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From Gorbachev to Kosovo: Atlantic rivalries and the re-incorporation of Eastern Europe

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ABSTRACT

This paper argues that the collapse of the Soviet bloc and Yugoslavia catalysed an acceleration in the transition from a corporate liberal, 'Rhineland' pattern of capitalist discipline to a neoliberal pattern in the North Atlantic political economy. This process evolved through an initial phase of conservative, sphere-of-interest policies in which the particularities of the different Western states prevailed over any common posture; to a US-led offensive eventually drawing all Atlantic states into common forward movement into Eastern Europe, extending Washington's influence as far as central Asia. Structural differences in sectoral and world market orientation between capitals predisposed particular states to different policies through these phases. Ultimately, the European states representing regional economic interests were brought into line by the offensive approach under Clinton. The offensive exposed structural weaknesses of continental European capital as much as the failure of the European left governments to pursue an alternative to neoliberalism.

KEYWORDS

Transnational classes; industrial structure; NATO and Europe; Eastern Europe.

INTRODUCTION*

In this paper I argue that in the demise of the USSR as well as in the conflicts that terminated Yugoslavia's existence, a comprehensive, transatlantic strategy of radically opening-up these societies to global capital triumphed over attempts to build spheres-of-influence in which the defunct state-socialist economies might have enjoyed some protection from straight world market competition. The fall of Gorbachev and the disintegration of the Soviet Union, as well as the breakdown of
Yugoslav federal unity up to NATO’s war over Kosovo, in this light can be reinterpreted as moments in a triumph of a neoliberal strategy supported by a transnational, Atlantic capitalist class over a rival, corporate liberal one (Albert’s ‘Rhineland’ capitalism, 1992) with its strongholds in continental European capital, European social democracy, and the southern European societies generally.

There is a conjunctural and a structural aspect to this development. The structural aspect, apart from geopolitics, resides in the fact that at the time of the collapse of East European state socialism, the American economy already had developed much further away from the industrial structure that gave rise to corporate liberalism (the ‘Fordist’ automotive complex and productivity-pegged class compromise, cf. Rupert, 1995), than most European countries. Therefore, US capital had obtained key world market positions in the new industries of the information revolution, and also took the lead in those service sectors prominent in the neoliberal drive such as investment banking and consultancy. British–Dutch and Swiss drive were part of the same movement and as I will show, were actually interlocked with US capital into an Atlantic network at the beginning of the 1990s. Continental Europe, on the other hand, because of its industrial structure and the relative isolation from the Atlantic network of even its strongest capitals, lagged behind and lacked cohesion, thus undermining any alternative strategy to the dominant neoliberal one.

The conjunctural aspect suggests two broad phases in the process. One in which the impact of neoliberalism was still contained within a conservative, balance-of-power conjuncture; the second, coinciding with the Clinton presidency and amplified by the shift to the left in Europe, marked by a high-pitched ideological posture and actual war. Indeed initially, in dealing with the Soviet Union under Gorbachev, the Bush administration as well as the main European states displayed a markedly defensive attitude. Once it became apparent that the USSR was opting out of the arms race, the Western stand can still be considered basically ‘realist’ in the international relations sense; emphasizing national interests and resisting the temptation of triumphalism (other than rhetorical). Even when the Soviet Union collapsed, the Bush administration maintained a fairly conservative posture, preaching caution and prioritizing stability also in light of the war on Iraq. Germany was primarily concerned with reunification, and the other European states with Germany. In the Yugoslav crisis, too, there at first seemed to evolve a regional partition, in which the German strategy of bringing Slovenia and Croatia into its sphere-of-influence, and UN-mandated attempts by Britain, France, and others to contain this German push, were accompanied by a US effort to demarcate an ‘American zone’ in the southern Balkans.
With the Clinton administration, a more offensive policy set in. Expanding NATO into the former Warsaw Pact, projecting a forward posture towards the former Soviet republics on Russia’s southern border and ultimately, unleashing NATO against the Bosnian Serbs and against rump-Yugoslavia, were the main steps in this forward shift. In the same period, mass movements against the liberalization policies of the incumbent conservative governments in Europe (with a focus in France in late 1995, but pronounced also in Belgium, Germany, and Italy) brought a series of nominally left coalitions to power. It was this particular Atlantic configuration that was mobilized in the Kosovo war. Apart from crippling rump-Yugoslavia’s infrastructure and expropriating Kosovo and its resources from the Yugoslav state class, the war also secured the hegemony of the neoliberal Atlantic class bloc, undermining not only any left programmes that might have been considered; but also definitively sealing the fate of the alternative bloc of forces committed to corporate liberalism. Whether this neoliberal triumph will also necessarily remain tied to a geopolitical advantage for the US, is something else again.

1 CONJUNCTURES OF TRANSNATIONAL (RE-)ALIGNMENT IN THE ATLANTIC RULING CLASS

As I have outlined in my study on the evolution of an Atlantic ruling class (1984), the Wilsonian impulse in American foreign policy among other things has served to express and project the build-up of strong expansionary forces in the American economy. Combining a free trade and payments orientation with a full mobilization of the domestic labour force, the resulting offensive posture of the American state under those circumstances articulated the need to pry open foreign markets and spheres-of-influence; with the definition of grand objectives, phrased preferably in terms of transcendent universalist goals such as freedom, democracy, or human rights. Proclaiming such goals guided the exteriorization of democratic aspirations generated by the full mobilization of the domestic labour force, into a so-called ‘social imperialism’. In practice, however, this tended to draw the US into foreign conflicts and wars, driven both by economic imperatives and by whipped-up self-righteousness.

