

# **Destruction of a Prosperous Nation State: The Fall of Yugoslavia and the US-NATO Led War**

Thirteen Years Ago this Month, the First 'Color Revolution'

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Region: [Europe](#)

Theme: [US NATO War Agenda](#)

In-depth Report: [THE BALKANS](#)

*For years, the dismantling of Yugoslavia was no more than a half-completed job in the eyes of Western leaders. The United States and Western European nations lavished financial, diplomatic, political and military support on secession-minded forces until only two republics remained in the federation. To the annoyance of Western leaders, Serbia and Montenegro stubbornly clung to the Yugoslav ideal and a predominantly socialist-oriented economy. Although the 1999 NATO war succeeded in carving yet another piece off Yugoslavia, the province of Kosovo, the Yugoslav government remained intact.*

## **Driving a Wedge between Serbia and Montenegro**

If Montenegro could be separated from Serbia the Yugoslav federation would cease to exist, and Serbia would be furthered weakened. U.S. leaders recognized that Montenegro offered prospects for success, and sustained Western contacts with Montenegrin President Milo Djukanović began to pay dividends. Soon he transformed himself from a socialist ally of Yugoslav President Slobodan Milošević into his neoliberal opponent. Djukanović steadily distanced his republic from Serbia, implemented a series of free market economic measures, and began openly advocating secession from Yugoslavia, a goal he was to eventually to achieve in 2006.

During the NATO bombing of his country, Djukanović was in daily contact with NATO officials, behavior which many justifiably regarded as treasonous. [1] Just one month after the end of the NATO war, Djukanović met President Clinton in Slovenia. Djukanović emphasized to Clinton “the importance of providing more substantial economic support to Montenegro to develop infrastructure and accelerate economic activity, particularly economic activity linked to continued privatization.” Pleased with such rhetoric, Clinton promised to encourage “U.S. corporations and banks to invest capital in Montenegro.” [2]

November 1999 saw the introduction of the German mark as an official currency in Montenegro and the passage of legislation eliminating socially-owned property. The following month, several state-owned firms were put up for sale, including the Electric Power Company, the 13<sup>th</sup> July Agricultural Complex, and the Hotel-Tourist firm Boka. [3]

Montenegro’s economic program for 2000 called for privatization of most state-owned industries and the passage of measures to “protect domestic and foreign investors.” To support that program the United States granted Montenegro \$62 million, primarily via the U.S. Agency for International Development (USAID), which announced that the aid would

“support economic reform and restructuring the economy....to advance Montenegro toward a free market economy.” James Dobbins, U.S. policy advisor on the Balkans, said the U.S. viewed the “market-oriented reforms of the Djukanović regime as a model and stimulus for similar reforms throughout the former Yugoslavia.” The European Union provided an additional \$36 million to Montenegro. “From the first day,” remarked Montenegrin President Milo Djukanović, “we have had British and European consultants.” [4]

In a July 2000 phone call to Djukanović, U.S. Secretary of State Madeleine Albright promised to give an additional \$16.5 million. That same week, Djukanović claimed that Montenegro “is no longer part of Yugoslavia,” and made the astonishing claim that he considered it a “priority” for Montenegro to join NATO, the organization that had bombed his nation only the year before. In August, Albright revealed that she and Djukanović “try and talk to each other and meet on a regular basis.” [5]

In anticipation of a rift with Serbia, Djukanović built up a private army of more than 20,000 Special Police, armed with anti-tank weapons and mortars. Sources in Montenegro disclosed that Western Special Forces were actively training this private army. In 2000, Djukanović asked NATO to establish an “air shield over Montenegro.” A member of Montenegro’s Special Police confirmed that the British SAS provided training. “If there is a situation where weapons will decide the outcome, we are ready,” he said. “We are training for that.” In August 2000, two armored vehicles bound for Montenegro were discovered in the port of Ancona, Italy. One of the vehicles was fitted with a turret suitable for mounting a machine gun or anti-tank weapon. Italian customs officials, the Italian news service ANSA reported, were “convinced” that trafficking in arms to Montenegro was “of far greater magnitude than this single episode might lead one to believe.” Reveling at the prospect of armed conflict, Djukanović boasted, “Many will tuck their tails between their legs and will soon have to flee Montenegro.” [6]

