,” *Koliko Košta Kosovo?*, accessed May 23, 2013, <http://kolikokostakosovo.info>.

⁸⁹ Ibid.

Chapter 3. Kosovo after the Declaration: Abandonment of the South and Negotiations over the North (2008-2013)

3.1 Kosovo: After Independence

On February 17, 2008, after unsuccessful attempts at negotiating the implementation of the Ahtisaari Plan with Belgrade, and after its failure in the UNSC, the parliament of Kosovo unilaterally declared independence. This event had far reaching consequences, not only on the international level, but in the domestic policies of Kosovo's government towards minorities as well.

Two months after the declaration, Kosovo's parliament adopted a new constitution, with many provisions deriving directly from the original Ahtisaari Plan.⁹⁰ According to this document, a substantial level of decentralization and respect for minority rights was to be achieved during this period of so-called 'supervised independence.' Even before the new constitution was adopted, a new law on administrative divisions came into force only three days after the declaration of independence, with very important implications for the Gracanica enclave.⁹¹ Up until this point, Gracanica was merely an informal administrative center of Serbian population living south of river Ibar. According to Serbian laws, it was only a suburb of the city of Pristina with no separate institutional setup, although it was a home to the displaced administration of the City of Pristina. With the new law coming into force, the Municipality of Gracanica was formed. This new administrative unit encompasses 16 towns with total population of around 25 thousand people, out of which ethnic Serbs are absolute majority representing 85.7% of the total population—the next biggest ethnic group being

⁹⁰ "Constitutional History of Kosovo."

⁹¹ *Law on Administrative Boundaries of Municipalities*, 2008, <http://www.assembly-kosova.org/?cid=2,191,250>.

Roma.⁹² However, the municipality of Gracanica was not effectively formed until December, 2009, after the local elections took place in Kosovo earlier in November.

With these new institutional arrangements, the incentives offered from Pristina to Gracanica enclave were substantially increased after the Kosovo declared independence. As soon as the municipality was formally constituted, the USAID earmarked funds to finance construction of a new building for the local government, together with promises to cover the first six months of administration's operations. Beside this, an additional 400 thousand euros were donated by the Albanian government during the first official visit of Gracanica's delegation to Tirana.⁹³ As promised by the newly elected mayor on this occasion, these funds were supposed to be used to curtail rampant levels of unemployment and help develop the local infrastructure. Apart from this, Gracanica municipality's budget amounts to almost 50 million euros for a four year period, including funds from the Kosovo's government, donations by international community and locally collected taxes.⁹⁴ Lastly, as stipulated in the Ahtisaari's Plan and incorporated in the constitution of Kosovo, local administration can receive substantial amounts of financial means from the Serbian government, as long as this is done in a transparent way. However, Serbia has only been financing the displaced administration of the City of Pristina, which operates parallel to the institutions backed by Kosovo.

At the same time, Pristina offered little financial incentives to Serbian minority living in the North to integrate into Kosovo. Although many international actors realized that this ethnic partition has negative impact on overall situation in Kosovo, barely any improvement on integration of this region was made. The single most important event was opening of the

⁹² "Municipality of Gracanica," *Nasa Gracanica*, accessed April 21, 2013, <http://www.nasa-gracanica.com/2010-10-13-17-58-21.html>.

⁹³ Anamari Repić, "Gračanica za stabilnost i integraciju Srba," *Radio Slobodna Evropa*, December 28, 2009, sec. Kosovo, http://www.slobodnaevropa.org/content/gracanica_srpska_zajednica/1915813.html.

⁹⁴ Ibid.

Administrative office of Kosovo's government in Mitrovica North, in May, 2012.⁹⁵ At first, this was viewed as an intrusion of Kosovo's institutions into North, but due to its purely technical character it continued to operate until this day. During the first year of its operation more than 6000 locals, mostly Serbs, required services from it. These services range from obtaining documents of Kosovo's government, mostly driving licenses and registration plates, to investing in local infrastructure. Apart from this, the administrative office had more than 140 job openings for the locals and an annual budget of approximately 4 million euros, most of which was earmarked for investments in Mitrovica North.⁹⁶ Although Pristina would like to see this office as a starting point in creating Municipality of Mitrovica North, something similar to its plan for Gracanica, this idea is far from being realistic for the time being.