The Democratic Party in the twentieth century became the vehicle and sounding-board for such policies. The more defensive, ‘realist’ attitude, withdrawing from foreign adventures, presiding over a contracting economy, demobilization, and spent illusions, as a result fell to the Republicans almost by default. The Democratic/Republican alternations thus articulated and lent cohesion to a deeper conjuncture of domestic class balances and realignment, in combination with a particular foreign
policy. Such a determining conjuncture at certain critical passages of course still may find the ‘wrong’ administration in power, obtaining its full coherence only in a second instance by electoral confirmation. In Europe, too, very often the major changes in policy take place before a new government is in place, turning the election into a referendum on the change in which the new combination of forces cashes in on the promises of the fresh departure and the self-confidence with which it is undertaken.

With the transnationalization of capital and concomitant class structures after World War I, from the Marshall Plan to the Kennedy period and again during the Carter presidency, this process can be seen to have operated broadly along these lines (domestic economic upturn, social imperialist universalism); while through these episodes, a certain structural simultaneity evolved in that the American offensives mobilized an Atlantic counterpart in the West European class structure. In many respects, the Carter administration marks a watershed here, since (a) the postwar capitalist class structure was disintegrating and giving way to a new one; (b) the balance of forces in the Atlantic economy passed through a phase of relative US decline; and (c) the Carter ‘human rights’ offensive because of the refusal of the administration to go to war against Iran, or intervene in Nicaragua, did not or could not develop to its full potential. As a result, the offensive build-up proceeded with Reagan’s right-wing, nativist populism as the particular, and in a sense, atypical form of social imperialism. Only when the USSR was beaten by the combined impact of the reversals suffered by the right-wing counter-attack in the Third World and the acceleration of the arms race, the more conservative Bush administration then presided over the relative demobilization which ‘typically’ is associated with Republican rule.

The transnational moment in class formation that was enhanced by US foreign policy offensives, and which increasingly overdetermines class formation in the national setting, involves relatively stable patterns that I label corporate liberalism and neoliberalism. Capital historically imposes its discipline over society through a definite configuration of classes committed to what I term a comprehensive concept of control. Concepts of control striving for hegemony over each other and defining the ‘limits of the possible’ for society at large, provide a formula of the general interest in which an ascendant constellation of class forces can promote its particular interests (Bode, 1979; Overbeek, 1993). They serve to legitimize collective action in society within a given range of possibilities defined by the outcomes of social struggles, as well as by the level of development of the productive forces.

Corporate liberalism, rooted in a productive class compromise between capital and organized labour, emerged as the hegemonic concept of post-war capitalist development. Its strategic core is in ‘finance capital’, the
combinations of big banks interlocked with big industrial corporations. When corporate liberal capitalist discipline and the supporting class structures disintegrated in the course of the 1970s, neoliberalism emerged as an alternative mode of imposing capitalist discipline on the bulwarks of social protection which had formed in three decades of corporate liberal hegemony. Expressing the microeconomic, rentier perspective of money capital and benefiting from an economic orthodoxy with a long academic pedigree, neoliberalism surfaced in middle class, often tax revolts against the welfare state. It has typically been championed by investment banks catering to the newly emancipated capital markets, as well as by auxiliary forces in the accountancy, management consultancy, and credit rating professions.

Neoliberalism permits a flight forward out of a deadlock between a reformist labour movement and capital and between democracy and national political authority. It also promises to overcome the inadequacy of the corporate liberal configuration to deal with new productive-technological possibilities and life-styles. Chile under Pinochet, Thatcher’s Britain, the US under Reagan, as well as Australia and New Zealand, were the way-stations of the neoliberal advance – hence Albert’s designation of this concept as ‘neo-American’. By exposing all the elements of production, social reproduction, and nature, directly to capital, it has multiplied the productive forces but at the same time threatens to exhaust the capacity of society and nature to support capitalist discipline (van der Pijl, 1998: 43–9).

Now concepts such as these, by their very definition as expressions of a broad configuration of historical forces, in concrete development are subject to ongoing re-definition, absorbing new social and economic realities and adjusting to the shifting coordinates of the geography in which the discipline of capital is imposed and resisted. Neoliberalism itself assumed a particular geopolitical dimension by the radical departure, on the part of NATO, from the détente configuration of the 1970s. From the January 1979 decision to deploy land-based cruise and Pershing II missiles aimed at Warsaw Pact command centres, to economic warfare against the USSR over its intervention in Afghanistan in December ’79, and Poland over the imposition of martial law, a real confrontation seemed no longer impossible. Reagan advisers such as Richard Pipes openly spoke of imminent war if the Soviet Union would not change its system voluntarily (Garthoff, 1994: 12). This offensive posture built on what was seen at the time as a growing ‘reduction of Soviet cultural presence in Eastern Europe’; it simultaneously sought to overcome a potential ‘Europeanization of East Europe’ by a comprehensive ‘Americanization of Europe’ (cf. Zimmerman, 1981: 100).

The question of whether a weakening Soviet bloc would align with those forces in Europe which were trying to carve out a regional sphere-
of-influence from which to shield corporate liberal capitalism against the neoliberal onslaught, posed a direct challenge to the forces committed to projecting the discipline of capital on a global scale. Before discussing the chief moments in posing and overcoming this challenge, let me first draw a map of Atlantic and European capital to provide background.

2 THE STRUCTURE OF EURO-ATLANTIC CAPITAL IN THE 1980S AND 1990S

Corporate liberalism and neoliberalism, or Rhineland and neo-American capitalism in Albert’s nomenclature, are not strategies in the sense that they can be adopted at will. Concepts of control are expressions of objective configurations, of which the strategic moment resides in the capacity of a directive group to provide a comprehensive formula to its particular thrust, crowding out narrower, ‘special interest’ positions. Albert’s labeling them by geographical terms should not obscure that while European (and Asian) class structures could easily adjust to corporate liberalism because of their background in state-led late industrialization, the origins of the ‘Rhineland’ pattern were no less American (the New Deal and the Marshall Plan) than the neoliberal, ‘neo-American’ one.