The United States recognized that Montenegro offered a potential pretext for military intervention. As early as October 1999, U.S. General Wesley Clark drew up plans for a NATO invasion of Montenegro. The plan envisioned an amphibious assault by more than 2,000 Marines, who would storm the port of Bar and secure it as a beachhead for pushing inland. Troops ferried by helicopters would seize the airport at Podgorica, while NATO warplanes bombed and strafed resisting Yugoslav forces. American officials revealed that other Western nations had developed plans of their own for invasion. [7]

Sending a message to the Yugoslav government that it should not defend itself, U.S. Ambassador to the UN Richard Holbrooke cautioned, “We are in constant touch with the leadership of Montenegro,” and any conflict in Montenegro “would be directly affecting NATO’s vital interest.” [8] NATO General Secretary George Robertson was even more explicit. “I say to Milošević: watch out, look what happened the last time you miscalculated.” [9]

### **Subverting Yugoslavia**

Since the early 1990’s, the United States and Great Britain furnished funding and equipment to opposition media and maintained contacts with political parties opposed to Slobodan Milošević. In the months before the NATO war, the level of aid sharply increased.

In a series of meetings held toward the end of 1998, U.S. President Bill Clinton and administration officials decided to overthrow the government of Yugoslavia. The aim,

sources said, would be “the end of Milošević as the obvious solution.” [10]

One way to achieve the “end” of Milošević was to kill him. During the NATO war at around 3:00 AM one morning, the U.S. fired cruise missiles into Milošević’s home, including one that targeted his bedroom. The attempt failed, as Milošević and his wife had taken the precaution of sleeping in a bunker. They were a difficult target, changing their sleeping quarters on a frequent basis throughout the duration of the war. Less blunt methods would have to be used to eliminate Milošević.

Just weeks after the end of the NATO war, opposition leaders were called to Montenegro, where U.S. envoy Robert Gelbard urged them to engage in violence. Vuk Drašković, leader of the Serbian Renewal Movement, was less than enamored with the proposal and refused to go along. The plan called for his party to “do the dirty work” and “start the bloodshed,” while the other opposition leaders would leave Serbia. “They would wait abroad for NATO troops to bring the peace here. Then they would return after the civil war, riding on NATO tanks,” he complained. [11]

Not to be deterred, one month later President Clinton ordered the CIA to conduct a covert operation to topple the government of Yugoslavia. The plan called for the agency to provide financial backing to the opposition and for the U.S. Information Agency to broadcast Western news reports into Serbia. U.S. sources revealed that American military and intelligence officials planned to encourage Yugoslav military officers to oppose their government or attempt a coup d’état, an approach that had previously borne fruit in Chile in 1973. Kicking off the effort, Madeleine Albright met with Western European foreign ministers to coordinate contacts with the opposition.[12]

The crucial component of the plan entailed the recruitment of Yugoslav government officials to betray their country. Hundreds of prominent Yugoslav citizens were on the U.S. and European Union sanctions list, forbidden to travel abroad, and their assets in foreign banks having been seized. U.S. intelligence agents paid personal visits to many of the sanctioned individuals, implying that their names would be removed if they agreed to cooperate in the Western campaign to overthrow the government of Yugoslavia. In some cases, American agents even hinted that uncooperative individuals would face trumped-up war crimes charges and be spirited away and placed on trial before the criminal tribunal at The Hague. [13]

Some Yugoslav officials were disaffected and thus easy prey for Western agents. Others succumbed to bribery. “The difficult bit was the calculation of when to offer, the moment to try,” recalled an MI6 officer. According to a Yugoslav Military Intelligence source, “When the outside was looking for people, they looked for those they could either blackmail, pay, or who simply had enough common sense to know that time was running out.” [14]

In some cases fear proved to be a powerful motivator. A number of prominent government officials were murdered over the course of many months; to this day it is not known who was responsible. A Serbian industrialist who had intelligence contacts observed, “A lot of people started thinking ‘Well, if the Americans can get the Defense Minister then they can easily get me.’ It followed on that people began to look for a way off the sinking ship.” [15]

Periodic demonstrations by the opposition fizzled out with consistently disappointing turnouts. Exasperated over the ineptness of the opposition and its failure to unite, Western officials scheduled a meeting with opposition leaders in Berlin on December 17, 1999. “We

read the riot act to the opposition and told them to get their act together,” said one Western diplomat. [16]

In a meeting held in Banja Luka with Bosnian Serb officials, Albright expressed impatience, saying that U.S. officials had expected that Western sanctions against Yugoslavia would cause people to “blame Milošević for this suffering.” She could not understand “what was stopping the people from taking to the streets.” In a comment that revealed the U.S. was looking for a pretext to intervene, Albright snapped, “Something needs to happen in Serbia that the West can support.” [17]

The announcement that national elections would be held in Yugoslavia provided Western leaders with the opportunity they sought. The first order of business was to get the opposition parties to unite in a coordinated effort. This was a less easy task than it would appear, given their history of internal squabbling and the evident dislike many opposition leaders had for one another.