3.2 Serbia: 'Both Kosovo and Europe'

After the failure of Serbian government to prevent implementation of the Ahtisaari Plan and creating a *de facto* independent Republic of Kosovo in 2008, the ruling coalition with Kostunica as prime minister fell apart and new elections were organized. In these elections, the two main focal points of major parties' campaigns were Serbian policies towards Kosovo and the future of European integrations.⁹⁷ The outcome of these elections marked another change in policy towards Kosovo, this time towards a more cooperative stance. A coalition government was formed of Democratic Party and Serbian Socialist Party, around the idea of possibility to reconcile Serbia's European path and its insistence on

⁹⁵ "Blic Online | Obeležena Godišnjica Rada Administrativne Kancelarije," *Blic Online*, accessed May 28, 2013, <http://www.blic.rs/Vesti/Politika/382593/Obelezena-godisnjica-rada-Administrativne-kancelarije>.

⁹⁶ "Blic Online | Počela Sa Radom Administrativna Kancelarija u Mitrovici," *Blic Online*, accessed May 28, 2013, <http://www.blic.rs/Vesti/Politika/332476/Pocela-sa-radom-Administrativna-kancelarija-u-Mitrovici>.

⁹⁷ Milan Jovanovic, "Srpski Biraci Izmedju Suverenista i Evrointegrata," in *Oko Izbora: Parlamentarni Izbori u Republici Srbiji, 11 Maj 2008. Godine*, *Oko Izbora 17* (Belgrade: Center for Free Elections and Democracy (CESID), 2008), 61.

claiming that Kosovo is an integral part of the country. This policy was formulated in an often quoted and popularized slogan of the ruling coalition, ‘Both Kosovo and Europe.’⁹⁸

One of the first changes that happened in Serbian policy towards Kosovo was that the new government took decisive actions in order to prevent mismanagement of funds transferred to Kosovo. Although approximately 500 million euros went from Serbian budget to Kosovo, only few people benefited from it.⁹⁹ In the words of Bojan Stojanovic, the newly elected mayor of Gracanica, a new practice of ‘institutional tourism’ emerged in Kosovo—Serbs who originally were not from Kosovo started to commute from Serbia and take up jobs from local population because of higher salaries:

“What we have now is the emergence of institutional tourism. Teachers, medical workers, managers of companies and those working in local administration usually come from Belgrade. They travel to Belgrade over the weekends, they go to cinemas, theatres, music festivals, and at the same time they “work” in Kosovo. Meanwhile, thousands of locals cannot find jobs to sustain themselves.”¹⁰⁰

At the same time, Constitutional court of Serbia opined that the practice of giving double salaries to employees in Kosovo was illegal, annulling the previous government’s decision from 2003 that had established it. Despite the Court’s decision, the new Serbian government refused to accept this judgment and only decreased the additional bonus to 50% of starting salary.¹⁰¹ In addition to this, new government took decisive steps towards preventing illegal activities on Serbian administrative crossings to Kosovo. Results of these actions were “drastically reduced smuggling of fuel and other goods, which used to cost Serbia dearly in lost revenue.”¹⁰²

⁹⁸ This change of heart most likely happened due to perception that the general Serbian public viewed European integrations and Kosovo as the two most important issues in domestic politics.

⁹⁹ “Duple Plate Na Kosovu.”

¹⁰⁰ “Bez Pomoći Majke Srbije,” *Vesti Online*, accessed May 21, 2013, <http://www.vesti-online.com/Vesti/Srbija/159991/Bez-pomoci-majke-Srbije>.

¹⁰¹ “Duple Plate Na Kosovu.”

¹⁰² *The Rule of Law in Independent Kosovo - International Crisis Group*, Europe Report (International Crisis Group, May 19, 2010), 19, <http://www.crisisgroup.org/en/regions/europe/balkans/kosovo/204-the-rule-of-law-in-independent-kosovo.aspx>.

During Kosovo's local elections in 2008, both Serbian government and local Serb authorities in Kosovo sponsored by it urged Kosovo Serbs not to participate. These calls for boycott were fruitful in the North, but less efficient in Gracanica, where the turnout of Serbian voters was almost 25%.¹⁰³ As a consequence of the Kosovar declaration of independence, and local elections turnout that suggested that Serbia was losing grip over its population south of river Ibar, Belgrade backed the creation of the Assembly of the Community of Municipalities of the Autonomous Province of Kosovo and Metohija. This body, which technically represents a parliament for Serbian communities in Kosovo, proceeded to construct the parallel institutional framework comprised of the previously established Serbian National Council and northern municipalities.