The structural differences between the Atlantic economies in sectoral terms reflect the shift of the US towards a new configuration ahead of Western Europe. Everywhere, the manufacturing component of advanced economies decreases, also because of the growth of overseas production. But the US share already in 1987 fell to under 20 percent, whereas German and Japanese manufacturing still stood at just above 25 percent of GDP. Moreover, while German (and Japanese) industry is still strong in sectors belonging to the corporate liberal configuration (automobile, engineering, and chemicals), US capital has moved on to strength in industries of the future, on which neoliberalism is grafted (the information and bio/genetics industries). By the mid-1990s, world trade shares in the former sectors were 21 percent for Germany and 12 percent for the US; but in the new industries, 14 percent for Germany and 28 percent for the US (Lipp, 1997: 58). This also transpires in a relatively low profit share of American capital (of the total for the three metropolitan centres over the period 1989–94) in the Fordist industries. In automobiles, for instance, 23.6 percent of all profits accrued to US firms against European capital’s 46.6, and Japan’s 31. But the US profit share was very large in electronic components and instruments and in data processing and reproduction, in which almost two-thirds of profits fell to US capital, the remainder being shared between Europe and Japan (van der Pijl, 1998: 60, Table 2.4).

Also, the ‘finance capital’ structure of bank-centred groups typical of corporate liberal capitalism, was particularly strong in continental Europe.
– whether in Germany (Pfeiffer, 1993), France (Morin, 1974 and Morin data in Ec, 1 July, 1995), or Italy (Galli, 1995). (A list of all newspaper and magazine abbreviations used throughout this article can be found in the Appendix following the References.) Even if at the time of this writing, the sweep of neoliberalism is triggering a landslide here, these structures were still basically in place at the beginning of the nineties. In the English-speaking heartland of neoliberalism, on the other hand, finance capital either did not develop as strongly to begin with because of the historically-separated circuits of money and productive capital in Britain (Overbeek, 1990), or because liberalization and deregulation undermined them where they did exist, as in the US. American commercial banks indeed joined the hunt for short-term profits in privatization and take-over activities as they lost their role in finance capital structures in the 1980s (Albert, 1992: 65–8).

With Britain included, ‘Europe’ obviously is a hybrid entity, but the capacity to join a neoliberal world market drive around 1990 was also different for the separate continental European economies. European capital is divided between firms with a strong, mobile capital base relative to productive engagement, which can afford to compete a the world market level directly, and hence are susceptible to the neoliberal concept; and firms relying more heavily on fixed capital outlays, state support, regional cohesion, and other elements in the productive equations underpinning the corporate liberal concept. Elsewhere, Otto Holman and I have compared European corporations in terms of straight world market, as well as active (export-competing) and passive (import-competing) regional European orientation. Taking the top 15 rankings by assets and by employment as a clue (for 1992), I use these rankings to obtain an initial division into three categories, which we for our present purposes might label the Global (straight world market competitors), Euro-Global (internationally assertive from a secure European base), and Euro (‘Fortress Europe’) strands of European capital. In case of double rankings, I have placed the firm according to its highest ranking (Table 1).

The biggest firms in assets are notably British firms, as can be seen in the left column, ‘Global’. German firms are concentrated in the central column, ‘Euro-Global’; while the French firms are mostly in the ‘Euro’ column. This may underpin the plausible assumption that within Europe, corporate liberalism has its main stronghold in France, neoliberalism is strongest in Britain, while Germany is somewhere in between. Now in economic policy, this often obtains a straight translation in each country, but there is, of course, also a geopolitical aspect which modulates economic interests, and influences perceptions of them differently.

As I have argued already, the thrust of Atlantic class formation is not first national and then relayed to the international level by specific foreign policies and national economic strategies. It rather evolves through a

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complex structure which increasingly includes a straight transnational dimension (cf. Robinson and Harris, 2000). At that level, the different capitals, and the class fractions configured around them, form part of a common transnational structure. We may approach this structure beginning with the network of joint directorates of Atlantic capital. From data on the 100 ‘global players’ of the business world compiled by Mattera (1992) I have selected those firms connected by two or more links to denote a more structural connection (Fennema, 1982: 96–7). Thus obtaining tentative groups, I have added firms linked by two or more joint directorates to these groups or quasi-groups. This results in a clustered pattern (Figure 1).

From this diagram it transpires that the big Anglo–Dutch firms are connected into the wider Atlantic network of joint directorates containing also a Swiss pole (with CS Holding, the parent of Crédit Suisse and the Crédit Suisse-First Boston investment bank, CSFB, at the centre). The other continental European firms, however, are not connected into this network but stand apart from it at the multiplicity levels indicated (incidentally, Japanese companies in the Mattera list at these levels are not connected into the Atlantic network either).

Such networks of joint directorates can be interpreted as a structure of communication and strategy formulation, especially if the actual links are by so-called network specialists, or ‘big linkers’ (Fennema, 1982: 208). It is they who also often participate in informal planning councils, which play a key role, as collective ‘organic intellectuals’, in forging the dynamic consensus underpinning a comprehensive concept of control (cf. Gill, 1990: ch. 6). Thus, confining ourselves to companies mentioned already, at the Bilderberg Conference of 1989 (to which I will come back below), board members of IBM, Ciba-Geigy, and FIAT were present along with key Anglo–American investment bankers, politicians and media figures.