The National Democratic Institute (NDI) hired an U.S. firm to conduct eleven public opinion polls, the results of which American officials used to persuade the opposition to unite behind a single candidate. The candidate who could garner the most support, an official of the polling firm told opposition leaders, was Vojislav Koštunica, the leader of a small party. Getting the parties to accept the candidate the U.S. had selected took some time, but in the end opposition leaders came around to the U.S. view. They had no choice if they wanted to continue receiving aid. [18]

Through U.S. efforts, the opposition parties coalesced into a coalition, the Democratic Opposition of Serbia (DOS). NDI designed the coalition’s campaign structure and gave it an election platform. It also trained thousands of activists in electoral organizing tactics. [19]

The United States essentially ran the DOS electoral campaign, and a coalition marketing official said that DOS discussed “every word” of its short political messages beforehand with U.S. consultants. Parliamentary candidates and tens of thousands of local candidates received training. The International Republican Institute organized a training session in Budapest for members of the antigovernment student organization Otpor, where the principal speaker was retired U.S. Colonel Robert Helvey. The campaign involved several U.S. organizations, and the U.S. Agency for International Development paid for the printing of millions of stickers with the anti-Milošević slogan “He’s finished,” which Otpor pasted everywhere. [20]

Helvey led multiple training sessions for Otpor in Budapest and Montenegro, instructing them in techniques for undermining the government. Each time Otpor members returned to Serbia laden with cash and equipment. [21] Otpor was also the recipient of a substantial quantity of computers and cell phones.[22]

According to Slobodan Homen, one of the founding members of Otpor, “We had a lot of financial help from Western non-governmental organizations and also some Western governmental organizations.” Otpor also received significant covert aid, the scale of which has never been reported. No ordinary student organization was this; it received millions of dollars in funding from the United States. American officials expected something in return for their largesse. At a meeting in Berlin, Madeleine Albright exhorted her Otpor audience to take action. “We want to see Milošević out of power, out of Serbia and in The Hague [criminal tribunal].” [23]

In the year leading up to the election, the United States poured \$35 million into the coffers of opposition parties and the European Union added a further \$6 million to opposition media. Germany gave nearly \$9 million. [24] This was no new development. “Bags of money had been brought in for years,” reported a journalist who enjoyed close contacts with Western intelligence agencies. [25] However, the scale of Western intervention in the Yugoslav political scene had now grown so much that it had become pervasive. American officials assured opposition media “not to worry about how much they’re spending now” because more money was on the way. [26] Soon not only cash, but computers, broadcast equipment and printing presses were flowing to media organizations. [27]

British intelligence established contacts with Yugoslav Army commanders who were wavering under pressure. The British wanted to confirm that the military would not stand in the way of the coup that Western officials and DOS were planning. [28]

The United States and its allies waged a secret war on many fronts. They constructed a series of radio towers in surrounding countries, from which they broadcast anti-government programs from the Voice of America, Radio Free Europe, the BBC, Deutsche Welle, USA Radio, and other stations into Yugoslavia. Many of these transmissions used the same frequencies as state-owned stations, thereby usurping them. [29] As early as August, 1999, U.S. aircraft, ships, and transmitters in neighboring countries began jamming state-owned Yugoslav radio and television frequencies, with the aim of eliminating any counterweight to Opposition and Western media broadcasts. The act was a blatant violation of international law governing telecommunications.[30]

The Americans were also listening. U.S. radio centers were set up in Bosnia to monitor Yugoslav communications, and Bulgaria operated its own radio-listening center, passing on intelligence to the United States. [31]

Centers were established in neighboring countries from which the United States managed the campaign to bring down the Yugoslav government. Opposition leaders were frequent visitors, and often given suitcases full of money to take home with them. The main center was in Budapest, where more than thirty intelligence and propaganda agents were stationed. [32]

The United States was not only supplying cash, equipment and training. Western intelligence agents infiltrated Serbia using diplomatic passports. One Yugoslav with British intelligence contacts described these men as “technicians in seizing power,” and said they “lobbied with the establishment, they helped set up the network.” [33]

Just days before the election, the European Union issued a “message to the Serbian people,” in which it announced that sanctions would be lifted if opposition candidate Vojislav Koštunica was voted into office. [34] This was a powerful inducement for a population desperate for relief from the misery induced by the sanctions regime. The Western Europeans and the Americans had a curious concept of democracy, in which they picked the opposition candidate, funded his campaign, and meted out punishment to the people of Yugoslavia through sanctions, promising to stop only if people would vote for the Western-backed candidate.