In March, 2011, EU initiated negotiations between Belgrade and Pristina over technical issues of border controls, land cadasters and registry books.¹⁰⁴ After several rounds of talks and agreements reached, the negotiations stopped after massive popular protests in Northern Kosovo over the process which was largely deemed as ceding effective control of borders to Pristina; at the same time, realizing that it is of little concern for their interests, Gracanica and other southern enclaves remained peaceful. Very little progress was made from this point on, until elections for all levels of government were organized in Serbia in May, 2012. The ruling coalition suffered defeat, and a new government was formed headed by the Prime Minister Ivice Dacic. Realizing the transformative potential of this change of government, the EU representatives brought the most important question to the negotiation table—status of the North. Although largely viewed as tacit recognition of Kosovo's independence by Serbia, an agreement was reached in April, 2013.¹⁰⁵

¹⁰³ "B92: Gracanica: Srbi da bojkotuju izbore koje organizuju kosovske institucije," *Nova Srpska Politicka Misao*, 92, accessed May 21, 2013, <http://www.nspm.rs/hronika/gracanica-srbi-da-bojkotuju-izbore-koje-15-novembra-organizuju-kosovske-institucije.html>.

¹⁰⁴ "First Round of Belgrade-Priština Talks Ends - B92 English," *B92*, accessed May 26, 2013, http://www.b92.net/eng/news/politics-article.php?yyyy=2011&mm=03&dd=09&nav_id=73131.

¹⁰⁵ The effects and importance of this agreement will be addressed in the fourth chapter.

3.3 Enclaves: Integrationist Gracanica and Hostile North

3.3.1 Integrated Gracanica

The period immediately after Kosovo declared its independence was crucial for the events that led to Gracanica becoming part of Pristina's institutional framework and Northern Kosovo remaining hostile towards it. A great indicator of this split in the rank and file of Serbian minority is the percentage voter turnout in the 2009 Kosovo's local elections, which is the first time that elections took place after decentralization law from 2008 had taken effect and, more importantly, after the declaration of independence. Although officials from Belgrade applied a certain amount of pressure on Kosovo's Serbs in order to discourage them to show up at the election polls in huge numbers, Serbs living south of Ibar ignored these calls to a great extent. In the newly formed municipality of Gracanica the turnout was 23.62%, and other municipalities in central Kosovo with Serbian population had similar rates. Contrary to this, in two municipalities of Leposavic and Zvecan in the North voters' turnout was less than 1%; in Zubin Potok only 6.6%.¹⁰⁶

According to the mayor of Gracanica, Bojan Stojanovic, the Serbian government caused this 'enclave defection' by indirectly working against the interests of Serbian people in Kosovo. The government has provided financial stimulus for those people who, through their connections and advantaged positions, managed to get a job in health care, administration or education systems. Their salaries were twice as high compared to the salaries of their counterparts in Serbia who were working in same positions. This amounts to several hundreds of thousands of euros, over the course of seven years, and it was only accessible to small

¹⁰⁶ "Završeni Lokalni Izbori Na Kosovu - B92 Vesti," B92, accessed May 22, 2013, http://www.b92.net/info/vesti/index.php?yyyy=2009&mm=11&dd=15&nav_category=640&nav_id=392716.

number of people who usually belonged to the same families.¹⁰⁷ This situation created huge social cleavages between those who were in the system financed by Serbia and those who were not.

The Serbian population south of river Ibar feels frustrated and betrayed by the Serbian government. Mayor of the other southern Serbian enclave of Strpce, Bratislav Nikolic, claims that he decided to run in these Kosovar elections exactly because he belongs to this ‘disappointed generation’. According to him, his parents and the rest of his family were outside of the welfare framework provided by the Serbian government—administration, school and health care systems. He didn’t have a job and he was working part-time in order to provide for his family:

“My turning point, which made me realize the terrible reality and inspired me to do something, happened on the day when I returned home after spending one year working abroad. I found my wife on the porch, using plastic bottles to warm up some water in the sun, just to be able to give a bath to our child—the electricity was cut off.”¹⁰⁸

Although money transfers to Kosovo from Serbia were extremely generous, not all funds were distributed equally and many ethnic Serbs did not benefit at all. Beside massive transfers through salaries for those employed in enterprises backed by Serbia, there were also a few attempts at fostering local business of Serbs in Kosovo, by providing start-up capital through government grants. However, these programs favored Northern Kosovo much more than the rest. Former minister for Kosovo and Metohija in Serbian government, Goran Bogdanović, was named by the media as “minister for his home town”, after distributing approximately $\frac{3}{4}$ of development fund’s money to Northern part of Kosovo, the region where

¹⁰⁷ Interview with Bojan Stojanovic, April 28, 2013, Gracanica.