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**Table 1** Three orientations in European capital, 1992

<table>
<thead>
<tr>
<th>Global capital (first 8, assets)</th>
<th>Euro-GLOBAL capital (second 7, assets)</th>
<th>Euro-capital (second 7, employment)</th>
</tr>
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<tbody>
<tr>
<td>Royal Dutch Shell</td>
<td>Daimler-Benz</td>
<td>ABB Asea</td>
</tr>
<tr>
<td>British Telecom</td>
<td>Siemens</td>
<td>Alcatel Alstom</td>
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<td>Glaxo</td>
<td>Hanson</td>
<td>Gén. des Eaux</td>
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<tr>
<td>BP</td>
<td>Deutsche B.</td>
<td>Hoechst</td>
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<tr>
<td>Allianz</td>
<td>Elf Aquitaine</td>
<td>Bayer</td>
</tr>
<tr>
<td>British Gas</td>
<td>Guinness</td>
<td>Peugeot</td>
</tr>
<tr>
<td>Nestlé</td>
<td>BAT Industries</td>
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*Source: Adapted from Holman and van der Pijl, 1996: 68, Table 3.4*
Figure 1  Clustered joint directorates in Atlantic capital, 1992

as well as military commanders, NATO and national; while there were few representatives of continental European capital with the exception of Italy. On the Trilateral Commission (which includes a Japanese membership) of 1994, we find IBM, Eastman-Kodak, Coca-Cola, Citicorp, Mobil, Exxon, Johnson & Johnson, as well as Allianz, Volkswagen, and FIAT board members; again with a host of investment bankers, prominent international organization figures and media representatives. Finally, at the 1996 Bilderberg Conference, Ford, Unilever, FIAT, ABB, and this time, the Deutsche Bank and Daimler-Benz, are on the list with once more, a full roster of the heads of the World Bank, the WTO, politicians, media and again, the investment bankers (all names on participation/membership lists of Bilderberg and the Trilateral Commission).

I proceed on the assumption that the consensus forged in these various consultative networks, forms the backdrop for actual policy-making. They are elite parliaments facing sovereign capital. Certainly the presence of top social democrats or an occasional trade union federation head, does not warrant the consent of the population at large, and this ultimately remains the uncertain factor in all class planning. Imposing the discipline of capital always implies resistance, and it is in and through
class struggles that capitalist development takes place. But within this limit, we may agree with Thomas Ferguson’s investment theory of party competition (1995), that the chance that candidates not privy to such a transnational consensus can stand for office at all, is very small indeed.

My preliminary conclusion from the evidence presented so far, is that at the time of the collapse of state socialist Eastern Europe, European capital was on the whole lagging behind the US in terms of the growth sectors underpinning the neoliberal thrust; while it simultaneously was hardly ‘European’ in any sense beyond plain geography. Rather, there is a divide between a UK-led neoliberal fraction and a continental European one necessarily more committed to corporate liberalism and moreover, relatively disconnected from the transnational capitalist networks of joint directorates. This in turn would suggest that those representing this particular ‘Euro’/‘Euro–Global’ fraction in transnational informal planning councils such as Bilderberg, the Trilateral Commission, or the World Economic Forum, may have had to struggle from a relatively weak, defensive position.

Let me now move on to the evolution of actual policy on both sides of the Atlantic.

3 SPHERE-OF-INTEREST RESPONSES TO THE TRANSFORMATION OF EASTERN EUROPE

In a wider Atlantic field entirely dominated by conservative governments, the socialist-led government in France in 1980 attempted to entrench in a defensive corporate liberalism, which soon proved impossible to sustain. The introduction of administrative import restrictions by the Mauroy government to ward off the disruptive effect of Japanese imports on Keynesian demand management ran into fierce opposition also from neoliberal elements in the Socialist Party itself, organized in the Fondation Saint-Simon. This strategy was then given a second try at the European level when Jacques Delors, a cabinet member under Mauroy, was appointed to head the European Commission (Deppe, 1992: 64–6). But at that level it had to adjust to a German strategy which was different.

Indeed, as Richard van der Wurff has shown in a seminal article (1993), in West Germany there rather developed a tentative transformation towards a synthesis which absorbed elements of the neoliberal emphasis on market regulation and post-materialist ideology into a state-led reconfiguration of German export industries. This reconfiguration, while retaining high wage and high taxation levels, aimed at orienting technological progress to new fields such as ecologically sustainable development. The harbingers of this new concept striving for hegemony were Oskar Lafontaine in the SPD and Lothar Späth in the CDU (Späth,
1985). The CDU had been helped to power when the leader of the smaller liberal party, Count Lambsdorff, switched sides in 1982, but as in earlier shifts in policy, the same orientation worked in both the main popular parties.

Before this modernized, adaptive version of corporate liberalism could link up at the EC level with its French counterpart under Delors, France and West Germany already drew closer out of concern over the risks involved in the aggressive international posture adopted by the Reagan administration. In 1982, Mitterrand and Kohl met to celebrate the Franco-German friendship treaty concluded 19 years earlier, indicating that its European defense paragraph was still on the agenda. Far from inspiring an Atlanticist, neoliberal fraction of the European ruling class, the Reagan offensive because of its nativist-populist dynamic and anchoring in the arms industry and independent finance, and hence apparently disconnected from the established centres of international capital, mainly caused concern in Europe. Reagan's 1983 Strategic Defense Initiative for a strategic missile defense, which boosted US high-technology research relative to Europe's, while demoralizing the Soviet military and party/state leaderships (Junne, 1985; Doder, 1986: 44), only added to transatlantic concerns. European consent to the new cold war was achieved mainly by bullying and occasionally by covert action, as in the Kiesling affair.

