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Macedonia: Country Risk Assessment 2006

Tatjana Sikoska

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About the Author

Tatjana Sikoska is a Lawyer and an expert in Development Studies, holding an M.A. degree from the Institute of Social Studies from The Hague, The Netherlands with specialization in politics, gender and ethnicity as cross-cutting development issues. Tatjana has more than 15 years of professional experience in research and project management in the areas of gender and development, Millennium Development Goals, Gender and ICTs, conflict and conflict prevention. Prior to her engagement with Swisspeace, she has worked for a number of international organizations (United Nations-INSTRAW, UNDP, Inter-American Development Bank, World Bank, EU, etc.) and donor agencies (Swiss Agency for Development and Cooperation), both as a staff member and a consultant. She has significant teaching experience in gender and development cooperation. In the early nineties, she has also been actively engaged in the NGO sector, working for the International Secretariat of the Helsinki Citizen's Assembly where she engaged herself in supporting programmes and projects aimed at the development and strengthening of the civil society sector in the Balkans, particularly the independent media.

Tatjana is an author of relevant publications dealing with issues such as women and ageing, gender-based violence, women in politics and in conflict prevention, women and new ICTs, among others.

Table of Contents

List of Acronyms

DPA - Democratic Party of the Albanians

DUI - Democratic Union for Integration

EC - European Commission

EU - European Union

FA - Framework Agreement

FRY - Federal Republic of Yugoslavia

FYRoM - Former Yugoslav Republic of Macedonia

GDP - Gross Domestic Product

IMRO - Internal Macedonian Revolutionary Organization

NATO - North Atlantic Treaty Organization

NLA - National Liberation Army

PDP - Party for Democratic Prosperity

SDSM - Social Democratic Union of Macedonia

VMRO-DPMNE - Internal Macedonian Revolutionary Organization - Democratic Party for the Macedonian National Unity

Abstract

This paper outlines the risk profile of Macedonia through an analysis of the main factors that affect its stability and its level of cooperation and conflict. The scope of the analysis is determined by the Analytical Framework developed for Macedonia (see Annex I.). It depicts the historical, political, socio-economic and international factors constituting the roots and the proximate causes of the conflict. Intervening positive as well as negative factors are also explored.

A number of key developments of the last year have been identified and analyzed, namely, the implementation of the Framework Agreement (FA) and the prospects for the creation of a functional democratic state; the economic situation and the rising problems of social exclusion and poverty; the regional developments and the international relations of Macedonia and their impact on both the internal and external conflicts of the country. The paper places emphasis on the assessment of the conflict potentials of the developments of the year, corresponding to the period of November 2005 to March 2007. Consequently, the main conflict-related outlooks of the country are assessed and some recommendations for action by the international community are proposed.

Preface

The present paper is part of a series of working papers published by FAST International, the Early Warning Program of swisspeace. The methodology used in the preparation of this risk assessment paper is based on a combination of methods and tools such as literature review and analysis of data and events reported by the Macedonia Country Network. The paper intends to shed light on the root and proximate causes of conflict in the country, but only to the extent required for a better understanding of the developments of this year and their potentials for conflict. It focuses on the assessment of the conflict potentials and risks of the events of the year under review in order to propose recommendations for action by the international community aimed at diminishing the potential risks of these events.

1 Introduction

Macedonia is a small landlocked country in the south-western part of the Balkan Peninsula with an ethnically diverse population of over 2 million[1]. Macedonia is a lower middle-income country with a gross national income per capita of around $2,830 in 2005. The country has managed to recover its growth after the 2001 conflict, reaching 4 percent in 2005. However, high unemployment and social exclusion continue to affect the country's effort to stabilize the economy and achieve political stability. This constitutes an important factor affecting the inter-ethnic conflict and it will be assessed in the subsequent sections of this paper.

Macedonia gained its independence from Former Yugoslavia in 1991 under difficult circumstances, troubled by both internal and external political and institutional problems. These factors had a negative impact on the process of building an independent state and the creation of functional democratic institutions. In order to understand these institutional and political problems, this paper will address issues such as the impact of the "contested statehood" on the establishment of a rule of law and functional democratic institutions; the relationships of the Macedonian state with its neighbors, and the regional developments and their impact on the internal conflict potentials of the country.

The failure of the Macedonian post-communist governments to resolve the internal and external challenges to its sovereignty culminated in 2001 with the armed conflict between the ethnic Albanian rebels, the NLA, and the Macedonian security forces. This event had a tremendously negative impact on the transition processes of the country. However, it also provided a new window of opportunity for reconciliation of the conflictive interests and demands of Macedonia's different ethnic communities. The conflict was ended with the signing of the FA in August 2001, perceived by many as a positive intervening factor in decreasing Macedonia's internal conflict. But as much as the FA has appeased the ethnic Albanian community, it has reinforced fears among ethnic Macedonians about the creation of a bi-national state. Likewise, it has raised concerns about the fact that it has legitimized violence as a means for conflict resolution. The paper will assess the impact of the FA on the inter-ethnic relations among Macedonia's ethnic communities and on the functioning of the country's democratic institutions. Likewise, it will address the prospects of an EU and NATO membership and its conflict-reducing impact, and the role played by the international community. In doing so, the paper will analyze the limits/potentials of the international intervention on peace and stability in the country.

Against the background of the above-mentioned issues, this paper will provide an overview of last year's events that have represented an important challenge to the stability and security of the country, followed by an analysis of their conflict potential. It will then present possible outlooks of the recent conflict events and will conclude by recommending actions that the international community should undertake in order to diminish the negative impact of the recent conflictive developments.

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1 According to the 2002 census, 64.2% of the total population are ethnic Macedonians, 25.2% are ethnic Albanians, 3.8% Turkish, 2,7% Roma, 1.8% Serb and 2.2% other.
http://www.stat.gov.mk/english/index_eng.htm

2 Root and Proximate Causes of Conflict in Macedonia

2.1 Root Causes of Conflict

The root causes of conflict in the Republic of Macedonia are both internal and external. They are determined by a number of historical developments and processes. In order to understand them it is crucial to look at the so called "Macedonian Question" as well as at the economic, political and social developments following the creation of the Socialist Federal Republic of Macedonia up to its independence from former Yugoslavia in 1991.

The "Macedonian Question"

The "Macedonian Question" emerged in the late 18th and early 19th century with the disintegration of the Ottoman Empire. On the basis of a decision of the Berlin Congress (1878), unlike its neighboring states, Macedonia did not obtain its independence but a special autonomous status within the Ottoman Empire. The government of the Ottoman state was assigned to regulate this status. However, due to internal conflicts in the Ottoman Empire, the government in Constantinople did not fulfill its duties. Following the period of weakening of the Ottoman Empire, Serbia, Greece and Bulgaria, who had already gained their independence from the Ottomans and initiated their nation state building processes, initiated series of actions aimed at gaining control over Macedonia. This includes waging of two Balkan Wars in 1912-1913[2].

The Internal Macedonian Revolutionary Organization (IMRO) emerged in 1893 and attempted to counteract the aspirations of the neighboring countries by advocating for the creation of an autonomous Macedonia within a Balkan Federation. However, the Great Powers did not support the idea of creating a new Balkan state[3] and hence the region of Macedonia became the "powder keg of the Balkans". During the two Balkan Wars (1912-13), Macedonia was ravaged by Greek, Serbian, Bulgarian and Montenegrin military forces. Historians such as Roskin: 1991 claim that the Second Balkan War was particularly brutal as it was waged not only by the armies but by the nations themselves, and their purpose was not only to conquer territory but to annihilate the population and to ruin the whole regions[4].

After the Second Balkan War, in accord with the Peace Contract signed in Bucharest in 1913, Macedonia was divided among its three neighbors. Greece received about 50 percent of the territory (Aegean Macedonia), Serbia (later the Kingdom of Serbs, Croats and Slovenes and Kingdom of Yugoslavia) acquired about 40 percent (Vardar Macedonia), and Bulgaria ended up gaining about 10 percent of Macedonia's territory (Pirin Macedonia)[5]. But this division was challenged by both the work of IMRO and by the interests of the Great Powers in the Balkans. Ideas for the creation of an

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2 For more on the influence of the Great Powers in the creation of the Macedonian Question, see Barker, Elisabeth, 1950, Macedonia: Its Place in Balkan Power Politics, London, Royal Institute of International Affairs.

3 IMRO organized the Ilinden uprising for national liberation of Macedonia in 1903, which European diplomats referred to as "The Macedonian revolution". At that time the European powers were against the creation of a new state in the Balkans and did not support it. However, they proposed several projects for reforms among which were the Austro-Hungarian - Russian project known as the Murzsteg Reforms Programme and the British initiative that gave Macedonia a special status in its natural and ethnic borders. US diplomacy also became involved. The secretary of state and president T. Roosevelt himself wrote to the British government supporting the British initiative for the autonomy of Macedonia.

4 Michael G. Roskin, The Rebirth of East Europe, Englewood Cliffs, N.J.: Prentice Hall, 1991.

5 A small part of Macedonia's territory - Mala Prespa and Golo Brdo - was given to Albania by the Treaty of Versailles in 1919. This treaty finalized the partition of Macedonia between Serbia, Greece, Bulgaria and Albania. The ethnic Macedonians in Albania faced restrictions under the dictatorship of Enver Hoxha but their existence as a separate minority group was recognized as early as 1945, and a degree of cultural expression was permitted.

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autonomous Macedonia were frequently voiced but never realized[6]. Neither was the protection of the status of the Macedonians as a minority population in the neighboring Balkan states[7]. The consequences of the developments of this period of Macedonian history are felt even today, and the conflicts over the Macedonian right to statehood and to a separate ethnic identity persist to date, constituting the main proximate external causes of conflict.

After World War II, Vardar Macedonia became the People's Republic of Macedonia. It was proclaimed on 2 August 1944 and later that year, by a special Act, it became a constitutive part of the Federal Republic of Yugoslavia. Federal Yugoslavia under Tito supported the concept of a separate Macedonian nation state and allowed for affirmation of the Macedonian ethnic identity. This was done in part to counteract Serbian power within Yugoslavia and in part due to the recognition that the policy of "Serbianization" in Vardar Macedonia led by the Kingdom of Yugoslavia had failed. Macedonian, the language spoken by the majority of the population in the Republic, was codified in 1944. A separate Macedonian Church was proclaimed although the final split from the Serbian Church took place only in 1967. To date, however, the Serbian Orthodox Church has refused to recognize it. The conflict over the recognition of an independent autonomous Macedonian Church from the Serbian Church constitutes one of the key proximate causes of the Macedonian conflict.

With the creation of the Macedonian state and due to the existing post-war conditions in the region, the situation of the ethnic Macedonians that remained in Greece and Bulgaria also changed. In 1946, the Communist Party of Bulgaria, under the leadership of Georgi Dimitrov, officially

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6 According to historical documents of the Macedonian Academy of Science and Arts, at the end of the First World War the Macedonian question became a crucial problem in the negotiations and the plans for the post-war organization of Balkan relations. Political circles of the Entente and US diplomats considered the creation of an independent Macedonian state, under the protectorate of one of the great non-involved powers (primarily the USA) as an unbiased, just and permanent solution to the problems of the neuralgic region. This proposal was presented at the negotiations between the powers of the Entente and Bulgaria, held under the observance of the USA. The USA renewed the interest in the Macedonian question with President W. Wilson's peace program which declared support for an objective and unbiased investigation of the problem. An expert group studied the Treaty of Bucharest of 1913 and concluded that it could not serve as a basis for a solution to the Balkan problems because it was "an act of the corrupted Balkan bourgeoisies". The issue was brought to the attention of the Paris Peace Conference.Twenty-five renowned intellectuals from different European countries, Great Britain and the USA signed a Memorandum on the Macedonian question in which they demanded the formation of an autonomous Macedonian state in its natural and ethnic borders. At the beginning it would be placed under the protectorate of one of the Great Powers. Macedonian representatives from IMRO requested representation at the Paris Conference in order to present their demands, but the issue remained outside the agenda of the Peace Conference due to the categorical opposition of France and Great Britain who supported the aspirations of the Balkan Allies, Greece and Serbia (i.e. the Kingdom of the Serbs, Croats and Slovenians) to keep the occupied parts of Macedonia. At the Paris Peace Conference, when the peace terms were negotiated with the Balkan states, the Macedonian question was treated as a minority problem and discussed at the Committee for New States and the Protection of the Minorities. The Committee in its stipulations included the Macedonian minorities in the Balkan states and discussed ideas for an autonomous state as well as ideas proposed by the British for the establishment of control over Macedonia by the League of Nations. Due to the opposing views on the question, the issue remained as one of the protection of their rights in both the Kingdom of SCS and Greece.