¹⁰⁸ Interview with Bratislav Nikolic, April 28, 2013, Gracanica.

he was born—although roughly only one-third of the total Serbian population of Kosovo lives there.¹⁰⁹

By opting to integrate into Kosovar institutional framework, Gracanica opted for better living conditions. Not only were hundreds of jobs created when the Gracanica municipality was formed, but local people gained access to Kosovar and international funds that have fostered local entrepreneurship. As a result of this, Gracanica attracted more development aid and even some companies from Pristina opened their branches there.¹¹⁰ At the same time, officials from the Serbian government like to qualify Mr. Stojanovic as a traitor to Serbian interests in Kosovo, because of his participation in Kosovo's institutions. One of the derogatory terms used to describe him is 'a Thaci's Serb.'¹¹¹ However, mayor Stojanovic claims that his actions say more than words coming from Belgrade:

“The main goal of my politics is to help our people who live in Kosovo. If someone starts a tennis school with more than 160 children attending it, children who have never played tennis before, how can he be a traitor? If someone builds roads, a theatre, medical laboratory, creates jobs for people, supports agriculture?”¹¹²

At the same time when government of the newly formed municipality Gracanica had extremely proactive stance, Serbian institutions operating in this enclave underperformed. They failed to provide services and there were frequent allegations of frauds, embezzlement of funds and corruption of the local Serbian administration, although they were never brought to court.¹¹³ It appears that these structures, funded by Serbia and without any power to influence events in the enclave, were too often concerned about themselves and often participated in turf wars. As an illustration of this practice, after local elections for Serbian

¹⁰⁹ “Kosovo Južno Od Ibra (1): Narod Kojeg Je i Bog Zaboravio,” *Vesti Online*, accessed May 22, 2013, <http://www.vesti-online.com/Vesti/Tema-dana/159221/Kosovo-juzno-od-Ibra-1-Narod-kojeg-je-i-Bog-zaboravio->.

¹¹⁰ “100 New Jobs in Gracanica,” *Independent News Agency - Kosova Press - Latest News from Kosovo*, accessed May 21, 2013, <http://www.kosovapress.com/?cid=2,3,147904>.

¹¹¹ They describe him as a Serb who works for the interests of Kosovo's Prime Minister, Hashim Thaci.

¹¹² Interview with Bojan Stojanovic.

¹¹³ “SG Priština: Ispitati Zloupotrebe Na KiM,” accessed May 22, 2013, <http://www.radiokim.net/vesti/sg-pristina-ispitati-zloupotrebe-na-kim.html>.

institutions in Gracanica in 2012, newly elected government had to be dismantled because of its inability to provide the necessary quorum in order to approve the local budget.¹¹⁴

However, this dual sovereignty on the local level in Gracanica takes its toll. Less than four years after they integrated, ordinary people feel like they have been betrayed once again. Miroslav Pantic, a 30-year old citizen of Gracanica, blames the new local government:

“They did not do anything, they only asphalted several kilometers of road, built several closed football courts and that is all. The poor people still suffer. There are no jobs they promised, people who do get jobs do so without any calls open to the public, people are being placed to managerial positions without the necessary degrees. It is very difficult for ordinary people, sometimes I wish I were Albanian, things might have been better that way.”¹¹⁵

It appears that, after the initial boom of donations and capital inflow from getting access to Kosovo’s funds, the economic situation in Gracanica is again in a standstill. The important thing to consider here is that Kosovo’s budget, still dependent on foreign aid and international assistance, has suffered as a consequence of austerity measures that have squeezed national budgets of international donors. Again, locals believe that the current situation is unbearable and that there is a little chance of improvement in the foreseeable future:

“It is the fact that there will be no jobs, they don’t have the capacity to employ us, and they don’t have the capacity to do anything. We don’t expect anything from the Serbian administration either. I am unemployed, I rent my apartment, and I don’t have money to go out, to do anything, so I am only hoping for the worst.”¹¹⁶

¹¹⁴ “Srbi Se Posvadjali,” accessed May 22, 2013, <http://www.pravda.rs/2012/03/15/srbi-se-posvadjali/>.

¹¹⁵ Interview with Miroslav Pantic, April 28, 2013, Gracanica.