When Gorbachev came to power in 1985 on a programme of renovating Soviet state socialism which soon came to include giving up the arms race, different currents within the broader Atlantic ruling class were already at loggerheads over the chances and prospects of Soviet-Western cooperation (Garton Ash, 1993: 264; cf. G.-A. Astre in MD, June 1984: 16). Conservatism in the West even allowed the new Soviet leadership to capture the initiative, while the Atlantic divide now opened wide. The Lafontaine/Späth concept taking shape in the later 1980s and referred to above, did adapt to neoliberalism in its labour market, trade and agricultural policies, but simultaneously included a new emphasis on European political unity in combination with East-West economic cooperation (van der Wurff, 1993: 180). In a parallel development, European industrialists in 1983 launched a Round Table (ERT) which set its sights on reinforcing the infrastructure of the European economy but also displayed a tendency to shield the EC economy from foreign competition. When Delors assumed the presidency of the European Commission, the modernized corporate liberal strategy obtained greater cohesion. The Single European Act of 1986 aiming for 'Europe 1992' sought to restore European competitiveness by an active industrial strategy rather than straight liberalization (Holman, 1992).

True, a number of world-market oriented, mainly British and British-Dutch firms walked out of the ERT in obvious rejection of this policy (van Tulder and Junne, 1988: 215), but the remaining ones with
the banks and finance capital structures connecting them (Euro-global and Euro capital as in Table 1; the Deutsche Bank/Bayer/Daimler and Alcatel/FIAT combinations of Figure 1; and the European members of Bilderberg and the Trilateral Commission and comparable networks) clearly began to converge on the European option. Not only were mutual links reinforced (as by the 1986 acquisition by the Deutsche Bank of the Libyan participation in FIAT, AEG by Daimler, etc.). Also, the infrastructure for an independent West German/European defense industry seemed to crystallize when the Deutsche Bank group, the historic centre of autonomous, innovative German capital, succeeded in welding a number of defense-related companies into a single bloc where its rival, Atlanticist network around the Dresdner Bank, failed to do so (NRC, 13 November, 1985; NW, 11 December, 1989).

These developments were accompanied by various initiatives to exploit opportunities in Eastern Europe and the USSR created by perestroika, in which again the Deutsche Bank and its group companies such as Mannesmann, were prominent (van der Pijl, 1997). Thus reciprocating Gorbachev’s theme ‘Europe, our common Home’ and the broad social democratic framework in which he envisaged an East–West rapprochement, West Germany along with France and Italy seemed well on the way to lead the European Community to a durable reorientation towards a ‘Euro-global’ relative autonomy from the Atlantic mainstream, in combination with a Europeanization of Eastern Europe (which for West Germany held the vital promise of reunification with its eastern counterpart). The Lafontaine/Delors/Späh concept was potentially available to provide political cohesion to this development, almost irrespective of electoral outcomes.

In January, 1989, Henry Kissinger flew to Moscow on a mission for president-elect George Bush to prepare direct negotiations over the future of Eastern Europe with Gorbachev, although some within the new US Government predicted strong European reaction if a US–Soviet deal would be struck without transatlantic consultation (Beschloss and Talbott, 1993: 25–6). In the prevailing sphere-of-interest conjuncture with its centrifugal undertow, there was growing concern about a possible new ‘Rapallo’ (the 1922 economic agreement between Weimar Germany and revolutionary Russia). A barrage of apprehensive comment in US media (cf. overview in Greiner, 1990) now targeted those forces in West Germany which by assisting Gorbachev’s reform of Soviet socialism were prolonging its lease on life. The ‘German locomotive … heading for the East and possibly pulling Western Europe behind it’, as one of them phrased the problem, had to be brought to a halt. At a Bilderberg conference in May, 1989, bringing together Atlantic statesmen, Anglo-American investment bankers, European politicians and the NATO commander in Europe, Timothy Garton Ash warned that there were
'profound differences of approach between the Ostpolitik of the Federal Republic of Germany, on the one hand, and the East European policy(ies) of the United States of America on the other'. The UK supported the American position, Austria that of West-Germany, whilst other states were somewhere in between. Noting that in Germany itself, there was talk of a 'Europeanisation of Ostpolitik', Garton Ash proposed that instead, the strategy should be one of 'Westernisation of Ostpolitik' to keep German ambitions in check, because 'Europeanization can also mean de-Americanisation' (Garton Ash, 1989: 5).

However, a common Atlantic grand strategy to reverse the trend by political means at this point was not available. The locomotive which traditionally pulls the Euro-train in the Atlantic direction, the US economy, was grinding to a halt – industrial production fell to almost zero growth in 1990, burdened by unprecedented corporate indebtedness (cf. H. Kaufman in Fo, 31 December, 1990). In addition, instability in the Middle East, culminating in the Iraqi invasion of Kuwait in August, 1990, threatened the US/Anglo-Dutch hold on world raw material and energy resources. The need to obtain Soviet consent to an attack on Iraq and the eventual war completely absorbed the attention of the US, British and French governments most involved in operation 'Desert Storm'. On the other hand, direct economic US interests in Russia were limited, whereas Germany was Russia's most important trading partner (FT, 24 November, 1994).

With no comprehensive Western strategy in place, therefore, the challenge of Germany leading the EC towards modernized corporate liberalism, coupled to greater reliance on trade and integration with the former Soviet bloc, was met by other means – or so it would seem. Between November 1989 and mid-1991, the head of the Deutsche Bank, Herrhausen, was assassinated; Lafontaine's candidacy for the Chancellorship fell through after an attempt on his life that knocked him off the political stage; the head of the privatization trust for East Germany, Rohwedder, was assassinated; and CDU modernizer Lothar Späth was removed by a scandal. In the prevailing circumstances, in which mistrust of Germany (especially once the Berlin Wall had come down) for a time bordered on the absurd, the quarters from which such acts of violence may have been orchestrated cannot easily be identified, and the debate on them has only been tentatively opened by investigative journalism (Wisnewski et al., 1993: 236–8; Landgraeber et al., 1992).