CIA Director George Tenet visited Bulgaria for three days in mid-August 2000, where he held talks with the Bulgarian president and administration officials, as well as Bulgarian intelligence and military officials. [35] According to an unnamed Bulgarian source, the split

of Montenegro from Serbia was at the top of the agenda, and Tenet wished to establish a logistics center in Sofia for managing the split and dealing with any conflict that might result. [36] Tenet also demanded that Bulgaria agree to allow a CIA center to be set up in Sofia for supporting the Yugoslav opposition. Two weeks later, the center in Sofia was fully operational and conducting a ten day training course for Otpor activists while another center in Bucharest was doing the same.[37] The overthrow of the Milošević government was one of Tenet's prime agenda items, and the Bulgarian newspaper *Monitor* reported that the "CIA coup machine" was in motion. "A strike against Belgrade is imminent" and Bulgaria was to serve as one of its bases. [38]

U.S. meddling in the internal affairs of Yugoslavia was unrelenting, as U.S. State Department official William Montgomery observed. "Seldom has so much fire, energy, enthusiasm, money - everything - gone into anything as into Serbia in the months before Milošević went." [39]

If, despite all efforts, the U.S. failed to bring down the Milošević government through electoral means or by coup d'état it reserved the option of resorting to military force. During the period of September 4-26, NATO military forces conducted a training exercise at an airbase near Constanta, Romania. Some 700 military personnel and 40 planes war-gamed the scenario of a "fictional" country where opposition demonstrators clashed with the police, escalating into a civil war and leading to NATO intervention. [40] Simultaneous NATO war games took place in Bulgaria and northwestern Romania. [41]

### **Disputed Election**

The long-awaited day arrived on September 24, 2000. As soon as voting got underway, U.S. officials were charging without evidence that fraud and irregularities marred the voting process and that Milošević wanted to "steal" the election. Persistent American accusations planted the perception among the Western public and Serbian opposition supporters that fraud had taken place, even though official early returns showed Koštunica with a commanding lead.

Charges made by the United States, which had no electoral observers on the ground, were reported as fact by the Western media, while the experiences of international observers from 54 countries who witnessed the electoral process were entirely ignored.

The Canadian election observer team noted that all parties were freely able to campaign and advertise. [42] Russian parliamentarians visited 150 polling stations, and observed that the opposition was given "every opportunity to monitor the process." [43] Konstantin Kosachev of the Russian State Duma explained, "All ballot papers were numbered, ballot boxes sealed, verification slips signed by all members of the electoral commissions." In the view of Kosachev's team, "no large-scale falsification of the election in Yugoslavia was possible." [44]

Almost immediately, the Koštunica campaign claimed victory, even though many votes remained to be counted and the returns were showing that Koštunica would probably fall short of the 50 percent necessary for outright victory.

The Democratic Opposition of Serbia issued its own figures, which the Western media uncritically accepted as accurate and reliable. No one appeared to notice that DOS's statistics were internally inconsistent. According to figures given by DOS Electoral Staff

spokesman Čedomir Jovanović on September 26, Koštunica held the lead with 54.66 percent of the vote, based on 97.5 percent of the ballots processed. The next day, DOS announced that Koštunica was in the lead with 52.54 percent, and the total vote count that DOS reported rose by less than 64,000. If Koštunica lost every one of those additional votes his percentage would have dropped to 52.75 percent, higher than the announced 52.54 figure. The numbers did not add up.