7 In Vardar Macedonia, Serbian was instituted as official language, but there was far less repression against the local population than against Macedonians in Aegean Macedonia. Many Macedonians were forced to flee Greece to Bulgaria or Serbia, or were exchanged with native Greeks from Bulgaria under a population exchange treaty in the 1920s. The remaining population was subjected to restrictions on movement, cultural activities and political rights. According to the Carnegie Commission, more than 170 villages with over 17,000 houses were burnt to ground by the Greek Army at that time. Hence, a second wave of migration of Macedonians was mostly to Canada, Australia, USA and Eastern Europe. A change of place and personal names to Greek names was also enforced. Some efforts to improve the situation, as reported by Human Rights Watch / Helsinki in "Denying Ethnic Identity - Macedonians of Greece", New York, 1994, took place when in 1920, upon signing the Treaty of Sevres, the Greek government had to publish a children's textbook entitled "ABECEDAR" intended for the "Slav-speaking minority" in Greek Macedonia to learn their native language at school, However, fears of a revival of the "Macedonian cause" by both Greek nationalists and their Serbian and Bulgarian neighbors prompted the Greek government to confiscate and destroy the ABECEDAR before it reached the ethnic Macedonian children.

recognized the Macedonian nation and the right of Pirin Macedonia to be attached to the People's Republic of Macedonia. The demographic data from 1946 recorded up to 187,789 ethnic Macedonians in Bulgaria. A period of cultural autonomy and affirmation of the Macedonian national values followed, but the split between Tito and Stalin affected these positive trends negatively. The years that followed saw severe repression against ethnic Macedonians in Bulgaria, the result of which was the complete destruction of the local organizations of the IMRO and mass internments of people[8]. As a result, the two latest censuses after the fall of Communism (in 1992 and 2001) have recorded only 3,000 "Macedonians" in Blagoevgrad Province – out of 5,000 in the whole of Bulgaria.

The situation in Greece was somehow similar to that in Bulgaria as ethnic Macedonians joined the military wing of the Greek Communist party and fought along with their Greek counterpart. As a result, in the liberated territory covering mainly the territory of Aegean Macedonia, 87 Macedonian schools for 100,000 pupils were opened, newspapers were published in Macedonian and cultural and artistic associations were founded. But the defeat of the party and the rise of the Greek conservative regime in 1949 changed Greek policy towards the ethnic Macedonians, and a process of severe assimilation and repression followed. Those ethnic Macedonian fighters who took refuge in southern Yugoslavia and Bulgaria were never again permitted to return to Greece[9]. Those who remained in Greece were forced to change their names and to assimilate. Although some liberalization in Greek policy towards its ethnic Macedonian minority occurred between 1959 and 1967, the Greek military dictatorship re-imposed harsh restrictions. The situation gradually eased after Greece's return to democracy, but Greece still receives criticism for its treatment of ethnic Macedonians[10].

Source of Internal Conflict within the Socialist Republic of Macedonia

The Socialist Federal Republic of Macedonia was constituted as a national state of the ethnic Macedonians and of other ethnic minorities that live on its territory. The state was established in order to respond, first and foremost, to the need to secure the symbolic link between the Macedonian people and the Macedonian state and hence safeguard the "separateness" of their identity, and second, to the need to protect it from the outside threats. According to Bell: 1998[11], with the founding of the Macedonian Republic, the formerly severely disputed Macedonian national identity has finally gained strength and become systematized.

However, the new state also had to respond to the needs for national and cultural determination of its different ethnic minorities. Therefore, under socialist Yugoslavia and in line with the multinational

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8 Anton Kojouharov, OJPCR: The Online Journal of Peace and Conflict Resolution 6.1 Fall: 282-295 (2004) ISSN: 1522-211X. www.trinstitute.org/ojpcr/6_1kojou.htm

9 Problems related to the property rights of those ethnic Macedonians constitute one of the main issues affecting Greek Macedonian relations that ought to be handled one day as many of those Macedonians have already filed charges against Greece in the International Court of Human Rights.

10 The Human Rights Watch report on Greece of 1994 "Denying Ethnic Identity - Macedonians of Greece" states that although ethnic Macedonians in northern Greece make up a large minority with their own language and culture, their internationally recognized human rights and even their existence are vigorously denied by the Greek government. Free expression is restricted; several Macedonians have been persecuted and convicted for their peaceful expression of their views. Moreover, ethnic Macedonians are discriminated against by the government's failure to permit the teaching of the Macedonian language. And ethnic Macedonians, particularly rights activists, are harassed by the government - followed and threatened by the security forces - and subjected to economic and social pressure resulting from this harassment. All of these actions have led to a marked climate of fear in which a large number of ethnic Macedonians are reluctant to assert their Macedonian identity or to express their views openly.

11 Bell, John D., 1998, "The Ilindentzi - Does Bulgaria have a Macedonian Minority?", in John D., Bell, ed., Bulgaria in Transition: Politics, Economics, Society and Culture After Communism, Boulder Co, Westview.

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ideology of that system, far reaching improvements in the status of the other nationalities were accomplished, mainly through provisions for group rights and for cultural autonomy. This, coupled with the deeply rooted tradition of ethnic coexistence, particularly between the ethnic Macedonians and the ethnic Albanians, provided for a period of internal stability and progress.

Yet, during this period, a process of what Bieber: 2001[12] calls "institutionalization of ethnicity" took place. This process was further exacerbated during the 80's, a period marked by Tito's death, rising economic crises, disillusionment with the socialist system and the rise of Albanian nationalism and separatism in Kosovo. These circumstances helped strengthen the ethnic grievances of the Albanian community in the country, resulting in repeated demands for more rights. Macedonian authorities responded to their demands by series of repressive policies aimed at restricting rights in the areas of language use, education, reproductive rights and family planning, ownership, residence permits and so on. This set the basis for the emergence of inter-ethnic conflicts that gained force after the independence of Macedonia.

A key factor that contributed to the development of the inter-ethnic conflict in socialist Macedonia was the economic status and disparities in wealth among the different ethnic communities of the country. The structural characteristics of the socialist economy, such as underdevelopment of the rural areas, urban industrialization and inefficient public administration, did not equally affect all ethnic communities. Rural population was more prone to suffering from poverty and high unemployment than the urban one. Hence, the predominantly rural ethnic Albanian community was affected disproportionately. Policies of industrialization of socialist Macedonia and the growth of administrative structures triggered the movement of people from rural to urban areas, but this phenomenon was much more typical for the ethnic Macedonian majority than it was for the minority groups. As a result of this urbanization, population growth rates among ethnic Macedonians experienced sharp decline in comparison to the growth rates of other ethnic groups, particularly the Albanian and Macedonian Muslim ones[13]. The result was a progressive "Albanization" of the countryside and increased dissatisfaction of this population trapped in the cycle of poverty and exclusion from the benefits of socialist industrialization and modernization.

The second aspect of the development model pursued by the socialist authorities that increased the ethnic divide in the country was the over-representation of the ethnic Macedonians in industry and white-collar jobs in the bigger urban centers[14]. Disproportionate investment in infrastructure and public services to service the urban centers resulted in discriminatory treatment of the ethnic minority communities. Hence, the gaps in areas of education, health, pension and other aspects of social security were increased to the detriment of the ethnic Albanian community.

The authorities and public institutions of that time lacked the capacity to address these problems. The situation provided a fertile ground for fueling ethnic nationalism and growing ethnic grievances.

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12 In Bieber, Florian, 2001, "Institutionalizing Ethnicity in the Western Balkans, Managing Change in Deeply Divided Societies, in Southeast European Politics", Vol. 2, No. 1, the author argues that this expression denotes the representation of ethnic groups as ethnic groups rather than individuals in state institutions, including legislature, executive, judiciary and public administration. Institutionalized ethnicity places the emphasis on institutional representation of ethnicity where governments exercise only limited powers, either due to weak states or strong international intervention, and little of it is shared but rather divided.

13 According to data cited in the European Stability Initiative Discussion paper "The Other Macedonian Conflict", in the Municipality of Struga for example, the Albanian population in the villages grew from 8.700 in 1948 to 17.200 in 1981, whereas the Macedonian population from the mountain villages decreased from 9.000 in 1948 to 4.800 in 1981 due to migration to urban areas resulting from industrialization policies.

14 According to data provided in the European Stability Initiative Discussion paper "The Other Macedonian Conflict", in 1981, of the Albanian working population, 51.3% were employed in agriculture, 30.1% in industry and 16.2% in services, while of the ethnic Macedonian working population, 29% were employed in agriculture, 34.2% in industry and 35.7% in services.

The development gap between the ethnic Macedonians and other ethnic groups resulted, among others, in fueling perceptions among smaller ethnic groups that Macedonia is a state of the Macedonian ethnic group only. However, a parallel process of dissatisfaction of the ethnic Macedonians with the Macedonian state also took place. The economic crisis of the 1980's negatively affected the social status of the ethnic Macedonians much more than of the others because their share in economic and social life was much bigger. As this was the period when ethnic Albanians voiced their demands for greater social inclusion and cultural rights, dissatisfied ethnic Macedonians reinforced their negative sentiments towards the Albanian demands. They considered these to be an additional threat to their falling social standards and security.

With such declining economic standards and unequal access to the economic and the social benefits of the state of its citizens, Macedonia entered the phase of independence from former Yugoslavia and of transforming its socialist structures towards a market economy.

2.2 Proximate Causes of Conflict

The proximate causes of conflict are determined by the external and the internal factors affecting the country after its independence from former Yugoslavia in 1991, and these will be explored in this section.

External Sources of Conflict

While the Macedonian question was somehow "frozen" for the better part of the post WWII period, with the creation of an independent, sovereign Macedonian state, the "Macedonian question" was revived. Whereas for the ethnic Macedonians the new state had to ensure the territorial integrity of Macedonia, hence ensuring their national identity, for its neighbors this meant a direct threat to their historical interests over Macedonia. For Greece the issue of an independent, "territorial" Macedonia as a state of the Macedonian nation was perceived as a direct attack on their history. Furthermore, as the Constitution of 1991 proclaimed that ethnic Macedonians in neighboring countries should be provided the same rights as guaranteed to the ethnic minorities in Macedonia, Greece perceived this as a threat to its territorial integrity, accusing Macedonia of aspirations towards its own territory and of interfering in its internal affairs[15]. While Bulgaria recognized the country under its constitutional name it did not recognize its language – which in reality means it did not recognize the existence of a separate Macedonian nation.

Greece's objection to the use of the name and the ancient Macedonian sun symbol on its flag caused a delay in the international recognition of the country[16], resulting in it being recognized under the

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15 The new Constitution, in   Article 49 and Amendment 11, obliged Macedonia to care for the status and rights of Macedonian expatriates and   ethnic Macedonians who live in neighboring countries as national minorities without interfering in the sovereign rights of other states or in their internal affairs.

16 As a compromise, the United Nations recognized the Republic of Macedonia under the name of "the former Yugoslav Republic of Macedonia" (FYRoM) in 1993. However, it should be noted that the process of international recognition of Macedonia by the UN was preceded by a request for international recognition that was officially verified by the Arbitration Commission of the European Community Conference on Yugoslavia in 1991. The Report of the Arbitration Commission stated that "the Republic of Macedonia satisfies the tests in the Guidelines on the Recognition of New States in Eastern Europe and in the Soviet Union and the Declaration on Yugoslavia adopted by the Council of the European Community on 16 December 1991" as well as that "the use of the name 'Macedonia' cannot therefore imply any territorial claim against another State". However, strong Greek pressure on the European Council resulted in a Declaration on the Former Yugoslavia adopted in Lisbon on June 27, 1992, which pointed out that the recognition of the Republic of Macedonia should be effectuated "under a name which does not include the term Macedonia".

temporary name of FYRoM[17]. Yet, despite this move, Greece imposed a trade blockade in February 1994 and urged Macedonia to change its flag and Constitution. After Macedonia's compliance with these demands, the sanctions were lifted in September 1995. This initiated a period of normalization of the relations between Greece and Macedonia, particularly the economic ones. However, the state's name remains a source of tension and a cause for frequent disagreement in their political relationship.