What is certain, though, is that the political thrust and economic strategy which would have lent the modernized corporate liberal concept its distinctly European orientation, were seriously compromised at a critical junction. This, after all was the period, 1989–91, in which the whole edifice of Soviet control of Eastern Europe, and hence, the arrangements concerning Germany made after World War II, and indeed the
USSR itself, came crumbling down. In February, 1989, the Communist rulers of Hungary initiated the transition away from a state-controlled economy and one-party rule. The negotiations between the rulers of Poland and the trade union, Solidarnosc, embarked on a few days before, heralded a similar political transformation (Bernstein and Politi, 1997: 522–3). It was only a matter of time before a radically new European balance of power would be in place, and a reunified Germany would be at its centre.

Hungary and Poland had gone furthest in introducing market reforms and private property, accommodating the aspirant middle classes which had developed under state socialism in the Central European societies – whereas other Communist parties in power like the Czechoslovak or East German ones sought to retain their working-class bases (Gowan, 1999: 260–6; Brucan, 1998: 63, Table 4). In the USSR (or countries like Albania), a middle class was absent, and events proceeded in a shock-like fashion. Thus in the USSR a ‘benign’ revolution from above was launched by Gorbachev and his circle of socialist modernizers; then a series of coups ensued within an altogether different revolution from above, i.e., one by the former nomenklatura privatizing the state economy (Kotz, 1997). In the process, US intervention, building on a prior rekindling of the arms race and related economic warfare, was confined to assisting the rise of Yeltsin as an alternative to Gorbachev. Although the objective nature of both the exhaustion of the Soviet model and the failure of Gorbachev to break the crust of a state-controlled society and its specific civilization should always be central to our understanding, US covert intervention nudged the process along, from initial Heritage and Free Congress Foundation activity in the USSR, to actual CIA and National Security Agency action when the Yanayev coup attempt threatened to turn back the clock (Bellant and Wolf, 1990; Hersh, 1994: 84–6). US commentators already in mid-1991 had argued that only aid to Yeltsin and other republican leaders would bring down the Soviet superpower forever and create ‘a smaller, looser, more diverse association of free-market economies’ (F. Coleman in NW, 24 June, 1991). While Bush at this point held on to the concept of a unified USSR, US support for Yeltsin between August and December, 1991, allowed the latter to mount a coup d’état of his own that broke up the Soviet Union (Garthoff, 1994: 470–1, 479–84).

Now even without the direction of key economic statesmen committed to modernized corporate liberalism and gradual reincorporation of Eastern Europe, Germany for obvious geopolitical and economic reasons remained best placed to capitalize on the opportunities arising from the transformation of the Soviet bloc. German ambitions with respect to central Europe and the Balkans in the 1980s had crystallized around a projected Mitteleuropa, a revived cultural and political–economic sphere defined mainly by Germany and its catholic allies. Certainly the European
Community immediately reacted to the events in Poland and Hungary with an aid programme named after the two countries (PHARE; extended to include Czechoslovakia, Bulgaria, Romania, and for a brief period, Yugoslavia and the GDR, in the autumn of 1990). But Germany accounted for the lion's share in the actual flow of funds into the Central and East European economies, with Austria in second place (Holman, 1990: 15; 

Vl, 4 January, 1992). And while its trade with the former Soviet bloc fell off slightly from the 1989 level in the next four years due to the collapse of the Russian economy, Germany's trade with Poland, Czechoslovakia (and after the break-up in 1993, notably with the Czech Republic), Hungary, and Slovenia markedly increased. Even for smaller economies like Bulgaria, Germany soon became the main trading partner (FT, 18 April, 1995; 24 May, 1995).

This is not to suggest that aspirant ruling classes in Central Europe were necessarily eager to be drawn into a German sphere-of-influence straightaway. Still it was difficult not to become part, in one way or another, of some version of Mitteleuropa. Thus in late 1989, Hungary, Yugoslavia, Austria and Italy set up an informal regional cooperation council in which Czechoslovakia after the 'velvet revolution', and in July 1991, Poland, too, became involved. By that time, Yugoslavia was no longer invited (although Slovenia and Croatia were). More importantly, the three Central European states had established a collaboration named after Visegrad castle near Budapest. Their association with the EC in December, 1991, signalled the aspiration to 'return to Europe' – underpinned by a 55 to 65 per cent trade dependence on the EU, notably with Germany, Italy, and Austria (J.-Y. Potel in MD, October 1992: 4; FT, 18 April, 1995).

Neoliberalism simultaneously was inscribed in the stability pact of the Economic and Monetary Union decided on at Maastricht in the same month. Only a thin line now separated the new concept from full-fledged neoliberalism, Anglo-Saxon style, leading one observer to speak of 'compensatory neoliberalism' to denote the remaining elements of class compromise and social protection (Ryner, 1998). Indeed the shift coincided with the return of the dissenting British and Anglo–Dutch member firms into the European Round Table (Holman, 1992).

Politically, too, a step was taken towards synchronising American and European policies at the Atlantic level by the adoption, in November 1989 in Rome, of a tentative new NATO strategy centring on crisis management and rapid intervention, and the establishment of the North Atlantic Cooperation Council (NACC) including the former Warsaw Pact countries and successor states. However, the conservative overtones remained in evidence when President Bush in response to the aspiration of the Visegrad countries to become full NATO members, dismissed that wish as premature (NW, 18 November, 1991).
Spheres-of-interest, disintegration, and civil war

In addition to the break-up of the Soviet Union, elsewhere in Eastern Europe, too, centrifugal forces made themselves felt under the impact of the exposure to world market forces championed by neoliberalism.