DOS disposed of this awkwardness by issuing significantly different vote totals. On September 26, Jovanović said that Koštunica led with 2,783,870 votes, yet on the next day he claimed that when all votes were counted, “Koštunica will have 2,649,000 votes.” A neat trick that, when addition results in subtraction. Four days later, Jovanović claimed 2,424,187 votes for Koštunica, and then on October 2 opposition spokesman Zoran Šami lowered the total still further to 2,414,876, for a percentage of 51.34. In the end, the final figures presented by DOS claimed 2,377,440 votes and a percentage of 50.35 for Koštunica. [45]

Exactly which votes had yet to be counted also seemed to shift in DOS’s imaginary world. On September 26, it said 130,000 votes “and the votes from Kosovo and Montenegro” had yet to be processed by DOS. The next day, it was unprocessed ballots from soldiers and mail-in ballots that were said to have remained uncounted.

The final figures offered by DOS differed from the official government totals only in that DOS intentionally excluded from the count votes cast in Kosovo and by refugees from Kosovo, precisely the constituencies that heavily favored Milošević.[46] It was only through such trickery that DOS could claim a first round victory for Koštunica.

Western media dismissed the official election results and proclaimed the opposition figures to be based on precise and meticulous tallying of ballots. Loud and repeated accusations of fraud were leveled against the Yugoslav government. Clearly, there had been fraud, but it was DOS that was perpetrating it, not the government.

Despite persistent claims by Western reporters that the government was withholding figures, the official vote count was publicized widely in Yugoslavia. Vojislav Koštunica won 48.96 percent of the vote, while President Milošević trailed with 38.62 percent. There would have to be a runoff, as neither candidate garnered more than half of the vote. As prescribed by law, a runoff election for the top two candidates was scheduled for October 8. [47]

Emboldened by Western officials, DOS announced that it was refusing to participate in the second round, and claimed that Koštunica had already won a majority in the first round. DOS filed a complaint first with the Federal Election Commission and then with the Constitutional Court. DOS demanded the annulment of votes by refugees from Kosovo and by voters in Kosovo itself, where President Milošević led by a wide margin. The Constitutional Court upheld a proposal by Milovan Živković of the Federal Election Commission for returns from all voting districts to be reexamined so as to dispel doubts. [48] It was a reasonable decision meant to bring order to an increasingly chaotic situation, and it was the threat of a recount that motivated the almost daily reduction in the number and percentage of votes claimed by DOS for its candidate. The offer was not accepted.

The Western powers made a show of military force, sending a signal to the Yugoslav government that it risked being attacked if it defended itself from the coup that was forming. The British sent 15 ships to the Mediterranean, including the aircraft carrier HMS Invincible. “Let’s give Milošević a clear message while he is trying to decide who won,”

blustered British Foreign Secretary Robin Cook. Meanwhile, the U.S. conducted a joint amphibious landing and live fire training with Croatian forces during the five day period following the election. Then Cook issued another threat, reminding Milošević that if he tried to stay in power, the Western powers had a “very substantial capacity in the region.” [49]

## **Coup d'état**

U.S. hopes were not misplaced, and bogus accusations of electoral fraud proved to be the catalyst for regime change. At the end of September, demonstrations broke out in cities and towns throughout Serbia. By October 2nd, DOS demonstrators were blockading roads in Belgrade and forcing a halt to bus and streetcar traffic in many parts of the city. Meanwhile DOS activists applied pressure on schools to close their doors. [50] As the demonstrations grew in scope and size, paralyzing the country, Koštunica announced that the demonstrations would continue until Milošević conceded defeat in the first round. [51]

October 5th was the date that the Americans and British had chosen for DOS to seize power in a coup d'état. The night before, Yugoslav Military Intelligence officials whom the West had managed to turn met with MI6 and CIA officials in a Bosnian village. The message the Yugoslavs gave their Western contacts was that the Army would not obey any order to mobilize in response to the coup. This was the message the Western intelligence officials were hoping to hear, and they duly passed that information to opposition leaders. [52]

Demonstrations were not the spontaneous affair they were made out to be. Plans had been made months before. DOS activists infiltrated the police and knew in advance of their plans. Columns of opposition supporters advanced on Belgrade from all sides. Mayor Velimir Ilić of Čačak organized a convoy of 230 trucks laden with weapons and rocks intended to be used as projectiles, and his column of 20,000 demonstrators headed toward the capital on October 5. Along the route, DOS activists threatened police at roadblocks by telling them that they knew where their families lived and hinting at violence if they failed to stand aside. Meanwhile, DOS supporters smashed through two police barricades and demolished police trucks, using crowbars, hammers and stones. Police vans were pushed into a ditch. [53]

According to opposition sources, around 10,000 of the activists who swarmed into Belgrade were armed and ready to do battle if necessary. [54] A one thousand-strong unit of paramilitaries, armed with automatic rifles and anti-tank weapons, was also organized to support the coup. [55]