The process of nation state building and of securing its key element – the territorial state – was also affected negatively by the issue of delineating the former administrative border with the Federal Republic of Yugoslavia (FRY). Although the issue of the demarcation of the border between Macedonia and Yugoslavia did not develop into a serious conflict, the protraction of its settlement for more than fifteen years has confirmed persistence of the vulnerability of the Macedonian state to external threats[18]. Likewise, the refusal of the Serbian Orthodox Churches to recognize the autocephalous status of the Macedonian Church, and its attempts to establish a Serbian Church in Macedonia through the "Ohrid Archbishopric" of the outcaste bishop Jovan, not only adds to the tensions between the two countries but also to the perception of the ethnic Macedonians about the persistent vulnerability of their nation[19].

These developments have negatively influenced the process of nation state building and the capacity of the Macedonian state to legitimize itself in front of all its ethnic groups.

Internal Sources of Conflict

The Macedonian Model of Nation State

With the Macedonia's independence, a complex and multidimensional process of regime change, institutional re-engineering and state building was set in motion aimed at acquiring legitimacy for the Macedonian state at internal and external levels. The Republic of Macedonia opted for a model of its state development which could be characterized as an "ethnic democracy"[20]. The foundations of this model are contained in its Constitution of 1991 and respond to internal and external factors and legacies such as weak statehood, hostile neighbors and regional interdependence that have been discussed in the previous sections. Hence, the new Constitution of 1991, as one of its main principles, established the indivisibility and inalienability of Macedonia's territory and borders. It also established as its fundamental value, the respect for the basic freedoms and rights of its citizens. In order to ensure national and ethnic rights, the Constitution provided for the right to free expression of national identity.

However, despite the fact that the Preamble of the Constitution declared full equality of all its citizens and the permanent co-existence of the Macedonian people and other nationalities living on its territory, it also underlined that the country was constituted as a nation state of the Macedonian people. It is precisely in these provisions that the conflictive concepts of what kind of state and system ought to be constructed emerged. Whereas the national rights of the ethnic Macedonians

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17 Despite the fact that Macedonia was admitted to the United Nations and other international organizations under the temporary name of FYRoM, to date, 114 countries have recognized it under its constitutional name, including three members of the Security Council of the UN: Russia, China and the USA.

18 Despite the adoption of the UN Resolution on settlement of the border between Macedonia and FRY (Serbia), the border has not been delineated due to the undefined status of the Kosovo province.

19 Ethnic Macedonians believe that they have to have their own independent Church in order to round up the process of building their own national identity.

20 This notion, conceptualized by Smooha S. 2001, in The Model of Ethnic Democracy, ECMI Working paper, No. 13, denotes a type of regime which combines strategies for promoting democracy for all ethnic groups while at the same time installs a new privileging regime for the dominant ethnic group.

were to be at the core of the system, the national rights of other ethnic groups were to be realized through different forms of inclusion, and at different levels[21].

Existing grievances concerning the ethnic minorities dating back to the inter-war and the socialist system as discussed above, coupled with the provisions of the new Constitution of Macedonia that established the country as a national state of the ethnic Macedonians, prompted repeated demands of the Albanian elite for equal treatment. Demands ranged from greater inclusion into the political and institutional processes of the country to demands for greater territorial autonomy or even secession[22].

The government and the majority of ethnic Macedonians considered these demands a direct challenge to their territorial state. For this reason the political elite of the nineties attempted to resolve the evolving conflicts by strengthening the state institutions, particularly the Police and the Army. In turn, this caused additional tensions within the ethnic Albanian community and further weakened the possibilities of Macedonia to become a democratic country where the rule of law is the basic mechanism for reducing social and other conflicts.

Few events seriously threatened Macedonia's peaceful inter-ethnic coexistence and its state sovereignty since its independence. As documented by Ortakovski: 2001[23] in 1991, the Albanian parliamentary group boycotted the adoption of the new Macedonian Constitution and paved the way for the radicalization of the Albanian demands for collective political rights. This was followed by demands for territorial autonomy of the so-called "Ilirida" region in 1992, and demands for the creation of a "parallel system" for the ethnic Albanians in the country in 1993. Further steps towards creating parallel institutions included the opening of the illegal and private Albanian-language University in Tetovo (University of Recica) in late 1994 as well as the anti-constitutional raising of the Albanian flag in front of the town halls of Gostivar and Tetovo in 1997. The Macedonian government's reactions to these events varied – some Albanian demands were answered with repression, as was the case in Tetovo in 1994-95 following the establishment of the Tetovo University[24] and in Gostivar following the placing of the Albanian national flag in the City

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21 The Constitution guaranteed rights of ethnic minorities such as the right for free expression, the fostering and development of identity and national attributes; the right to the establishment of cultural and art institutions, scholarly and other associations for the expression, fostering and development of identity; the right to instruction in their language in primary and secondary education, while the study of the Macedonian language is obligatory. However, the Constitution also proclaims that in the units of local self-government where the majority or a considerable number of the inhabitants belong to other ethnic groups, in addition to the Macedonian language and its Cyrillic alphabet, the languages and the alphabet of this groups should be in official use in a manner or under conditions stipulated by law (Article 7, Paragraphs 2 and 3).

22 Ethnic Albanians boycotted the Macedonian referendum on independence from former Yugoslavia held in 1991 and proclaimed their right to establish "Ilirida" in the western part of Macedonia inhabited mainly by ethnic Albanians. This act set a very negative precedent in Macedonian politics and increased ethnic Macedonian nationalism and determination to build an own "Macedonian" national state.

23 Ortakovski, Vladimir, 2001, Inter-ethnic relations and Minorities in the Republic of Macedonia, in Southeast European Politics, Vol. 2, Num. 1, pp.24-45.

24 In late 1994, a private Albanian university was established in Tetovo, a majority ethnic Albanian town in western Macedonia. The government declared the university illegal and police raided the premises in December 1994. Despite government warnings, the university reopened two months later. Two days later, the police again raided the university, destroying parts of the building, confiscating equipment and arresting several administrators, including the president of the university, Fadil Sulejmani. One Albanian died in the clashes between ethnic Albanians and the Macedonian police. The university reopened the following month and continued to operate. It was later recognized by the Macedonian authorities and it now forms part of the educational system of the country.

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Hall[25] in 1997. Other Albanian demands were ignored or tolerated in order to divert public attention from the social and economic problems of the country.

In 1998, a new political constellation developed where the Government was formed by a coalition between the ethnic Macedonian party Internal Macedonian Revolutionary Organization – Democratic Party for the Macedonian National Unity (VMRO-DPMNE) and the Albanian Democratic Party of the Albanians (DPA), which raised hopes that a historic consensus could be forged that would at last stabilize Macedonia's internal grievances. Unfortunately, the inter-party bargain that was struck had the unintended outcome of creating conditions conductive to a paramilitary assault on the State (Hislope: 2004), some of which will be discussed in the sections below.

Economic and Social Conditions and the Conflicts Arising Thereof

In the decade following the collapse of socialist Yugoslavia, the tendencies towards further economic decline increased due to the loss of the Yugoslav markets, the international embargo against Yugoslavia, the economic blockade imposed by Greece and the unequal social and economic status of its different ethnic communities. The transition from socially planned to market economy involved the privatization of socially-owned enterprises. However, the process has been incomplete and full of irregularities, benefiting only small elite linked to the political elites of the country. In many instances this process has resulted in the closing down of a number of enterprises, thus aggravating the problems of unemployment and social security. In addition, reforms in public administration have required substantial job cuts in the public sector. As a result, 4.500 civil service positions were lost mainly through retirement schemes and voluntary departures. Lay-offs in socially owned enterprises and cuts in social benefits in the private sector have affected all Macedonian citizens. But ethnic Macedonians have been disproportionably more affected as their share in these sectors had been greater.

The demands of the Albanian minority for proportional representation in the administration and for more jobs had to be accommodated at the expense of ethnic Macedonians. Ethnic Macedonians perceived this as a direct threat to their state and ethnicity, particularly as they perceived Albanians to be disloyal to the state[26]. Adding to this was the increasing mistrust of the ethnic Macedonians towards its own political elite which was seen as inefficient, corrupted and incapable of safeguarding Macedonian interests. Increasing mistrust towards ethnic Albanian politicians was also an important factor affecting the Albanian population, becoming mostly visible through the expression of support for the National Liberation Army (NLA) and later for the Ali Ahmeti's Democratic Union for Integration (DUI). It has been argued that many ordinary ethnic Albanians expressed their revolt towards their older corrupted and inefficient political elite represented by the party for Democratic Prosperity (PDP) and Democratic Party of Albanians (DPA) by giving their support to DUI[27].

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25 Macedonian special police forces entered the city of Gostivar in western Macedonia to forcibly remove the Albanian flag flying over the city hall. Ethnic Albanian demonstrators gathered to prevent the police from entering the town hall, and the state security forces responded with brutal force. In the violent confrontations between the police and ethnic Albanians, three people were killed and more than 200 injured. Osmani was sentenced to thirteen years and eight months in prison for violating Articles 319 ("inciting national, racial, and religious hatred, discord, and intolerance") and 377 ("neglect to exercise a court ruling") of the Macedonian Penal Code. Gostivar City Council Chairman Refik Dauti received a three-year prison sentence. Demiri and Tetovo City Council Chairman Vehbi Bexheti were each sentenced to two years and six months.

26 This perception was fueled notably as many of the ethnic Albanians refused to pay taxes to the state. On the other hand, Albanians claimed that their disloyalty to the Macedonian state was a result of their exclusion from its affairs and from the benefits of development.

27 United States Institute of Peace, "Putting Peace into Practice: can Macedonia's New Government meet the Challenge?", Special Report No. 96, November 2002op.cit., 2002.

Regardless if this argument was the motive for disloyalty or not, the fact remains that their share of the benefits of development was significantly lower than that of the ethnic Macedonians. For example, in 2001, only about 20% of the working age ethnic Albanians were formally employed[28] with the share reaching 10.2% in public administration, 2.9% in the defense sector and 8.7% in the Ministry of the Interior[29]. In education there was a serious gap between the two communities: ethnic Albanian students represented only 28% of primary education students and 12% of secondary education students in 1995-96, while in 1993-94 only 2.8 % of the university students were ethnic Albanians[30]. Migration has been one of the ways out of the poverty-trapped rural regions of Macedonia for ethnic Albanians, as well as it has been for members of other communities, including the Macedonian Muslims and, to a lesser extent, to ethnic Macedonians themselves. The Albanian Diaspora has been an important source of economic support through their remittances, and it has been instrumental in the struggle for the "Albanian national cause".

The Armed Conflict of 2001 and the Post-Framework Agreement Macedonia

Prior to the conflict of 2001, the Macedonian Government composed of the VMRO-DPMNE and the DPA, which came to power in 1998, initiated a series of interventions aiming at finding solutions concerning the boiling inter-ethnic issues. Revised Citizenship Law was under negotiation and the issue of access to Albanian language University education was close to being resolved. The appearance of the NLA guerrilla came as a surprise to many, both Macedonian politicians and the international community.

And while there seems to be some agreement that the appearance of the NLA was linked to the Kosovo war, there are analysts who point out that it was linked to the inability of the Albanian political elite to achieve greater inclusion of the Albanians into the system. According to the special report by USIP: 2002[31] , the conflict of 2001 between the NLA and the Macedonian security forces originated in the struggle among various ethnic Albanian groups for domination of the territory populated by ethnic Albanians and of the criminal enterprises of the country's western region, as several NLA commanders and supporters confirmed that they had picked up weapons primarily to challenge the DPA position. The dissatisfaction of the Albanian population with their traditional political elite and their inclusion in the affairs of the state helped turn this intra-Albanian crisis into the armed conflict of 2001. Under the international supervision, the conflict was ended and the FA was brokered.