¹¹⁶ Interview with Milan Petrovic, April 28, 2013, Gracanica.

3.3.2 Hostile North

While Gracanica opted for integration after spending nine years in an institutional limbo, Northern Kosovo still successfully resists all integrationist pressures coming from Pristina and international community. Although there might be several possible interpretations why this is the case, it is a fact that “observers in Pristina and friendly capitals see Serbia’s massive payments to the North as a major obstacle to the region’s integration into Kosovo.”¹¹⁷ Although Serbs in the North suffer from high unemployment rates, crime and corruption, they still believe that the services provided there are better, and the overall quality of life is much better than the one Pristina could ever offer. This comes as no surprise, since a lavish part of Serbian payments goes to the North. In addition to this, North Mitrovica became an administrative and educational hub for local Serbs, and this is the reason why this “relatively small and rural area is littered with new buildings, sports halls, apartment blocks and a university campus on par with the best in Belgrade.”¹¹⁸ Because of competitive tuition prices and good conditions offered to students in Mitrovica, the university campus is bustling with life and even has a significant portion of student body coming from outside of Kosovo.

Although it is true that Northern Kosovo suffers from almost total absence of productive employment and is heavily depends on financial transfers from Serbia, it is worth noting that “like its political status, the North’s economy is murky and distinct from the rest of Kosovo and of Serbia.”¹¹⁹ Close border with Serbia and beneficial fiscal arrangements¹²⁰ offered to the North were extremely conducive to all kinds of both legal and illegal profitable activities. In addition to this, an International Crisis Group’s report found that highly lucrative activities of oil, cigarette and car smuggling are present, “especially in the northern city of

¹¹⁷ *North Kosovo: Dual Sovereignty in Practice*, i.

¹¹⁸ *The Rule of Law in Independent Kosovo - International Crisis Group*, 18.

¹¹⁹ *North Kosovo: Dual Sovereignty in Practice*, 15.

¹²⁰ As of June, 1999, Serbia collects no taxes from the part of Kosovo under its effective control. In addition to this, the North has a VAT-free status.

Mitrovica, where Serb and Albanian crime groups work hand in hand.”¹²¹ Even though a recent crackdown on organized crime and better border control reduced the gravity of this problem substantially, there still exist criminal groups which are very well connected with people in local administration in the North. These criminal groups originally evolved from ‘the bridge watchers’ who, taking into account that they were unofficial security providers in the North, turned to crime and cooperation with Albanian criminal groups after Serbia stopped financing them.¹²²

Criminal activities in Kosovo know no ethnic boundaries, and these are virtually the only point of contact between Albanians and Serbs in the North. Johannes van Vreeswijk was the chief prosecutor of EULEX in Kosovo for three years and, after leaving this position in June, 2011, claimed that “ethnicity is not relevant when it comes to money. If Serbs and Albanians can earn money from criminal, they will do it through a joint operation.”¹²³ The power of local criminal bosses is so far reaching, that there exist evidence these individuals finance and organize protests and violent demonstrations against both Serbia and Pristina, if their profits are at stake. After Belgrade and Pristina negotiated border control mechanism and customs control in 2011, which was supposed to streamline transportation of goods by making it more efficient and transparent, Serbs from the North organized massive riots and boycotted this agreement. Small groups of locals built barricades across the North’s road network, preventing newly appointed custom officers and police forces from getting to the border. Prosecutor Vreeswijk claimed that this:

¹²¹ “Corruption, Poverty Create Political Gloom In Kosovo: NPR,” *NPR.org*, accessed May 21, 2013, <http://www.npr.org/templates/story/story.php?storyId=130664982>.

¹²² Dragan Stavljanin, “Od ‘Čuvara Mosta’ Do Mafijaškog Kuma,” *E-novine*, October 25, 2011, <http://www.e-novine.com/srbija/srbija-licnosti/52215-uvara-mosta-mafijakog-kuma.html>.

¹²³ Ibid.

“[...] was just fighting over smuggling because they [criminal groups from the North] are losing their illegal profits. It appears they raise their voice over politics, but this is actually about criminal activities in this lawless territory.”¹²⁴

This rebellion against accepting agreements between Belgrade and Pristina was largely the result of belief, which was very much present in the North, that both Serbian government and Pristina work against their interests. This culminated in 2010, when the infamous Declaration of Independence of the Northern Kosovo came into existence.¹²⁵ It was condemned by all of the parties involved, including international community, Pristina, Belgrade and even some local politicians in the North.¹²⁶ Peaceful protests were organized frequently in Mitrovica North's main square, during the entire period of technical negotiations between Belgrade and Pristina. Although severe pressure from international community was directed to Belgrade, demanding from it to prevent building of barricades and boycotts of what was agreed in Brussels, little was done and local Serbs managed to resist implementation of border agreements for more than 12 months.