Thus in the case of Czechoslovakia, increased dependence on economic links with Europe, and with Germany in particular, exacerbated uneven development. Slovakia in mid-1992 had almost three times the level of unemployment of Bohemia-Moravia (12 against 4.3 per cent). It had less foreign trade and only a fraction of inward investment (13 per cent). Using regional tensions for narrower aims, Vaclav Klaus, the Czech Prime Minister and member of the neoliberal Mont Pèlerin Society, and the populist Slovak leader, Meciar, then precipitated the split by a private deal for which no popular mandate could be obtained (J.-Y. Potel in MD, October 1992: 4). The incorporation of the Czech economy into the German sphere-of-influence was highlighted by the purchase and retooling of Skoda by Volkswagen but also, less glamorous, by German sex tourism. German capital accounted for more than 36 percent of overall foreign direct investment into the Czech Republic by late 1994, with American investment in second place at 21 percent (FT: 2 June, 1995).

The most glaring example of sphere-of-interest Atlantic rivalry in Eastern Europe and eventual pivot of the turn to a universalist offensive, was of course Yugoslavia. In its post-war make-up, Yugoslavia straddled the major cultural and religious dividing lines bequeathed by the Austrian and Ottoman empires. However, the Roman catholic, Greek orthodox and Moslem religions, and national differences including Hungarian and Albanian minorities cut off from their home states, remained manageable as long as Yugoslavia’s economic development lasted. Even so the nature of future tensions was heralded by the 1971 Croat students’ movement’s demand for a greater Croatian share of Yugoslavia’s foreign currency income (Vk, 24 November, 1971). When at the time of Tito’s death in 1980, a sovereign debt of $20bn was revealed, centrifugal tendencies were bound to be exacerbated along the lines of regional uneven development (Samary, 1995: 11). A year before, the monetarist turn of the US Federal Reserve had put an end to dollar inflation and had pushed the world into the debt crisis.

In 1989, the attempt by prime minister Markovic to clamp down on provincial economic mismanagement by re-centralization and a neoliberal shock therapy provoked mass strikes. The massive loss of confidence in the federal state allowed aspirant regional leaders to exploit the insecurity of the population by either looking to independent integration into Western Europe (Slovenia), or by mobilising the workers behind nationalism now that socialism had been ideologically exhausted (Serbia). Already in the period 1985–’90, Slovenia conducted one-fifth of its foreign trade with West Germany; culturally, it was the most westernized
 republic (C. Samary in *MD*, December 1992: 12). The Serbian nationalism of Milosevic was the project of a state class obtaining joint political and economic power by a revolution from above, not unlike what happened in Russia but leaving state ownership formally intact. The Prime Minister of Serbia was also head of Progress, the gas importer (dealing with Russian Prime Minister Chernomyrdin’s Gazprom); the chairman of the Serbian parliament was also head of Jugopetrol, and so on. Milosevic’s promise of social protection was cruelly contradicted by a manipulative hyperinflation and bank fraud which transferred an estimated DM 26bn of hard currency savings into the pockets of the new state class (*NRC*, 9 March, 1996).

A Croatian regional leadership around Tudjman after some hesitation joined the Slovenian project for straight integration, encouraged notably by the Vatican, Austria, and Germany. Economically supported by capital and multilateral institutions from the West, it did not hesitate to rehabilitate its wartime genocide of Serbs (Woodward, 1995: 101–5; *Vk*, 18 June, 1993; historical background in Kloss, 1969: 182–3).

Just as had happened with the Soviet Union, Atlantic conservativism dictated initial support for some form of federative unity also because of the priority given to Yugoslavia’s capacity to service its debt (Woodward, 1995: 153–5). As long as the USSR existed, there was also fear in the West that the Yugoslav army could appeal to it for help in a real emergency. The US still turned down Croatian requests for arms, which the Croats then obtained clandestinely from Hungary (*FT*, 2/3 September, 1995). After the Yanayev coup attempt of August, 1991, however, Germany became more assertive and Foreign Minister Genscher threatened Yugoslavia with recognition of Slovenia and Croatia (which had declared their independence in June) if the federal army continued to defend the country’s unity. Within a week, the EC, too, effectively abandoned the position that it was committed to federal unity by establishing a commission to study peaceful dissolution, although British Foreign Minister Hurd conceded that the dismemberment of Yugoslavia would not come about peacefully (quoted in *NW*, 15 July, 1991). Upon the outbreak of fighting between Croatian militias and the federal army, France sought to use its influence in the UN to contain the conflict (and German influence and rashness), while Serbia turned to the US to resist German-led support for Slovenia’s and Croatia’s secession. Because of the appointment of former US Secretary of State Vance to the post of UN emissary and the long-standing relations between the UN and Yugoslavia, the UN mission was welcomed as a sign of US commitment to federal unity (Woodward, 1995: 180).

The unilateral recognition of Slovenia’s and Croatia’s secession by Germany in December 1991 marks the high-water point of regional sphere-of-interest policies with respect to Yugoslavia. The Americans at
this juncture had been active notably in Albania and Bulgaria, where they helped anti-Communist, liberal forces in winning the elections; and in Turkey, a country occupying a pivotal position on three axes of Atlantic rivalry – the tottering USSR, Iraq and the Persian Gulf, and the Balkans. So while Germany seemed to be moving in through the north west, along with Austria and in a covert role as arms supplier, Hungary, all with the Vatican’s blessing; the US was cultivating Serbia’s southern neighbours,

giving the appearance to military planners and politicians in the region that the United States had chosen to divide spheres of influence north and south in eastern Europe with Germany.