The FA integrated the demands of the ethnic Albanians for inclusion, representation and territorial autonomy and provided a legal framework that guarantees more rights to ethnic minorities, particularly to ethnic Albanians. It mainly concerns use of language, ethnic symbols, participation in state administration, police and army, education, as well as greater territorial autonomy through decentralization and new territorial organization of the country[32]. Under this Agreement, Albanians agreed to give up separatist demands and to fully recognize all Macedonian institutions in addition to allowing for their full disarmament by the NATO force.

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28 State Statistical Office, Labour Force Survey 2001, Skopje.

29 Ministry of Foreign Affairs, "Facts about National Minorities in the Republic of Macedonia", 1997, Skopje.

30 Natalija Nikolovska and Gordana Siljanovska Davkova, Makedonskata Tranzicija vo Defekt, Skopje, Magor, 2001 cited in ESI, op.cit. 2002.

31 United States Institute for Peace, Op. cit., 2002nited States Institute of Peace, Putting Peace into Practice: can Macedonia's New Government meet the Challenge?, Special Report No. 96, November 2002.

32 For a detailed discussion about the causes of the conflict read Albert van Hal, 2004, "Case Study: The inter-ethnic project in Gostivar", in Nenad Dimitrijevic; Petra Kovacs, eds., Managing Hatred and Distrust: The Prognosis for Post-Conflict Settlement in Multiethnic Communities in the Former Yugoslavia, Budapest: Open Society Institute.

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The implementation of the obligations arising from the FA has been very challenging. The FA requires legislative changes ranging from modification of the Constitution to ensure that Macedonia is a state of all its ethnic groups on equal terms to changes in the area of public administration, policing, use of languages and national symbols, among others. And while the constitution was amended to reflect the new nature of the Macedonian state (under significant pressure from the international community), not all of the laws based on the FA have been enacted and implemented yet.

Decentralization and new territorial division, seen as a means towards greater autonomy for the ethnic Albanian community, were at the core of the FA. The implementation of the laws on decentralization, particularly those on the new territorial division, triggered off fresh conflicts in Macedonia [33]. Likewise, subsequent developments in the Albanian populated municipalities (notably in Struga, Gostivar and Kumanovo) related to issues of education and public investment, have caused significant ethnic tensions which give rise to serious concern about the development of the inter-ethnic relations in the country[34].

However, following the enactment of the new laws on decentralization and territorial division in 2004, the country has made progress in some key areas, such as access to jobs, education and use of languages of minorities, among others[35]. Yet, the impasse over the use of the Albanian language in the institutions of the central government and in the parliament has not been resolved fully – despite the seemingly good level of cooperation between the ruling DUI and SDSM. This has been one of the most important conflict inducing issues during the last year and will be dealt with in the section below.

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33 The culmination of this was the organization of a national referendum against the newly proposed territorial division that was initiated by the World Macedonian Congress. For more about the referendum and the developments related to it, see: Van Hal, A. Back to the future: Referendum in Macedonia, Helsinki Monitor 2005 no. 1.

34 Events of the last years show that there is a growing tendency towards segregation rather than integration. As documented by van Hal: 2004, this is visible at the general community level as, according to the author, there is not much interaction between the different communities apart from some co-operation at the level of the city council, the inter-ethnic councils and within the NGO sector. The most worrying trend, though, is the continuous ethnic division in schools resulting in frequent conflicts among pupils, and the deterioration of security (as was the case in Kumanovo in 2001 and Struga in 2004). According to him, the tendency to split schools is an aftermath of what had happened during the conflict of 2001.

35 Access of ethnic minorities, particularly Albanians, to public jobs has improved, reaching 15% of the total of public employees in 2006, participation in the police and the army has also improved, the use of Albanian and languages of other minorities at local levels has been fully enacted, education in Albanian at University level has been regulated with the legalization of the Tetovo State University, and progress has been made in issuance of identification documents such as driving licenses, registration of vehicles, etc. in the languages of the different minorities.

3 Overview of Conflictive and Cooperative Events

The overview of conflict-related events presented below responds to the period between November 2005 and March 2007. Data used in this section is based on reported events in the FAST International database and the FAST Semi-Annual Risk Assessment of July 2006 and November 2006[36].

3.1 Political and Institutional Stability

Parliamentary Elections of July 2006

Most conflict ridden developments during 2006 were related to the national parliamentary elections of 5 July. The pre-election period was marked by an intensification of the intra-ethnic tensions, mostly visible among the Albanian political parties and their supporters. Conflicts increased significantly during the pre-election campaign. Notably, few violent and armed intra-Albanian (DUI-DPA) events posed serious threats to the democratic character of the process and raised serious international concern. In response to the rising tensions, the international community clearly and loudly stated that progress towards NATO and EU entry was conditioned by holding peaceful and democratic elections. Consequently, the international community engaged in intensive diplomacy aimed at pacifying the DUI-PDP and DPA supporters. The international warnings and diplomatic activities appeared to have had the desired effect as violent incidents decreased shortly before the elections. And while the pre-election period was marked by intra-ethnic tensions and conflicts, the elections of July 5 were mostly peaceful. Hence, the international community pronounced general satisfaction in their conduct[37].

However, the pre-election conflicts, particularly between the DUI–PDP coalition and the DPA, protracted well into the post-election period, making the process of constitution of the new government uncertain and full of tensions. As the winning VMRO-DPMNE preferred the DPA – the party's traditional Albanian partner who won 11 seats – to form the government, Prime Minister Nikola Gruevski opened up talks for the DPA's participation in government. The move caused revolt in the opposition because the DUI-PDP coalition had won 18 seats and claimed the right to be in government on the ground that they had won the majority of Albanian votes. Pressure from the EU Special Representative to Macedonia resulted in opening up negotiations between the winning VMRO-DPMNE, the DUI-PDP and the DPA; however, they failed as no agreement could be reached over the composition of the new government and the number of ministries and other state institutions that should be run by these parties[38]. The inability of the DUI to remain in power angered the DUI to the extent that it made it accuse the winning VMRO-DPMNE of neglecting the Albanian electorate and of wanting to reverse the situation in the country to the pre-2001 period. This was followed by a series of accusations over their alleged neglect of the FA.

The tensions surrounding the issue of the composition of the new government reached its peak when the DUI put forth proposals for the amendment of the Constitution to allow for the automatic entry in government of the winning political party of the ethnic Albanians. This proposal was counteracted by the ruling DPA and dismissed by the other political parties on the grounds that such

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36 Fast International, 2006. Semi-Annual Risk Assessment, December 2005 to June 2006. Bern and Fast International, 2006. Semi-Annual Risk Assessment, June 2006 to November 2006, Bern.

37 However, in a few municipalities elections were annulled and had to be held again on July 19 due to great irregularities such as family and proxy voting, vote under pressure and ballot stuffing. These were noted by both the State Electoral Commission and the international and national observers.

38 The attempts of the EU to resolve the rising tensions by mediating the process of the composition of the new government sparked angry reactions from the political parties, the NGOs and the intellectuals in the country. They not only argued that the democratic process in the country was being disturbed by international interference in the composition of the government, but also that the unitary and multi-ethnic democratic character of the state was being replaced by that of a bi-national state.

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constitutional provision would legitimize the creation of a bi-national state. Following the immediate dismissal of this proposal, the DUI seemed to have retracted from this idea but, as argued bellow, continues to pursue conditions for its realization mainly through proposals based on the idea of a bi-national state.

The inclusion of the DPA as an Albanian partner in the new government coalition was followed by a DUI-PDP boycott of the parliament and the state institutions and by massive street protests and civil disobedience. This was coupled with an intensive anti-government campaign targeting the international community in which DUI and the Albanian intellectuals urged that the DUI should remain in power[39]. As protests were organized mainly in Skopje during peak hours, several incidents involving passing-by citizens were recorded, which caused much disagreement concerning the DUI's methods of political struggle.

The defeated SDSM tried to benefit from the boycott strategies employed by the DUI and voted against the proposed VNRO-DPMNE led government. But despite this negative vote and the DUI boycott, the proposed government was approved as the VMRO-DPMNE coalition holds a majority in the Parliament. These developments signaled difficult tasks ahead of the new government in terms of reaching political consensus over key issues. Effectively, to date, Macedonia's reform agenda has been dead-locked. This became very obvious at the time when the new Laws on Police and the Parliament Rules of Procedure were placed under consideration[40]. As never before, the country saw a grotesque manifestation of violence, both verbal and nonverbal, boycotts of the sessions and breaches of the rules of procedures of the parliament. The DUI's insistence that the Law on Police had to be voted according to the Badinter rule sparked conflicts outside the parliament within the DUI ranks and files; it also mobilized DUI mayors, who threatened to boycott its implementation. But as this was happening at the time when the country was preparing for the EU's opinion on its progress towards EU membership, and due to the pressure exerted by the international community, the conflict was finally resolved and the Law on Police was voted according to the majority rule.

Following this success of the strategy of the international community, few additional international efforts to bring political leaders of the country to the negotiation table followed, but they have not been fully successful[41]. The year 2006 ended with major political stalemate and obstruction of the pending reforms in the country. It was only in February 2007 when international factors, particularly the EU Commission, exerted strong pressure on the government and the DUI and forced a new round of political dialogue which created conditions for the DUI-PDP coalition return to the parliament. The DUI joined the parliament through inclusion of its representatives in the Parliament Working Groups as it's the main issues of its political agenda (the creation of a list of laws that

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39 During the first mission of the new government to Brussels in September 2006, the DUI sent a parallel mission to Brussels which was preceded by a letter signed by some prominent ethnic Albanian intellectuals of the country in which it was claimed that the refusal of the VMRO-DPMNE to form a government with the DUI rather than the DPA was a direct attack on the rights of the ethnic Albanians and a move that would lead the country to a pre-2001 conflict Macedonia.

40 It should be noted that despite the fact that the DUI accused the VMRO-DPMNE of a lack of interest in the issues of inter-ethnic relations and the Framework Agreement and also claimed that theirs as well as the SDSM's platforms were focused almost entirely on achieving progress in building the multi-ethnic model of Macedonia, the fact remains that while in government, the DUI-SDSM coalition failed to close the question governing the use of the Albanian language in parliament as they did fail to adopt the Law on Police.

41 Swiss Embassy sponsored leadership talks in Mavrovo held on 18-19 November of this year were neither attended by the DUI's Ali Ahmeti nor by the DPA's Arben Xhaferi. The only occasion where Gruevski and Ahmeti met was at the round table organized by the NGO "Civil" in Skopje, but this event was not attended by the DPA's Xhaferi, nor did it result in a concrete agenda for dialogue among the participating leaders. However, all parties and political leaders claim their openness to talks and dialogue and it seems for now that refusal to seriously engage continues to be part of their tactics of "measuring forces". Not even the EU Commission's report, which explicitly stated the lack of political dialogue between the position and the opposition to be one of the main obstacles in the Macedonia's progress towards membership, made leaders open up to dialogue and compromise.

should be voted according to the Badinter rule, the Composition of the Parliament Commission on Inter-Ethnic Issues, and the regulation of the status of the former NLA fighters) were given priority during the new round of negotiations.

Rising Discontent of Ethnic Macedonians in Municipalites Dominated by Ethnic Albanians

The issue of lack of political dialogue among the position and the opposition added additional weight to the protracted lack of confidence of ethnic Macedonians toward the DUI-elected mayors in the 2005 local elections[42]. Conflicting events reported during 2006 point to a development of some negative processes that could affect the stability of the country, such as: a) further segregation in schools and communities (Kumanovo), b) rising insecurities over the ethnic Macedonian identity of the country (change of the names of places, streets and institutions from Macedonian to Albanian in Struga, Tetovo, Gostivar); c) bridge of rule of law and lack of political sensitivity about the state of the inter-ethnic relations in the country of the DUI-run municipalities (attempt to erect a monument honoring an NLA fighter from the 2001 conflict in Struga; placing of the monument of Skender Beg at the entry of the Old Skopje Bazaar, dislocation and destruction of buildings and other infrastructure in Gostivar). These events point to the fact that the sources of inter-ethnic conflict are not eliminated yet and that sensitivities around ethnic symbols, the use of languages as well as changes in the balance of power among Macedonia's two biggest ethnic groups still run high in the daily lives of its citizens and constitute important obstacles on the way to peaceful inter-ethnic co-existence.