The coup headquarters was established at a factory in an outlying district of Belgrade, under the control of former Belgrade mayor Nebojša Čović. “There were thousands of weapons at the factory and at least 2,000 trained and armed men there,” a Yugoslav Military Intelligence source reports. “There was a plan to split up and support the crowds in various places and to seize all of the government ministries.” [56]

Otpor founder Slobodan Homen visited U.S. diplomat William Montgomery in Budapest, informing him that this was “the decisive day, and we’re ready to occupy the Federal Parliament and the Serbian TV building.” Homen requested U.S. military intervention if police resisted. Montgomery declined, knowing that outside military intervention at this moment would rally people around the government, but he “made it clear that pressure” by DOS on the government “had to be maintained, could not stop.” [57]

Surging crowds of DOS supporters overwhelmed a police guard and swarmed into the



Parliament, where they smashed furniture and computers, looting anything of value and setting the building ablaze. At Radio Television Serbia, a bulldozer smashed an opening, allowing crowds to seize the building and drive out and beat the station's employees. Ambulances throughout the city were taking wounded policemen to the hospital, only to be stopped by drunken DOS demonstrators who demanded that the injured policemen be turned over to them. DOS supporters roamed the city, waving weapons and setting police cars afire. [58]

In preparing the coup, DOS established prior contacts with police and soldiers, some of whom joined their ranks in attacking government buildings on October 5. "I was constantly in touch by telephone with an army general and sections of the interior ministry hierarchy" that had switched sides, Velimir Ilić revealed. [59] DOS also recruited the police guarding Radio Television Serbia. This police unit, Ilić said, were "completely on our side," and "supported us fully." [60]

As drunken mobs surged throughout Belgrade, Koštunica told a crowd of supporters, "Democracy has happened in Serbia." [61] In a demonstration of their commitment to democracy, DOS supporters demolished the headquarters of the Socialist Party of Serbia and that of the New Communist Party of Yugoslavia. [62] In Leskovac, demonstrators torched the home of the local head of the Socialist Party, before proceeding to wreck the local headquarters of the Socialist Party and the Yugoslav United Left. [63]

Socialist directors of state-owned firms were driven from their positions or forced to resign, often at gunpoint. Throughout Serbia, offices of the Socialist Party and other Left parties were under attack. In Kragujevac, DOS supporters tied up and abused Socialist Party officials for ten hours. Then the socialists were released into a crowd, where they were spat at, cursed, kicked and beaten. In Niš, Dragiša Vučić of the Socialist Party was so badly beaten that she became hospitalized. Throughout Serbia, the homes of local Socialist Party officials were attacked. [64]

Shortly after the election, DOS filed a complaint with the Federal Election Commission, asking that the ballots of voters in Kosovo and refugees from Kosovo be tossed out. When its complaint was rejected, DOS appealed to the Constitutional Court, which upheld the decision by the Federal Election Commission. The political landscape was altered by the coup, and to oppose the demands of DOS became a risky proposition. The Constitutional Court backtracked and rescinded its own earlier verdict, issuing a new decision in which the Court annulled all of the votes cast in Kosovo. The Court based its decision on the dubious grounds that because polls closed in Kosovo at 4:00 PM for safety reasons, whereas they were open until four hours later elsewhere in Yugoslavia, this somehow invalidated every vote that had been cast.[65] This act granted Koštunica legal authority for his claim that he had won the election in the first round, even if the rights of voters in Kosovo got trampled in the process.

Given the commanding lead Koštunica held in the first electoral round a victory in the October 8 runoff was a near certainty, yet DOS preferred to bring down the government by force. The election of Koštunica alone would not have been enough to dismantle the socialist-oriented economy. Wider control of the reins of government would be needed, and the October election left Milošević's governing coalition with a solid majority in the Assembly, with 78 out of 137 seats in the Chamber of Citizens and 28 out of 40 seats in the Chamber of Republics.[66] The Left-led coalition also held a commanding majority in the Parliament, where members had been elected in 1998 to four-year terms. [67] By seizing

power, Koštunica was able to dissolve Parliament and call an early election. With DOS holding a complete monopoly on both state-owned and private media, the parties that had governed under Milošević were shut out, and in an atmosphere of intimidation it was no surprise that the snap election gave DOS the substantial majority of seats it needed in order to transform the economy.