According to a witness of these events, “ever since August 2011, after Kosovo's government tried to take control over administrative crossing points to Serbia, people here felt that they were left to fend for themselves.”¹²⁷ The only hope that Serbian government might give more substantial support to the North came from the new elections in Serbia, which were scheduled for May, 2012. In these elections, more than 50% of people from the North voted for right-wing parties, including former Prime Minister Kostunica's party.¹²⁸ This came as a

¹²⁴ Ibid.

¹²⁵ The author of this document is a young political activist from Mitrovica North, Marko Jaksic (not to be confused with Marko Jaksic, vice-president of the Community of Serbian Municipalities in Kosovo and Metohija). The full text of this declaration in Serbian can be found on author's personal blog: http://jaksicmarko.wordpress.com/2013/04/22/deklaracija_o_nezavisnosti_severa/ (accessed May 25, 2013).

¹²⁶ Amra Zejneli, “Deklaracija o nezavisnosti nije u interesu Srba,” *Radio Slobodna Evropa*, August 18, 2010, sec. Kosovo, http://www.slobodnaevropa.org/content/srbija_kosovo_sever_deklaracija_o_nezavisnosti/2131327.html.

¹²⁷ Interview with Marko Jaksic.

¹²⁸ *Results of the Parliamentary Elections for the People's Assembly of the Republic of Serbia on May 6, 2012* (Belgrade: Election Committee of the Republic of Serbia), accessed May 11, 2013, http://www.rik.parlament.gov.rs/cirilica/propisi_frames.htm.

surprise, because Kostunica's party failed to pass the electoral census after all votes from the entire Serbia were counted. It appears that local voters in Northern Kosovo realized that "Kostunica was the only politician who directly placed territorial integrity and interests of Serbs in Kosovo before other issues, especially before EU integrations and further blackmailing of the West."¹²⁹

After the newly elected government took office, it dramatically changed the course of negotiation process. First, there were many meetings of high level officials from Belgrade and Pristina, which was unthinkable before outside of the EU mediated negotiations setting. The new government decided to partake in negotiations over the status of the North with Pristina, which resulted in reaching an agreement in April, 2013. This created a public outrage in the Northern Kosovo, where local Serbs believed their homeland betrayed their interests. The major problem, according to the local Serbs' opinions, is not only partial integration within Kosovo's institutional framework, but the fact that "politicians in Belgrade and Pristina had audacity to decide about our [local Serbs] lives and destinies without bothering to ask us about anything."¹³⁰ This agreement proposes partial integration of the North's administrative and security structures into Kosovo's institutional arrangement. It might have far reaching consequences for the North, but negotiations over its implementation are still ongoing and none of the representatives of local Serbs participates in them.

¹²⁹ Interview with Marko Jaksic.

¹³⁰ Ibid.

Chapter 4. Interpretation of the Findings: Putting Serbian Enclaves into Perspective

From the analysis presented above, there are several important things to be considered. First, a caveat here is that theoretical model of enclave bargaining does not suggest that ethnic ties are of little importance in the process of minority mobilization and radicalization. Serbs living both in Northern Kosovo and south of river Ibar cherish Serbian institutions and feel strongly attached to the country which they perceive as their homeland.¹³¹ At the same time, as suggested by Stephen Saideman, ethnic ties play a decisive role in motivating kin-states and their governments in pursuing different policies towards their diasporas. Saideman identifies three causes of this practice, first being that “politicians care primarily about gaining and maintaining the office [...] second, each politician requires the support of others to gain and maintain political offices—the supporters forming the politician’s constituency.”¹³² Third, and the most important one, is the fact that ethnic identities influence preferences of voters. Depending on the strength of ethnic ties between diasporas and homeland, voters will extend their support to those parties that have election programs that offer support and assistance to their co-ethnics abroad. A deduction from these three assumptions is that: “ethnic ties of potential and existing constituents to external actors influence politicians’ preferences.”¹³³ Therefore, it is obvious that ethnic ties play a crucial role in mobilizing external support of kin-states as lobby actors, in the process of minority’s bargaining with the center.