3.2 Security of Citizens and Crime-Related Violence

The pre-election incidents overshadowed the improvements in security matters of the country. Following the actions for the disarmament of the population in the previous years and the entry of the DUI into government, Macedonia saw a general decrease in armed violence, except for a few criminal events and shootings recorded predominantly in the ethnic Albanian community. A few violent incidents in the Cair neighborhood of Skopje in the spring of 2006 and in Tetovo in October of the same year caused intensive public debate over the rule of law and the capacity of the police to control the criminal gangs. Strong civil response and peaceful protests organized by Skopje based NGO "Civil" took place, calling for further disarmament of the population and more efficient policing in the critical areas. The events in Cair and the reactions of the public to these events, as well as the assassination of former NLA commander Isa Lika in Tetovo, seem to have sensitized the police forces. The period following these events saw some action aimed at further disarmament of the population and cutting the channels of arms trafficking in the country. But the pre-election incidents and rival DUI-DPA shootings, as well as recent violence involving militant supporters of the two, continue to cause serious concern about the availability of arms in Macedonia and the interconnectedness between the political parties and the criminal structures in society[43].

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42 The discontent of the ethnic Macedonians particularly in the DUI-run municipalities was further aggravated by the fact that DUI mayors voiced open support for DUI's post-election policy of boycott and street protests. This threatened the already fragile support and confidence of the ethnic Macedonian citizens in the DUI run municipalities and raised fears of furthering segregation along ethnic lines.

43 A recent investigative report published at www.lobi.com.mk and sponsored by the Danish Association of Investigative Journalism points out that in the villages of Brest, Blace and Grushino the police seized 102 weapons and 5,695 pieces of ammunition last year. This is the record-breaking amount of weaponry seized in 2005. The report of the National Arms Association issued after the second disarmament operation in 2003, states that arms collection was a total failure in Tetovo, Gostivar, Debar and Lipkovo regions and that the problem of arms possession and smuggling was a serious one. The report also notes that the Arachinovo village near Skopje, in spite of the measures applied by the police to enforce order, remains heavily armed as it is widely known as a hideout for criminals, smugglers and dealers.

3.3 Socio-Economic Unrest and Corruption Scandals

Unemployment and social unrest coupled with major corruption scandals remained an important conflict-inducing issue during 2006. Macedonia reported lowest levels of foreign investment, low GDP growth and worst indicators of human development, although macro-economic stability was maintained. Particular tension arose concerning the status of the redundant workers from the former socially owned enterprises and the state support to them. Street protests of the Association of Redundant Workers during 2006 resulted in a deal with the former Government. As the former government did not honor the deal, in March 2007, the Association of the Redundant Workers staged new protests in front of the parliament and urged the new government to resolve their status. The protest is still in process while writing this paper. The government and the representatives of the redundant workers have not been able to find a mutually acceptable solution. Privatization of the distribution of electricity was another contentious issue which generated great opposition and social unrest during the last year as was the situation in the agricultural sector.

Some corruption scandals related to the former government, namely the so-called "Bachilo case" and dubious agreements concerning the sale of state-owned property threatened not only the credibility of the former government but also of the judicial system. The credibility of the institutions of the Public Prosecutor and the Attorney General was seriously questioned by the State Anti-Corruption Commission and by the non-governmental Transparency Macedonia. These scandals resulted in an eventual dismissal of the holders of these positions immediately after the formation of the new government. Serious reconsideration of the way to reform the judicial system in the country and to enhance its capacity to fight corruption is emerging on the public agenda of the new government. The last three months have been marked by unprecedented activities of the Ministry of the Interior to fight corruption at all levels, including in its own ranks. A number of police and customs officers have been charged with corruption as well as employees in the Ministry of Defense in relation to arms trafficking.

The new government also announced measures to boost the economic development, in particular through attraction of foreign investment and enhancement of domestic investment in the agricultural sector. The last months of 2006 and the beginning of 2007 have been marked by positive events in this regard, with few multi-national companies announcing their entry in the Macedonian market. But it remains to be seen if and to what extent they will have a positive impact on the country's economic and social trends and on limiting if not eliminating the potential destabilizing factors related to poverty and social exclusion.

3.4 International Relations and Prospects for NATO and EU Intergration

The granting of the status of a country candidate to the European Union in November 2005 was the most important conflict-reducing development in the period between October 2005 and March 2007. A NATO and EU membership is one of the few things on which Albanians and Macedonians agree, and this event generated a tremendous boost in confidence in post-FA Macedonia.

However, following the acquisition of the "candidate status", the signals from EU officials regarding the beginning of the negotiation process for membership have not been encouraging. In part, this is due to the "enlargement fatigue" of the EU and to the lack of progress in the reform agenda of the government. Macedonian citizens seem to be increasingly aware of the fact that, despite becoming an EU candidate state, membership is only a distant promise. Many media reports are pessimistic and highlight both the inefficient and slow pace of reforms and the insufficient improvement in inter-ethnic relations in Macedonia.

Increasing skepticism about further EU expansion reached its peak in November 2006, following the issuance of the EU Commission report about the EU's future enlargement plans. In March 2007 EU officials issued an open statement declaring that there was no date for beginning negotiations with Macedonia. The report issued in November 2006, puts a heavy burden on Macedonian aspirations for membership. It presents a serious setback for the new government and its reform-oriented agenda, which itself is an essential, stabilizing ingredient. Likewise, recent criticism concerning the lack of political dialogue and progress in reforms voiced by Olli Rehn and other EU officials cast serious doubt on the country's prospect for membership.

However, following the Riga Summit in November 2006 and the open invitation by NATO to Macedonia, Croatia and Albania to join the alliance in 2008, make a NATO membership in 2008 more plausible. Positive signs from NATO concerning Macedonian army reforms and its continuous participation in the NATO peace-missions in Afghanistan seem to have encouraged the government to continue with ongoing reforms[44].

International relations and developments in the region continued to play an important role with regard to Macedonia's internal stability. The developments related to the final status of neighboring Kosovo and the status of ethnic Macedonians in Bulgaria and Greece are of particular importance. The conflict with Greece concerning the name issue is also paramount.

During 2006, few positive events related to Macedonia's relations with Kosovo were reported. Prior to the parliamentary elections in May 2006, a meeting between Ex-Prime Minister Vlado Buckoski with his Kosovo counterpart Agim Ceku took place in Skopje. This meeting succeeded in putting the contentious question of demarcating the border between Macedonia and Kosovo aside, at least until after the parliamentary elections. But when Martti Ahtisaari's proposal on the final Kosovo status was made public at the end of 2006, new insecurities related to the potentials of violence and conflict in Kosovo emerged. In the light of the developments concerning the settlement of the final Kosovo status, Macedonia has been pursuing intensive diplomatic activities[45]. However, as the Ahtisaari proposal on the Kosovo status considers the demarcation of the border a technical issue that will be resolved immediately after the proposal is presented to the UN Security Council, the activities around this issue somehow decreased and the government seems to have adopted a wait-and-see attitude.

However, some developments in the municipality of Debalde on the border between Macedonian and Kosovo send discouraging signs, and it is expected that local tensions will emerge prior to and during the resolution of this issue. It will be up to the political leaders of the region, particularly the Kosovar leaders, to discourage radical forces in their attempt to put forward demands for changes of borders between Macedonia and Kosovo. This is particularly relevant as in the past we have witnessed how events in Kosovo have seriously affected developments in Macedonia. For example, Kosovar leaders played a helpful role in decreasing intra-Albanian political violence in Macedonia

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44 Consequently, the Macedonian Government engaged in numerous activities both bilaterally and within the Adriatic Group to strengthen its prospects of being invited to join the Alliance in 2008. These activities contributed greatly towards the improvement of the international relations among the three countries and in the last couple of months the three countries have intensified their foreign relations and economic contacts.

45 At the initiative of the Macedonian Mission to the United Nations, a resolution was brought forward that reconfirms the relevance of the UN sponsored demarcation agreement between Macedonia and Serbia and Montenegro of 2001 and propagates a fast resolution of this technical issue. Likewise, the Minister of Foreign Affairs, Antonio Milososki, announced that there were positive signals from Kosovo to resolve this issue prior to the closing of the status talks.

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before the elections as well as in the midst of the conflict surrounding the composition of the new government[46].

While relations are improving with Kosovo, relations with Serbia continue to be affected by the attempts of Serbian Church authorities to undermine Macedonia's autocephalous Orthodox Church by supporting the installation of the "Ohrid Archibosphoric" lead by Archbishop Jovan in Macedonia. This has undermines prospects for the resolution of the conflict between the two Churches. Recent attempts to involve the Archbishop of Constantinople and New Rome, Patriarch Bartolomew as a mediator haven't produced any concrete results either[47].

Relations with Greece remain in a status-quo during this review period. While Athens continues to demand that Macedonia should change its name, Skopje insists on the double-name formula. In recent months, both the Greek Prime Minister Kostas Karamanlis and his Foreign Minister Dora Bakoyannis have voiced the need to resolve the issue, both internationally and nationally. This rhetoric has been accompanied by frequent threats voiced by Greek politicians maintaining that Macedonia's failure to change its constitutional name would motivate Greece's veto against Macedonia's integration into the EU and NATO. But so far, these threats have been met calmly by Macedonian politicians. The country maintains its right to its name and identity and is not willing to violate this sovereign right of its people as is expressed in the Constitution and other relevant acts[48].

The most reported conflictive events regarding Macedonia's relations with its neighbors during this period, though, were related to the status of the ethnic Macedonian minority in Bulgaria. Despite the efforts by both governments to maintain a friendly and calm relationship, statements regarding the "non-existence" of ethnic Macedonians in Bulgaria, made by the Bulgarian Ambassador and Foreign Minister Mikailo Kalfin, cast a shadow on their relationship. The latent conflict was further aggravated by the refusal of the Court in Sofia to register the party of the ethnic Macedonians in Bulgaria, namely the Omo Ilinden-Pirin[49].

The issue of human rights violations against ethnic Macedonians in Bulgaria is present in the international agenda of the human rights organizations as well as the European parliament. Efforts are being made by some of the parliamentary groups to bring the issue to the international fora and urge Bulgaria to change its policies. Likewise, the Macedonian Government has intensified its diplomatic efforts in the last month to safeguard the rights of Macedonians in Bulgaria, while at the same time repeatedly stating that it will not interfere in the internal affairs of that country as it has a particular interest in furthering good neighborly relations. The effects of these developments were

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46 For example, following the elections, Kosovar Prime Minister Ceku met with DPA leader Tachi in Skopje and sent a clear signal to Ali Ahmeti that they would support the democratic principles of the country rather than the persistent DUI demands to enter the government.

47 The conflict with the Serbian Orthodox Church has opened up the issue of religious freedoms in the country. Macedonia is criticized by the EU on this account and needs to adjust its legislation so as to allow for the registration of other religious groups if it is to receive the green light on its road to Europe. The issue is on the agenda of the new government and negotiations with the religious leaders are underway. Some progress has been made but it remains to be seen whether the government will manage to find an acceptable solution to the issue.

48 The exception to this might be the February 2007 Resolution of the US Senate on NATO membership which uses the acronym FYRoM alongside the constitutional name of the country by which it is recognized by the official Washington. This is seen as a victory of the Greek diplomacy and has caused some concern both in the Government and in the public in the last days of March 2007.

49 Organizations of ethnic Macedonians, such as OMO Ilinden and OMO Pirin complain of official harassment which was confirmed in 2005 by the European Court of Human Rights which sentenced Bulgaria to pay damages for a violation of Article 11 (freedom of assembly and association) of the European Convention on Human Rights for its refusal to give court registration to these organizations. Despite this, Bulgaria to date refuses to do so.

felt in Macedonia, where anti-Bulgarian sentiments were recorded to be on the rise [50] and have caused a great rift between the official Bulgarian and Macedonian authorities.

Contrary to the developments in Bulgaria, some positive developments were reported with regard to the rights of the ethnic Macedonians in Greece, particularly in relation to the printing and distribution of the Macedonian language book "ABECEDAR". Hopefully, this is an indication that Greece is changing its position on the issue. However, if this demarcates a profound change in Greece's policies towards its ethnic minorities or whether it is just a strategy to gain international support for its position on the name issue remains to be seen.