### **The Coup Bears Fruit**

Just days before the coup, in words that would prove prescient, President Milošević addressed the nation, warning that DOS was an instrument in the Western campaign to impose neocolonial control over Yugoslavia. Those nations that came under the sway of the Western powers, he pointed out, “have speedily become impoverished in a manner destroying all hope for more just and human social relations.” In Eastern Europe, there was a “great division into a poor majority and a rich minority,” and under DOS “that picture would also include us,” where “public and social property would quickly be transformed into private property” owned predominately by foreigners. [68]

The United States and Western European powers expected something in return for all of the support they have given DOS, and it was time for the new Yugoslav government to deliver.

Koštunica moved quickly in dismantling state-owned and socially-owned property. Privatization minister Aleksandar Vlahović announced a plan to sell 7,000 state-owned firms.[69] Vlahović later elaborated on the plan in more detail, admitting, “We do not expect that all 7,000 firms will be privatized, and at least one half will go bankrupt, with predictable results.” It was recognized that Western investors would be the chief beneficiaries. “Our goal,” said Vlahović “is to maximize the inflow of foreign capital and foreign direct investment through privatization.” Hundreds of thousands of workers were thrown out of work. Responding to criticism from workers made redundant by the privatization process, Vlahović retorted, “If we want a market economy it’s time we realized there are no secure jobs.” Many of the first firms offered were intentionally assigned a book value of one third of their true value, “in order to attract potential foreign investors.” Sharply reduced tax rates were offered as further inducement for foreign investors.[70]

On July 21, 2001, the Overseas Private Investment Corporation signed an agreement with Yugoslavia on increasing U.S. investment and encouraging further privatization. After the signing, OPIC CEO and President Peter Watson announced, “Today’s agreement not only signals the green light for the U.S. investors but indeed is a signal to the international investment community that Yugoslavia is open for business.”[71]

Serbia-Montenegro, having dropped the name ‘Yugoslavia’ at Western insistence, was obligated by the IMF in 2005 to implement a number of measures. Among these included the “reform” of the pension system through cutting benefits, implementing deep cuts in public spending, and the layoff of several hundred thousand workers. The IMF also demanded the selloff of major industries such as the oil refineries in Novi Sad and Pančevo.[72]

Companies privatized in accordance with the 2001 privatization law showed a decrease of 45 percent in employment over the first two years of private ownership. Those privatized under the privatization law of two years later saw a decrease of 15 percent, the lower figure due only to the law’s requirement for staff to be slashed prior to sale in order to attract investors.[73] In either case, it was the workers who paid the price.

Unemployment in Serbia steadily grew after the coup, quickly reaching 32 percent within four years.[74] By 2012 it stood at 24 percent. The apparent improvement was illusory, having to do mainly with the adoption of the modern American model for calculating unemployment. Under this method, workers who are not regularly and actively seeking jobs are counted as “discouraged,” “out of the job market,” and therefore not belonging to the ranks of the unemployed. If one adds back in the number of workers who are classified as “inactive” but who profess both the ability and the desire to work, then the real unemployment rate was 34 percent.[75]

To put this in perspective, at its peak in 1933, unemployment during the Great Depression in the United States reached 25 percent, a figure that was then not calculated to exclude a significant portion of workers. Today Serbian workers are enduring their own Great Depression, but one that subordination to Western corporate interests has imposed on them. For those who lose their livelihoods, there is little hope. Nearly 80 percent of the non-discouraged unemployed have been without work for a year or longer, and 44 percent have been looking for a job for four years or longer. [76] They are society’s discards.

Even when one has a job, survival is a struggle. “Pay is often barely enough for basic needs including food and bills,” points out one analyst. “There is absolutely no way for them to get a mortgage from a bank to buy a car, let alone affording a flat.” At an unemployment center, a woman remarks, “Of course I could not get employment.” Seeing little hope, she was applying for a reduced early pension. “I am a 50-year old engineer holding a university degree and the only place I can find a job is at a fast-food restaurant. Think how humiliated I would feel after 30 years of work at the office to start flipping burgers at some local shop.” A British resident of Belgrade relates that the “Serbian people are crying out to be able to get mortgages and loans that will allow them to move out of their parents’ houses before they turn 40, and by that same token they are crying out for the kind of financial responsibility that will see them become voluntary slaves to their companies; living in fear of losing their jobs.”[77] The free market had come to Serbia, with all of the advantages that it bestows.