The most important mechanism that can be observed from the evidence presented above is how territorial remoteness of Gracanica enclave has profoundly influenced its ability

¹³¹ *North Kosovo: Dual Sovereignty in Practice*, 20.

¹³² Stephen M. Saideman, *The Ties That Divide: Ethnic Politics, Foreign Policy, and International Conflict* (COLUMBIA University Press, 2001), 22–23.

¹³³ *Ibid.*, 23.

to resist incentives to integrate offered by Pristina. As proposed in the enclave bargaining model, the size of population, territorial placement and economic sustainability are the main factors that influence bargaining leverage of a minority group. Although population remained at relatively constant levels, and even increased after the violent outbursts in March, 2004,¹³⁴ the lack of territorial connection with the kin-state of Serbia has severely weakened this enclave's position. Because of the seclusion and almost complete isolation of the enclave until 2008, the local economy was almost completely dependent on transfer payments from Serbia. Unlike in Northern Kosovo, where territorial proximity to Serbia was conducive to all sorts of economic entrepreneurship—including illegal ones—Gracanica was exclusively dependent on money transfers from Serbia. This has led to development of a type of rent-seeking economic model¹³⁵, where those individuals who were holding the key positions in local government and other institutions financed by Serbia were able to extract significant amounts of resources. As suggested by scholars who have undertaken extensive research on societies with these types of economic model, this arrangement is highly detrimental for generating growth. Not only does it not lead to creation of new wealth while promoting wasteful extraction of resources, but at the same time it attracts more rent-seeking activities because of very high profitability of this practice, compared to other economic activities in other sectors of economy.¹³⁶ This situation caused an internal division and significant social cleavages within Gracanica enclave, where those who were attached to this financial system benefitted greatly, while leaving those outside of this system to live off of social payments and pensions.

¹³⁴ According to the International Crisis Group report, more than 4500 people of Serbian ethnic background were displaced as result of the violence outburst. Most of them moved to towns that already had significant Serbian majority in central Kosovo. This led to further enclavisation of Serbian minority. (*Collapse in Kosovo*. Op. cit.)

¹³⁵ Rent-seeking economic model here is understood along the lines of what Anne O. Krueger proposed in her seminal work, as a resource-wasting activity of individuals who seek wealth transfers and other benefits through their participation in the political arena, instead of focusing on generating wealth. (Anne O. Krueger, "The Political Economy of the Rent-Seeking Society," *The American Economic Review* 64, no. 3 (June 1, 1974): 291–303.)

¹³⁶ Kevin M. Murphy, Andrei Shleifer, and Robert W. Vishny, "Why Is Rent-Seeking So Costly to Growth?," *The American Economic Review* 83, no. 2 (May 1, 1993): 409–414, doi:10.2307/2117699.

With the offset of decentralization in Kosovo after the declaration of independence, which effectively created the Gracanica municipality, a consequence of this prolonged situation of economic grievance was that a new political elite emerged to compete for newly accessible resources. The evidence supporting this claim is that, according to present mayor of Gracanica, 15 000 votes of Serbs south of river Ibar—those who voted in Kosovo local elections in 2008—were exactly the votes of those people who did not benefit from existing arrangements, and who, as a consequence, lived in extreme poverty.¹³⁷ At the same time, this does not mean that these voters have placed their economic interests before their ethnic and security concerns. As suggested by Stojkovic, the municipality of Gracanica has denied more than 4 000 construction permits to ethnic Albanians. This was done, according to his words, so as to prevent the surrounding Albanian majority overrunning this enclave and tip the precarious ethnic balance in their favor.

As far as the Northern Kosovo is concerned, the bargaining leverage of this enclave is much stronger than that of Gracanica. Besides the fact that this region is more populous, and not directly exposed to demographic pressures of surrounding Albanian population, the existence of territorial connection with Serbia plays a decisive role in the process of their negotiation with the center. As corroborated by many reports and sources, this region still survives largely on transfer payments from Belgrade.¹³⁸ Moreover, close and porous border to Serbia was conducive to very intensive trade activities, often including Albanian and Serbian entrepreneurs working together.¹³⁹ These activities are coupled with various lucrative schemes involving smuggling of gasoline, cigarettes, cars and other goods. These arrangements were largely made possible by lax control of the borders, corruption among

¹³⁷ “Bez Pomoći Majke Srbije.”

¹³⁸ For more details see: “Duple Plate Na Kosovu”; *North Kosovo: Dual Sovereignty in Practice*.