On the positive side, one may observe that last year was marked by a close collaboration of the government with the USA and by explicit US support of its reform process and aspirations to join the EU and NATO. But this positive trend was somehow blurred by the events surrounding Macedonia's involvement in the global fight against terrorism, at the core of which was the so called "El Masri" case. When the Macedonian Ministry of the Interior arrested the German national suspected of terrorist activities and handed him over to the CIA, accusations of alleged mistreatment and breach of human rights during custody were raised by the Council of Europe and human rights organizations, which acted to the detriment of the country's image in Europe[51]. The issue still weighs on the country's record of human rights but for the moment it does not seem to burden the positive trends in the relationship between Macedonia and the USA.

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50 Expression of public discontent with the policies of official Sofia was seen when a group of ethnic Macedonians attacked a group of Bulgarians commemorating the death of Mara Buneva in Skopje at the beginning of 2007. For official Sofia Buneva symbolizes Bulgarian resistance in Vardar Macedonia against Serbian occupation between the two world wars.

51 The Council of Europe, in its report "Alleged Secret Detentions in Council of Europe Member States" by the Committee on Legal Affairs and Human Rights issued in 2006, accused Macedonia of cooperating in the dubious CIA arrests and transfer of alleged terrorists in Europe.

swiss**peace**

4   Assessment of the Conflict Potentials and Recent Threats

A critical evaluation of the risk potential of the events outlined in the previous section and the prospects for peace and/or conflict emerging thereof, require an analysis of the following key issues: a) the FA and its potential to eliminate the sources of the inter-ethnic conflict in the country; 2) the precarious economic situation and persistent flaws in the rule of law and the conflicts emerging thereof, and 3) the international relations of the country and the impact of the regional developments on its conflict potentials.

4.1   The Framework Agreement and its Potential to Eliminate the Sources of Inter-Ethnic Conflict

The main objectives of the FA are to ensure the future of Macedonia's territorial integrity, unitary status and democratic development and the development of closer and more integrated relations between the country and the Euro-Atlantic Community. At the outset, one may not but agree that the agreement has succeeded, to a large extent, in meeting its objectives[52]. The armed conflict was ended, the NLA was disarmed and the DUI entered the new government coalition, thus confirming its intentions to work with its Macedonian partner SDSM towards a new model of democratic development that will meet the needs of the Macedonian Albanians. Likewise, Macedonia's ties with the EU and NATO were strengthened, and the prospects for its integration into these communities have greatly improved. The role played by the international community in achieving stability and bringing political leaders from all sides to work towards a new political and institutional set-up has been tremendous and commendable.

However, the developments of this year force us to ask the question of whether the post-FA Macedonia is on the right track or not? What follows is an attempt to respond to this question based on considerations regarding two key issues: a) security of its citizens; b) prospects of securing a unitary and functional multiethnic state; and c) the capacity of the Macedonian state to respond to pressing domestic and international issues.

a) Citizen's Security

Security threats in Macedonia have never been external but rather internal, although the situation of neighboring Kosovo as well as the weak system of border control in the region has facilitated the appearance and the persistence of internal sources of insecurity. Most of the internal sources of insecurity are related to organized crime, the existence and availability of small arms and the unresolved status of former NLA soldiers. The FA has succeeded in appeasing the ethnic Albanians in the country and as such has diminished the obvious threats to its stability and internal security.

As argued in the previous sections, following the independence of Macedonia, organized crime and criminal economic structures prospered due to the country's precarious economic situation and the exclusion of the Albanian community from the mainstream national economic system. As argued by Hislope[53], this has been an important contributing element to the armed conflict of 2001. Five years after the signing of the FA, Macedonia has succeeded in significantly reducing criminal and illegal activities. However, 2006 has seen security threats to Macedonian citizens related to the killings of members of criminal gangs connected with drugs and arms trafficking. The municipality of Cair

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52 For more on the achievements of the FA see Forum Analitica, Dosie: Pet Godini Ohridski Ramkoven Dogovor, Br. 5, August/September 2006. Skopje.

53 Hislope, 2001, op.cit. pp.5 "a coalescence of interests between a national liberation movement and a narco-mafia was the enabling factor that made true ethnic conflict possible in the Albanian-inhabited lands of Kosovo, southern Serbia, and Macedonia."

(Skopje district) became the hotspot of the country although armed incidents and shootings in public places were also reported in Tetovo and other areas populated mainly by ethnic Albanians. The tense situation reached its peak during the pre-election campaign where armed groups were used by both the DUI and the DPA in their attempt to gain the votes of the Macedonian Albanians. These events showed that criminal and armed structures of the country were also infiltrated by former NLA commanders. Former NLA commanders came to play a supportive role in DUI's claims that if they would be ousted from power they could not guarantee the stability and security of the country. This amounted to nothing less than a threat of armed conflict and confirmed the fact that the armed structures of the NLA still persist and can always be mobilized to serve the radical political demands of the Albanian politicians, notwithstanding the fact that when signing the FA, the DUI committed itself to restrain from use of violence and threats of use of violence. The exclusion of NLA from the negotiation of the FA and of the its consequent political processes to this day may be seen as one of the biggest weaknesses of post-FA Macedonia which could threaten its and the security of its citizens.

b) The FA and its Adequacy to Ensure the Functional, Multi-Ethnic State

The second source of contention and possible conflict related to the FA arises from its adequacy to ensure the unitary and democratic character of the country. As argued by Engstrom: 2002, the Agreement contains several deficiencies which in combination with the persistence of organized crime and the unresolved Kosovo status could pose a serious challenge to peace and stability in Macedonia. These deficiencies relate primarily to problems of implementation and inclusion. Underlying these are three major facts: predominant perception of the ethnic Macedonians that the Agreement was imposed by the "pro-Albanian" western powers and that as such it legitimized violence as a means for resolving political problems; unclear and even contradictory provisions with regard to the type of Macedonian state that the Agreement is designed to promote; exclusion of other ethnic groups from the benefits of its envisaged changes.

The fact that ethnic Macedonians perceived the Agreement as an imposition of the will of the minority on the majority, resulting from the use of violence and an international legitimization of that violence, played a crucial role in the initial resistance by many ethnic Macedonian political leaders and by the citizens at large to endorse the Agreement. Five years after its signing, Macedonian politicians still seem reluctant to implement all its provisions. The reasons for this are manifold. First, they still harbor fears regarding the real "appetite" of the Albanian politicians with regard to the rights of the ethnic Albanians in the county. Second, they fear that the real goal of the Albanians is not the acquisition of more rights but a federalization and eventual partitioning of Macedonia[54]. Adding to this is the mistrust of the ordinary ethnic Macedonian citizen towards the "real" Albanian intentions[55].

Likewise, problems in the implementation of the FA are to some extent also a consequence of its unclear, if not contradictory, provisions concerning the nature and the model of the post-FA Macedonian state. Critics of the Agreement argue that its core power-sharing provisions are meant to redress the asymmetrical power-relations between Macedonians and Albanians, leaving aside the interests of the other ethnic communities in Macedonia. They maintain that the Agreement falls short of providing for an inclusive, multi-ethnic or consensual democracy, as consensus is only

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54 See USIP,2002.

55 As shown in many opinion poll surveys, many ethnic Macedonians believe that the Albanians are not sincere about their will to build a common state. A perception that is reinforced by the fact that a big proportion of the ethnic Albanians do not identify with the Macedonian state and identity. This is most visibly expressed in their refusal to use the state symbols. Some incidents regarding the non-use of the Macedonian flag, particularly by the ruling DUI, increased tensions in the past years and revived fears of Albanian secession and this, in turn, proved that the implementation of some sensitive provisions of the FA are in fact difficult.

sought among the two major ethnic groups. Likewise, they argue that the provisions allowing for the elevation of the status of the ethnic Albanians to that of the ethnic Macedonians provide for a de facto bi-national state in which Macedonians and Albanians constitute the country's two ethno-political elites, whilst other ethnic communities are largely relegated to the fringes of political life[56].

The events of the last few months have proven that Macedonia, de facto, tends to function as a bi-national state. The DUI's claims that they have a right to be part of government due to the fact that they won the majority of the ethnic Albanian votes derive from the concept of a bi-national state and as such contradict the basic principle of the Macedonian democratic model – that of the majority rule[57]. In line with the DUI's concept of a bi-national Macedonian state, their proposal was to change the election law and allow for the formation of the government based on the winning majority parties of the ethnic Macedonian and the ethnic Albanian blocks.

The reactions of the Macedonian public and the Macedonian political leaders to these events deserve our attention as they show that sensitivities of the ethnic Macedonian community regarding the change of the "ethnic Macedonian nature" of their state still run very high. This serious gap in the perception of the two communities is based on the fact that while for the ethnic Macedonians the "ownership" of Macedonia is an extremely emotional issue directly linked to their struggle for national self-determination and affirmation, for the Albanians the Republic of Macedonia, as argued by Poulton 2000: 187[58], has territorial and not ethnic denotations. These divergent perceptions of the two ethnic groups constitute main obstacle for the establishment of a functional, democratic, multi-ethnic state despite the prescriptions contained in the FA.

c) The Capacity of the State to Deal with Important Domestic and International Issues

In order to assess the impact of the FA on the capacity of the state to respond to important domestic and international issues, it is important to look at the adequacy of the newly promoted power-sharing arrangements in terms of their impact on the state and the issues that have to be dealt with by the state. As argued by Harris & Reilly: 1998[59], power-sharing arrangements are normally thought of as a temporary measure to build confidence and to establish a functional democracy. But in the case of Macedonia it may be argued that the institution of power-sharing arrangements between ethnic Macedonians and ethnic Albanians has become a key objective in itself rather than a means for policy-making. As seen in the recent developments, Macedonia may be facing a situation where ethnicity-based consensus politics may seem more important than the actual issues at stake. The regulation of the use of minority languages, policing, or the use of symbols – shows that these issues have not really been the focus of the debate but rather revolve around the question of how their regulation will affect party-based ethnic interests and the strategies for political survival. Unfortunately, the current backlash resulting from the inability if not the impossibility to reach a political consensus regarding the nature of the Macedonian state may result in continuous as well as fresh sources of inter-ethnic conflict, unless the concept of a multi-ethnic, civic Macedonian state prevails in the country's politics.

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56 See Ernstong, 2002.

57 These developments have confirmed fears that the issue of the nature of the Macedonian state and democracy has not been resolved yet. But they also highlight the fact that many Albanian politicians have not given up the idea of a bi-national state, thus complicating the political life of the country to the extent that two months after the election, Macedonia still did not have a new government in place.

58 See Poulton, H. (2000). Who are the Macedonians? London: Hurst & Company.

59 See Harris, P. and Ben Reilly (eds.), 1998. "Democracy and Deep-Rooted Conflict: Options for Negotiators." Stockholm: International Institute for Democracy and Electoral Assistance.

Continuous conflict between the two major ethnic communities (reflected in both the conceptual and the practical proposals put forward) over the nature of the state has serious implications on the capacity of the Macedonian state institutions to emerge as important factor of the socio-economic and political life of the country. The protraction of this conflict over the last five years has made Macedonia a very weak state, vulnerable to negative internal and external influences.

The conflicts surrounding the nature of the Macedonian state have been transferred to the local level as well. The reported conflicts during last year in Struga, Tetovo and Skopje concerning issues such as language, use of symbols, lack of power-sharing mechanisms that would guarantee ethnic Macedonian and other minority groups equal rights at local level in the Albanian-ruled municipalities, etc., show that, while the FA has managed to satisfy the Albanian demands for greater territorial autonomy and a share in the country's material and symbolic resources, it has created new ethnic tensions and additional fragmentation along ethnic lines[60].

Arguments concerning the dangers of the new territorial organization of the country (that allowed for the creation of more ethnically compact municipalities) and their potential to trigger off fresh inter-ethnic conflicts were recently also coupled with arguments about the functional problems of the new decentralization system in the country. Recent developments, i.e. the coming to power of the DPA at central level and the emerging conflicts with the DUI-run municipalities over political control of institutions such as schools, hospitals, etc., raise concerns about new backlashes that might affect the country's reform efforts and gradual approach to the Euro-Atlantic community[61]. They also raise serious concern about the capacity of the local government to serve its citizens efficiently. Hence, one may argue that the unclear provisions in the FA have rather hindered than aided the pending reform projects of the country and have blocked the government from focusing on pressing domestic and international issues.