Western intervention did not end with the overthrow of the Milošević government. Indeed, it increased. The coup opened the door for a vast expansion of Western meddling in the affairs of Serbia and Montenegro.

Representing the views of the U.S. corporate world, the U.S. Agency for International Development (USAID) implemented a number of programs in Serbia designed to promote those interests. Among other things, USAID said, its efforts helped “deepen structural reforms.” One of the agency’s programs designed to advance that objective was the Bankruptcy and Enforcement Strengthening (BES), which helped the Serbian Privatization Agency Bankruptcy Unit “privatize state and socially-owned enterprises through bankruptcy, reorganization and/or liquidation in a more efficient and effective manner.” [78] Not coincidentally, the purchase price of these enterprises thereby became cheaper for the Western investor.

Another component of the agency’s efforts in Serbia was the Municipal Economic Growth Activity (MEGA), which saw its role as “facilitating private sector growth” through a variety of means, including advocating policies and supporting legislative action. [79] That “support” went so far as to include direct participation in the drafting of Serbian legislation.[80]

MEGA’s most important accomplishment was the establishment of the National Alliance for

Local Economic Development (NALED), “through which leaders from both business and local governments gather together around issues of common interest.” [81] Interests, it went without saying, that were inimical to those of the working population. NALED initiated what it termed the Business Friendly Certification, which it awarded to those local governments that proved sufficiently subservient to USAID’s demands.

In 2009, Mayor Igor Pavličić of Novi Sad declared, “Since we joined USAID’s Municipal Economic Growth Activity program, many expert analyses have been developed on how to rationalize the city’s budget expenditures. Program experts have advised us on how to use the budget funds for the capital investments in infrastructure. From now on, public utilities will have to take care of their budgets and to move on to a more market oriented approach.”[82] One wonders who ran the city, the mayor or USAID?

In Niš, the city assembly passed a decision to offer land for industrial construction. MEGA personnel wrote the draft legislation, which the city dutifully passed with the backing of the mayor. Eager to please, the mayor announced that the city would be “offering a number of incentives to new investors.” [83]

Another organization actively involved in Serbia was the American Chamber of Commerce, which sought to promote U.S. business interests. Its “support” of the reform process involved actively writing Serbian legislation and having proposed legislation submitted for its review and approval. [84]

The Foreign Investors Council (FIC) represented the interests of Western corporations in Serbia. Its purpose was “to assist Serbia in fully accepting and nurturing market economy and introducing a system of European values and standards.” In order to “improve the investment and business development climate in Serbia,” the Foreign Investors Council made “concrete reform proposals.”[85] In plain language, it meddled in the Serbian regulatory and legislative process just as the American Chamber of Commerce did.

The World Bank, while acknowledging the cuts that Serbia had already made in public services, felt that more could be done. The government of Serbia should consider additional methods of “reducing [pension] benefits on a permanent basis,” it advised. Pension benefits are “too high,” the bank complained. “The pension due to a new retiree in Serbia is equal to nearly 60 percent of the net average wage.” Something would have to be done about such a state of affairs. After all, a person might survive on such a sum. The goal of pension reform, the World Bank stated, would be to turn the pension system “into a surplus-generating system which pays very low benefits.” [86]

No measure is likely to dislodge the chokehold that Western power has on Serbia in the foreseeable future. The powers arrayed against workers are too powerful, and Serbia occupies too important a geographical position in the Balkans, one that Western corporations will not readily relinquish. Centrally located in the Balkans, and along the Danube, the country has the region’s major road, rail and river navigation routes. The nation’s location is essential in integrating the entire Balkans under the neoliberal model and the shipment of goods from this low-wage region to the West.

Western sponsorship of the coup in 2000 was an investment, from which multinational companies have profited handsomely in the years that followed. Serbia and Montenegro, now separated, have lost their independence and been compelled to grant a substantial degree of control over their economies to U.S. and Western European interests. Every

means was used to crush Yugoslavia, which became a laboratory in which techniques of subversion were perfected. The 2000 coup served as a template for the “color” revolutions that installed pliant governments in Georgia, Ukraine and Kyrgyzstan, and many of the techniques have been used on a smaller scale against such targets as Venezuela and Zimbabwe.

The tragedy of the Yugoslav coup was not only that it plunged the population into immiseration. The wider tragedy is that the coup’s very success has encouraged an increased reliance on subversion as one of the primary tools of Western policy, and people across the globe are paying the price for that success.

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