¹³⁹ A textbook example of this cooperation between Serbs and Albanians can be found in Mitrovica’s neighborhood of Bosnjacka Mahala. Over the past couple of years this area has become a place of business where dozens of locally owned stores appeared, selling excise-free and tax-free goods, often for a fraction of the price that is paid in Serbia, Macedonia or Montenegro.

Kosovo police officers, and intensive cooperation between Serbian and Albanian organized criminal groups. In addition to this, policies of the Serbian government, including VAT-exempt status for Northern Kosovo and other fiscal transfers, are very conducive for perpetuating this condition.

Another important issue to consider here is how interethnic divisions played an important role in the process of Kosovo Serbs' claim making dynamics. Not only were Serbs in Kosovo divided into two separate territorial entities—the North and the Gracanica municipality—they were also divided along socio-economic lines according to their ability to effectively benefit from specific arrangements present in the region. As Horowitz proposes, these intraethnic divisions provide the incentives for interethnic cooperation, but in general lack the necessary leeway.¹⁴⁰ It appears that this proposition perfectly depicts the situation among ethnic Serbs in Kosovo. There is apparently an intraethnic competition, mostly over the resources transferred from Belgrade. This has provided the incentive for Serbs to cooperate with the center, but they were missing the leeway. In case of Gracanica enclave, decentralization and the creation of municipality by Pristina's authorities created the necessary leeway; in the case of Northern Kosovo there are still incentives, but not the necessary leeway. These findings challenge the established theoretical approaches of explaining minority radicalization—ethnic demands are not always uniform and different subgroups of the same ethnic minority can rally behind very different demands against the center.

Lastly, it is important to discuss prospects of Northern Kosovo in the near future. As already mentioned, a new agreement signed between Belgrade and Pristina in April, 2013, might substantially change its position and institutional arrangement. However, this agreement has not been implemented yet, so one might only speculate about possible

¹⁴⁰ Horowitz, *Ethnic Groups in Conflict*, 598.

outcomes based on what has been agreed so far. According to the signed document, Serbs in the North will gain a loose autonomy in a form of Community of Serbian municipalities, with their police forces and judicial system operating inside Pristina's framework and without receiving any payments from Serbia.¹⁴¹ Since Serbia supports this integration, from the enclave bargaining perspective this would mean a reduced leverage for the North. At the same time, predictions are that the local Serbs will not accept this agreement peacefully since it will substantially reduce their well-being. Since the North's economy is still very much dependent on financial support from Serbia, the enclave bargaining model suggests that reducing these transfers will substantially decrease its bargaining position and make it more likely to cooperate with Pristina. Since the negotiations over technical implementation of the agreement are still ongoing, it is difficult to say to what extent, or when, this hostile attitude of the North is going to change. Therefore, this process might be a major test for the enclave bargaining model, and subject of some future studies.

¹⁴¹ For full text of the agreement see: "Full Text Of Agreement Between Belgrade And Pristina."

Conclusion

From what has been presented above, it appears that Serbian enclaves in Kosovo provide a unique opportunity for examining different dynamics at play in the process of ethnic claim formation. Territorial division of the Serbian minority, coupled with intra-group fragmentation, led to very different outcomes of its bargaining process with the central government in Pristina. Aside from providing a plausible explanation for the mechanisms behind Gračanica's decision to integrate and the North's path of hostility towards Pristina's institutions, this research offers useful insights for further development of theories on ethnic bargaining processes. Apart from identifying the importance of territorial divisions and demographic patterns of population for the minority radicalization, the added value of this research is its treatment of the minority group—instead of conceptualizing it as a unitary actor, here it is understood as a result of competing interests and narratives within the community.

Moreover, this research has practical value to the extent of applicability of its findings in various other regions with enclavised ethnic groups. As suggested by Dahlman and Williams in their study on Kosovo's enclaves, the process of "enclavisation presents three sources of conflict that could change the kind of polity that Kosovo will be: disputes over the enclaves them-selves; sovereignty issues; and substituting or proxy conflicts."¹⁴² Because of these reasons, it is of utmost importance to understand how ethnic preferences are formed and what leads to radicalization of different ethnic group claims. This research project offers a small contribution, albeit important, towards achieving this goal.

¹⁴² Carl T. Dahlman and Trent Williams, "Ethnic Enclavisation and State Formation In Kosovo," *Geopolitics* 15, no. 2 (April 2010): 423.

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