4.2 The Precarious Economic Situation and Persistent Flaws in the Rule of Law

As argued above, another source of conflict in Macedonia is the precarious economic situation and the resulting poverty, social exclusion and insecurity of its citizens. Last year saw further perpetration of social conflicts marked by street protests and intensive negotiations between the associations representing different economic interest groups and the government. This was, naturally, intensified in the pre-election period. Consequently, the former government as part of its election campaign was forced to make promises that the unfavorable status of these interest groups would be solved. The most pressing cases were those of the redundant workers and the workers in the agricultural sector.

As the priorities of the former government were largely focused on political and institutional issues including the implementation of the provisions of the FA and the European integration, it is not surprising that the government did not manage to improve the economic situation of the country and to implement its reform priorities. The biggest flaws of the former government's economic reform policies were seen in the process of privatization of the former socially owned enterprises.

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60 Although not as frequently as at the time of the adoption of the laws on decentralization and the new territorial division, some renowned Macedonian analysts argue that there is an evolving processes of fragmentation at the local level which may eventually lead to the creation of a de facto bi-national state. They argue that this may pave the way for future secession of the Albanian dominated parts of Macedonia.

61 Indeed, both of these concerns should not be neglected because the events marking the DUI's struggle to remain in government showed that its mayors were playing an instrumental role in mobilizing street support for the DUI's demands. Emerging conflicts between the Ministry of Education and the local authorities in Tetovo (Tetovo University, change of School Director at Zelino) also suggest that a potential rift between the central and the local authorities may be emerging.

These processes were marked by great irregularities and corruption scandals, which in part were blamed on the traditional ties between the SDSM and the Macedonian "oligarchies", and in part on the corrupt officials of both the DUI and the SDSM. Foreign investment did not prosper, which is a direct consequence of the government's inability to reform the public administration, to diminish corruption and provide conditions for a stable economic development.

The parliamentary elections of July 2006, despite serious incidents during the pre-election campaign and some breaches of the democratic rules and procedures, indicates that Macedonia has not only attained a certain level of democratic maturity and stability but that it is slowly moving its focus from the inter-ethnic issue towards more economic and social ones. Indeed, the coming in power of the VMRO-DPMNE led coalition has brought fresh air to Macedonia and despite criticism against Prime Minister's Gruevski lack of interest in inter-ethnic issues, expectations for economic improvement and the institution of rule of law have risen among the population. It is too early to assess whether his government's efforts to reform the economy and bring in direct foreign investment will bear immediate fruit, but it has to be recognized that he has somehow changed the public discourse in the country and this may open prospects for new dialogue between the government and the economic interests groups as well as among the political actors in the country.

4.3 International Relations, Regional Developments and Their Conflict Potentials

There seems to be a common agreement among analysts and politicians alike that Kosovo's instability has greatly influenced events is Macedonia, particularly those of 2001. Likewise, there seems to be an agreement that with the resolution of the final Kosovo status, the threats to Macedonia's stability and internal security will be greatly diminished. Hence, the persistence of threats emerging from Kosovo, particularly those related to the demarcation of the border between Kosovo and Macedonia and those related to the crime networks and proliferation of arms are seen to be to a great extent a result of the international community's unwillingness to address the issue of the long-term political and legal status of the province.

The developments in the relations between Skopje and Pristina regarding the demarcation of the border thus constitute a positive trend and a factor of stability for Macedonia. Likewise, developments related to the positive role played by Kosovo's political elite in appeasing the DUI and supporting the rule of democracy in Macedonia, have also been significant conflict-inhibiting factors.

However, as much as it is important not to underestimate the negative impact of the prolonged decision on the final Kosovo status, particularly as it may reinforce the hard-line Albanian demands in Macedonia, it is also important not to overestimate its role. As argued by the International Crisis Group[62], Macedonia's policies are governed by two priorities: membership of the EU and of NATO. All parties, including the ethnic Albanian ones, risk being marginalized should they turn their back on these fundamental priorities.

As argued above, prospects for integration into the EU and NATO have two major implications for Macedonia's stability. First, they determine the extent to which the "Macedonian Question" could be revived and turned into an important external source of conflict of the country, i.e. the extent to which Macedonia's neighbors could endanger the survival of an independent Macedonian state. Becoming a member of the EU and NATO would send strong signals to Greece, Bulgaria and to some extent to Serbia implicating that the territorial state of Macedonia is not only internationally

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62 International Crisis Group, 2004, Macedonian Make or Break, Europe Briefing No. 33, pp.4.
   http://www.crisisgroup.org/home/index.cfm?id=2897&l=1

recognized but safeguarded as well. Second, an EU and NATO membership would positively influence the internal developments of the country as they would act as an important factor for reform and the creation of legitimate and functional state institutions. Likewise, they would help diminish the fears of the ethnic Macedonians about the volatility of their own ethnic and state identity and reinforce positive nation state building processes in as much as they would help decrease radical Albanian demands for division of Macedonia along ethnic lines. That is to say that Macedonia's integration into the EU and NATO would help stabilize the Macedonian state, both internationally and internally.

Gaining the status of a country candidate for EU membership in November 2005 was tremendously motivating for Macedonian politicians and Macedonian citizens alike – regardless of their ethnic background. The EU has acted as a main integrating ingredient of the political process in the country. However, Macedonia has now somehow entered a period of "sobriety" as the European Commission has begun to exert pressure and demand real reforms and results. The Macedonian public largely perceived this as a change in the course of the EU. In addition, negative media reports increased pessimism among Macedonian citizens and nurtured their skepticism about the former government's ability to implement the required reforms.

The coming in power of the new government raised additional concerns in Brussels and EC officials warned the prime minister that the new government was obliged to continue its reform endeavors and to respect the commitments contained in the FA concerning the rights of the ethnic Albanians[63]. The latest EU Commission enlargement strategy paper published on 8 November 2006 noted that Macedonia had made limited progress in meeting the political and economic conditions for EU membership. Hence, the challenge of meeting these demands has become a crucial stabilizing factor for the country. Likewise, as the so-called 'enlargement fatigue' in the EU itself has played a large part in setting the EC's cautious agenda towards Macedonia, it is necessary to address this challenge if the country is to receive the required "EU accession" boost. While the message from Brussels is less optimistic than one might have hoped, the Commission nevertheless reassured Macedonia of its prospects for integration.

As it has become clear that the "honeymoon" between Macedonia and the EU is over, Macedonia is facing the big challenge of having to deliver results. Whether the new government will be in a position to do so or not will depend on many factors and circumstances.

A sobering note concerning Macedonia's prospects of joining the alliance in 2008 was also sent by NATO. In this case, too, reforms were seen as a prerequisite for membership. However, the positive relations between Skopje and Washington seem to play an important role in the issue of Macedonia's NATO membership. Washington has shown keen interest in bringing Macedonia closer to the alliance and has made no secret of the fact that it believes the country, together with Croatia and Albania, should join as early as 2008. This is also the reason why the USA helps spread democracy and stability in the area. Whether this support will result in NATO membership or not remains to be seen.

Last but not least, developments in Macedonia's relations with its neighbors Greece, Bulgaria and Serbia also deserve our attention and serious consideration. These were marked by the following: continued opposition from Greece to the international recognition of Macedonia under its constitutional name, including threats of veto over its integration into the EU and NATO, and the continued refusal to recognize the existence and the rights of the ethnic Macedonians in that

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63 EU Foreign Policy Commissioner Javier Solana and EU Enlargement Commissioner Olli Rehn met Macedonian Prime Minister Nikola Gruevski in Brussels on 13 September, the main issue being the looming destabilization of the country in connection with DUI's insistence to remain in power.

country; continuation of the Bulgarian view that ethnic Macedonians and Bulgarians are one people and hence of their refusal to recognize the existence of a separate ethnic identity and a separate Macedonian language. This also results in a constant negation of the existence of ethnic Macedonians in Bulgaria and of rights for political organization and representation; the Serbian Orthodox Church's unwillingness to recognize the separate status of the Macedonian Orthodox Church, which is an essential component of Macedonia's ethnic identity.

The inability of the neighboring countries to overcome their historical burdens and recognize the existence of the Macedonian state and people continues to act as a negative intervening conflict factor that affects its internal conflict potential as well. As argued by Engstrom: 2002[64], the escalating inter-ethnic tensions have not merely been a function of domestic competition between the ethnic Macedonians and Albanians revolving around the issue of control and the nature of the Macedonian state but to a great extent a function of the expanding nationalism and secessionism of the Kosovo Albanians. Likewise, escalating inter-ethnic tensions in the country have been a function of the attitudes of Greece and Bulgaria towards the Macedonian nation and its right of existence[65].

It is important to understand the current regional constellation to see whether and to what extent the relationships with its neighbors may threaten the internal and external stability of Macedonia and to devise adequate strategies for their reduction. An attempt to draw some conclusions and recommend plausible strategies to address these threats is made in the section below.

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64 see Engstrom: 2002, pp. 3-17.

65 The troubled international relations of Macedonia, which are deeply rooted in the so called "Macedonian question", are factors that weaken Macedonia both internally and externally in the following ways:

— They act as de-motivating factors for its people, both ethnic Macedonians and others, to commit themselves to a common Macedonian state. This allows for the proliferation of radical ideas relating to a possible partition of Macedonia.

— They weaken the Macedonian state and impede its ability to finally settle the conflicts concerning its right to statehood and the rights of the ethnic Macedonians to a separate ethnic identity. This constitutes a source of internal and external conflict.

— The weakness of the Macedonian state acts as an additional negative ingredient in the already fragile public confidence in its political leaders on both sides of the ethnic divide.

— And finally, Macedonia's inability to stabilize its democracy and international relations has diminished its capacity to play a constructive role in nurturing a prospective dialogue with its neighbors, particularly Greece and Bulgaria, concerning the recognition of the ethnic Macedonian minorities. Hence, one may say that the persistence of the denial of the ethnic Macedonians in these states has in part been possible due to Macedonia's internal weaknesses and its unsettled internal conflict.

5 Country Outlook and Recommendations

5.1 Improving Economic Outlook

The new government has announced economic reforms and fast economic recovery. Initial steps have been taken. The international financial institutions have approved of such a reform agenda and have promised increased support for its implementation. But while the reforms may prove fruitful on the long run, the government will face many short-term obstacles, particularly such aimed at meeting the immediate needs of the seriously impoverished workers of the former industries and the agriculture.

Some steps undertaken in the last month aimed at improving the situation of the agricultural workers and the entering in negotiation with the representatives of the redundant workers send positive signals about the government's willingness to deal with these issues in a more pragmatic and definite way. However, budget shortages and delays in the reform agenda of these sectors represent a significant obstacle to the government in fulfilling its promises. It is therefore important to address them urgently. The support of the international community, particularly the donors and the international financial institutions, is key.

On the other side, the government has to introduce a series of immediate policies and interventions to tackle the problems of poverty and unemployment. These policies have to be consistent with a reform that is in line with the country's strategic goals for EU membership. As the government has begun to implement economic measures aimed at stimulating domestic investment by decreasing the tax rate and improving the fiscal capacity of the country, which will result in the creation of new jobs and in an increase of the social benefits for the already employed workers, it is important that the international community matches these developments by promoting foreign investment as well. For this it is of a crucial importance that Macedonia is presented to foreign investors as a safe and secure country with competitive advantages such as infrastructure, tax incentives, educated labor force, etc.

Supporting the strengthening of the private sector is also a key area where the help of the international community is needed. A strong and competitive private sector would diminish the attraction of public sector jobs which are a major source of inter-ethnic competition and tension. This would also increase the employment prospects particularly for young people whose migration trends are worrying. Projects aimed at job creation in the private sector as well as at increasing its competitiveness should become an important component of the development assistance.

Likewise, integrating the grey economy into the economic mainstream remains a big challenge and an enormous source of employment, social security and state revenues. This process, however difficult, should be supported by the international community.

5.2 Improving Dialogue and Political Trust

The biggest challenge facing the new government is that of a lack of political dialogue with the opposition. The grievances and tensions in the relations between the DUI and the DPA are particularly worrying as both parties have militant supporters that have been made use of in their internal struggles. The possibility of engaging the DUI and the DPA in dialogue seems rather distant at the moment, as the ruling DPA, with its winner attitude, reminds the DUI of its failure of staying in power– despite the fact that it holds more seats in the parliament than the – ruling DPA. But the lack of dialogue between the two runs deeper than that. Both parties have rather undemocratic and unreformed structures and lack the capacity to mobilize citizens independently of their ethnic affiliation. It seems that they are primarily occupied with proving to the Albanian electorate how "Albanian" they are rather than focusing on the truly important issues of the public agenda of Macedonia.

Another worrying current trend is the alleged conflict in the government coalition, particularly between the VMRO-DPMNE and the New Social Democratic Party (NSDP) of Tito Petkoski. Although it is not very certain to what extent the relationship between the two is shaken at the moment, this development has to be watched closely in order to mitigate on time the potentially negative effects that may arise from the possible break down of the current government coalition.

The open disagreements between the government and the president also require urgent attention. However impossible this seems at the moment, the government and the president ought to find a common language and pursue the same interests. If their differences cannot be settled, they risk affecting the country's capacity to speak in one voice and face serious challenges such as the settlement of the name issue and the status of Kosovo. They also risk early general elections; an option that has been frequently voiced in the media recently and that should be closely examined and assessed.

One important contribution to the normalization of the relationship between the government and the president might be the normalization of the relationship between the VMRO-DPMNE and the SDSM. However, this seems to be a distant possibility at the moment, as these two parties are still in the process of internal consolidation. While the VMRO-DPMNE has become the first big party to experience internal reshuffling and restructuring, recent mergers with its former outcast parties – the Democratic Republican Union of Macedonia (DRUM) and the Agricultural Party –, SDSM has just embarked on an internal restructuring process and currently enjoys the lowest citizen support in its history [66]. The internal developments of the SDSM should be closely examined and the process of its democratization should be supported by relevant donors and organizations.

As shown in the past, the role of the international community, particularly the USA, the EU and Switzerland, has been crucial for bringing the leaders together to discuss issues of utmost relevance to the country. The efforts of the international community in this direction have not been very fruitful so far. Nevertheless, it remains true that they are the only factor that can contribute to any development in this respect. Hence, it is crucial that the international community use all political means at their disposal to make Macedonian politicians enter a dialogue and focus on the important issues of the country.

The confidence of citizens in politics has greatly decreased in the last years, independent of their ethnic affiliation. Pre-election apathy characterized the situation and many citizens expressed the need for change as their trust in the government, particularly the SDSM, had been severely diminished. Gruevski, whose party's election programme focuses heavily on economic reform, has managed to break away from the tradition of politics centered on ethnicity. This has increased the VMRO-DPMNE's acceptance among citizens. Gruevski's efforts to revive the economy as a means of improving inter-ethnic relations have received significant approval from the citizens and the international community alike, despite initial skepticism and open criticism to this approach[67]. Initial fears that further implementation of the provisions of the FA would not receive sufficient attention from the VMRO-DPMNE-led government were quickly been put aside when it announced the strengthening of the Department for the Implementation of the FA and of the Sector for European

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66 The SDSM has indicated its will to internally eliminate inefficient and corrupt elements, these being closely associated with former Prime Minister Buckoski. The election of the young but determined Radmila Sekerinska as the president of the party has raised hopes for its democratization. But it remains uncertain to what extent she will be capable of reforming the party and diminishing the influence of the more traditional elements in it, particularly since the influence of President Crvenkoski is still very strong. Likewise it will be important to see whether or not the former prime minister and former president of the party will peacefully accept his ousting from power, or if he will attempt to create a strong fraction within the SDSM, which may seriously slow down all reform efforts.

67 Latest Brima Gallup poll conducted at the end of October shows that the VMRO-DPMNE has almost doubled its support since last February, reaching 28%. The DUI and the SDSM, on the other hand, have significantly lost support.

Integration including a fast implementation of the remaining obligations arising from the Agreement[68]. Public opinion regarding these developments has been generally positive and this constellation should be used to help the government achieve its objectives regarding the implementation of the remaining obligations of the FA.

But in doing so one has to bear in mind the sensitivities of the ethnic Macedonians towards some of the developments arising from the new territorial division of the country and the changing boundaries of ethnic inclusion and exclusion[69]. The lack of clearly defined mechanisms and procedures both within the new laws of decentralization and territorial division and in the practical implementation of these laws to protect and safeguard the rights of the "newly" created ethnic minorities within the new municipalities, are a serious source of ethnic grievances and a cause of concern, despite the efforts of the local authorities to present the decentralization process as a successful case. This issue has to be seriously addressed and intensification of efforts to institute mechanisms of power-sharing and protection of the needs of the "new" ethnic minorities at decentralized level have to be stepped-up.

5.3 Sending Positive Signals on EU and NATO Integrations

Prospects for EU and NATO integration are important but not sufficient factors in boosting the country's efforts to develop into a prosperous and stable democracy. Macedonia requires fast and visible interventions from Brussels that will lend credibility to their rhetorical commitments to the country. So far, this has not been the case and Brussels' commitment to Macedonia has been conditioned by endless demands.

A liberalization of the visa regime is one of the concrete steps that the EU could undertake to boost the country's confidence. The country has just initiated negotiations and hopefully results will be favorable and reached soon. This would also strengthen the citizens' trust in their politicians as well as in the EU institutions.

5.4 Strengthening the Rule of Law

Macedonia is still a weak state threatened by continuous mistrust of its citizens towards its weak institutions. Remedying such institutional weaknesses will be helped by the prospective membership negotiations with the EU[70]. But strong domestic commitment is also required and a key to it is the government's ability to secure rule of law and elimination of corrupt practices. The new government has announced its willingness to fight corruption, and the first few months saw intensive activities in this regard. However, fears remain regarding both its capacity to fight corruption effectively and the cooperation of other political factors in the country with this fight. Hence, placing the issue high on the public agenda is not only important but crucial. Warnings from the EC that the elimination of corruption was one of the stepping stones on the country's road to Europe have not been sufficient

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68 The government initiated a process aimed at seeking intra-party consensus over the issue of Albanian language use in parliament. It also initiated steps aimed at the use of Albanian and other minority languages on road and border crossing signs.

69 As argued earlier, the new territorial division not only affected the geographical boundaries of the new municipalities and their ethnic map and balance, but it also affected the use of languages and national symbols at municipal level. The implementation of these two provisions spread additional fear among the ethnic Macedonian population, particularly in ethnically mixed municipalities. Many understood this as a step towards federalization. Essentially, ethnic Macedonians were also afraid of losing control of power and access to material and symbolic goods.

70 Many analysts argue that this will help create incentives for reform of the public administration and of the judicial system so they can be expected to improve their performance.

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communicated. Political, financial and technical support to the government to achieve this goal is urgently needed.

In conclusion one may say that the country's stability and conflict situation will depend very much on the capacity of the new government to implement its economic and political program, to engage in genuine and fruitful dialogue with the opposition and to resolve the pending problems with its neighbors. For this to happen, the role of the international community is crucial. First, it should pursue a two-track strategy aimed at appeasing the opposition and fostering its constructive role while at the same time decreasing the potential of the radical Albanian elements destabilizing the country in the wake of the Kosovo final status. Second, it should support the government in securing Macedonia's prospects for integration into the EU and NATO through positive political messages such as setting a date for membership negotiation talks and substantive economic help through its pre-accession assistance funds.

Appendix

FAST Analytical Framework for Republic of Macedonia (MKD) / 2007

ROOT CAUSES

Historical

- A single geographic entity under the rule of the Ottoman Empire until the Balkan wars (1912-13) when it was partitioned into three entities: Vardar-MKD (Serbia), Pirin MKD (Bulgaria), Aegean (Greece).
- In 1945 the Socialist Federal Republic of Macedonia was founded as a constituent republic of SFRY.
- Its identity was consolidated through Macedonian language and Macedonian Orthodox Church.

Political / Institutional

- Socialist Federal Republic of Macedonia was constituted as a one party system governed by the communist party.
- The lack of the tradition of statehood influenced its capacity to negotiate better position within the SFRY and passive policy regarding rights of ethnic Macedonians in the neighboring Greece and Bulgaria.

Societal / Socio-Demographic

- Unequal access to social services and infrastructure between ethnic communities (with Albanian communities in rural areas suffering the most).
- Over-representation of the ethnic Macedonians in industry and white-collar jobs while most of the Albanians were employed in agriculture.

Economic

- Structural characteristic of the socialist economy (underdevelopment in rural areas, urban industrialization, inefficient public administration, the breakdown of traditional production links) affecting negatively some ethnic groups.
- Legacy of corruption and inter-ethnic instability.

International

- The separate Macedonian identity (territory, ethnicity, religion) was challenged by Serbian, Bulgarian and Greek politics.

PROXIMATE CAUSES

Political / Governance

- In 1991, the Republic of Macedonia became peacefully independent from SFRY.
- A difficult transition process from a socialist regime to a democratic multi-party system.
- Insufficient representation of ethnic minorities in public life.
- Constitutional amendments to the disadvantage of ethnic minorities in the 1990s.
- Patronage, clientelism and corruption common within the political system
- Uprising of the Albanian rebels in 2001 (was settled by the Framework Agreement).
- Initial resistance against the implementation of the Framework Agreement due to political party interests.

Security

- The spillover of Insurgency (ethnic Albanians from Kosovo and organized crime destabilizing the border to Kosovo).
- Proliferation of small arms and light weapons. Pro-gun culture.
- Weak security sector (police having bad reputation among Albanians).
- Funding of militant Albanian groups from Diaspora.

Societal / Socio-Demographic

- The privatization of socially-owned enterprises benefiting small political elite and creating unemployment.
- Low education levels among Albanians and Roma, particularly among women.
- Persistent Urban and rural discrepancies → further ethnic segregation.
- In 2001 the Constitutional changes mandated by the Framework Agreement went a long way to reversing the mono-ethnic dominance, albeit at the expense of the smaller, non-Albanian minorities.
- The Kosovo war (1999) brought ca. 360,000 refugees into the country.

Economic

- Weak economic base: small market, landlocked country and limited foreign direct investment.
- External causes for poor economic performance: The loss of preferential trading arrangements; the sanctions imposed on former Yugoslavia (1991-1995); the Greek trading embargo (1994-1995) and the war in neighbouring Kosovo (1999).

International

- Macedonia averted war during the Balkan crises (UN prevention mission). During the NATO air campaign (1991), ca. 250000 Kosovar Albanian refugees descended onto Macedonia, creating tensions and revealing the fragile nature of relations.
- Chronic challenges to identity by Orthodox neighbors: Serbia challenges autocephalous Macedonian church; Bulgaria challenges the language, identity and its EU membership; Greece challenges the name and identity (applied punishing sanctions over the name and associated cultural disputes).

POSITIVE INTERVENING FACTORS

Decreasing the likelihood of conflict

- Enhanced implementation of the Framework Agreement (integration and employment of ethnic Albanians, police reform).
- Decentralization process: Increases the competences of municipalities (e.g. fiscal decentralization). Efforts to attract foreign investors. Gruevski Government's popularity related to reforms (defense, economy taxes, reduction of bureaucracy, anti-corruption campaign).
- Education reforms at the primary and secondary levels.
- Realistic prospect of entry into NATO (Euro-Atlantic integration and enhanced regional cooperation among Adriatic Charter members).
- SAA with the EU entered into force in 2004 and candidate status was gained in 2005. A new visa regime with the EU.
- A more liberal law on Religious Communities adopted.

NEGATIVE INTERVENING FACTORS

Increasing the likelihood of conflict

- Ethnic tensions resulting from the application of the Badinter rule at local level.
- Tensions between VMRO-DPMNE and DUI (the use of the Albanian language and the provision of social benefits to the former NLA fighters).
- Weak institutional development (weak modes of bargaining between the president and the government and within major political parties).
- Weak administrative development (the Ministry of Interior contributes to impunity for Albanian criminals and hostilities).
- Standstill in dialogue between the ruling and opposition parties (e.g. euro-integration, judicial reforms.)
- Small scale actions of criminal extremist groups.
- Uncertainty over Kosovo status, and increased role of Russia which raises the prospect of instability or attempted partition, having direct impact on MKD's security

IMPACT ON

C O N F L I C T

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