Within Western Europe, centrifugal forces were operative as well. In addition to using their influence in the UN as a means to contain German ambitions, Britain and France also revived the idea of a common European defense as a means to impose a modicum of control on Germany (in the way the original West European Union, WEU, had served that purpose in 1954–55). By mid-1991, France actually reactivated the idea of an independent European military force as an alternative to NATO. This plan, at the core of which was to be a Franco-German ‘Eurocorps’, met with ‘immediate and unambiguous opposition’ from the US (Woodward, 1995: 174). Indeed the prior attempt at carving out a European sphere-of-influence, crippled of course by the removal of key players, would in this way have obtained the means of coercion that constitute the ultima ratio of world politics.

Challenged by these centrifugal forces, then, the US now began to shift to a more offensive position although it would take until sometime into the Clinton presidency before this would really evolve into a full-scale forward drive into Eastern Europe.

4 AMERICA OVER EUROPE IN THE NATO OFFENSIVE

The situation in Europe after the collapse of the USSR at first seemed to validate the prevailing conservatism in the West. Soviet agreement to NATO membership of a reunified Germany had been won by Western promises not to press the alliance forward; the OSCE, the organization established by the 1975 Helsinki conference, was expected widely to maintain peace in post-cold war Europe, even if American and continental-European attitudes about Helsinki all along had differed on whether to give primacy to either Basket I (Security Issues), II (Economic, Scientific, and Environmental Cooperation), or III (Humanitarian Concerns), the US favourite since the Carter Administration. The estab-
lishment of the NACC in November, 1991, ensured the continued presence of the US, but it still left out Yugoslavia as an 'out of area' country (Woodward, 1995: 150).

However, there was an offensive mood brewing in the US when the Democrats took over the presidency. Almost by tradition, the Republicans had led the country into an economic slump, and by reminding himself of the need to stress economic issues, Bill Clinton could convince voters of the need for a change of policy. Much has been made of this private reminder ('It's the economy, stupid'), but the actual economy was also reminding the candidate of its needs. Facing a bloc of defense industries, the automotive complex and big oil still supporting the Republicans, Clinton began his campaign with strong backing from firms in his home state such as the retailers, Wal-Mart. In addition, against one segment of Wall Street (Merrill Lynch and others) supporting Bush, he also obtained the strategically central support of the originally Jewish investment banking community with had been part of an emancipatory strand of the New Deal (in this case, against Wall Street anti-semitism) and ever since has stuck to the Democratic Party. Goldman Sachs, the most powerful investment bank in the world, soon threw their weight behind the Clinton campaign, followed by the telecoms and computer industries which have an interest in a more active state role in fostering education, and by other research-intensive export industries dependent on an activist state (Ferguson, 1995: 291, 297–301). Employment levels in the real US economy suggested a resumption of economic growth and industrial exports, which historically have allowed the mobilization of social energies for expansion. But in Clinton’s case, we should perhaps speak of a flight forward, rather than an offensive, as expansion was made possible by low-wage growth, fuelled by an acceleration of the money supply that would reach record levels over the Clinton presidency as a whole, and by massive lending to the private sector. In combination with excessive consumption made possible by the growth of stock market values, this has created profound imbalances in the economy (FT, 22 November, 1995, and 19 February, 1999).

Clinton had actually subscribed to a neoliberal forward thrust in what the New York Times later called a 'job interview' on Wall Street in June 1991. On that occasion, Robert Rubin of Goldman Sachs; Roger Altman, and other prominent investment bankers impressed the need of free trade and capital movements, premised on a reduction of US federal debt and a balanced budget, on the candidate who himself had been well-groomed in the ascendant neoliberal concept as a member of the Trilateral Commission (IHT, 16 February, 1999; Trilateral Commission membership, 1994). Rubin as economic advisor, later Treasury Secretary; along with Richard Holbrooke, a Lehman Bros. investment banker who afterwards joined CSFB (the most active Wall Street firm in Eastern
Europe, cf. also Figure 1) as Assistant Secretary of State\(^2\); and, of course, Alan Greenspan (formerly of J.P. Morgan and a member of the TC as well) at the helm of the Federal Reserve, each were to play key roles in the neoliberal activism of the new administration.

The decision to abandon caution and expand NATO into former Warsaw Pact territory was taken soon after the election. In addition to admitting new NATO allies, potential members would be prepared for full membership in a ‘Partnership for Peace’. Expansion was based on the idea that Soviet collapse had opened a ‘window of opportunity’ that should not be left unused (Achcar, 1998: 112). This applied both to the strategic military balance and to ensuring a direct US presence in the shaping of the new, undivided Europe and even Russia and central Asia – it would be good come peace or war. As the US Ambassador to NATO, Robert E. Hunter, put it, ‘if history is kind and we are successful, we can see an extension eastward of the European Civil Space. But if history is unkind, NATO will have lost no time and no effort in providing for more robust allies to play a full role in the security of the continent’ (quoted in BW, 23 January, 1995). Or as Holbrooke phrased it in Foreign Affairs, ‘The West must expand to central Europe as fast as possible in fact as well as in spirit, and the United States is ready to lead the way’. He added that NATO would be the ‘central security pillar’ of the new European architecture (Holbrooke, 1995: 42). Finally, a ‘US Committee to Expand NATO’ chaired by the director of strategic planning of Lockheed Martin corporation, covered the propaganda side of the enterprise (Vk, 5 July, 1997).

Behind geopolitics loomed the shift to neoliberal capitalist discipline for which Clinton and his entourage had signed up and which required that those committed to some form of social protection, would be removed from key positions. Thus the US in 1993 suspended its contributions to the European Bank for Reconstruction and Development. Under Jacques Attali, a Mitterrand intimate and critical connoisseur of the investment banking world, the EBRD had worked to shore up viable state enterprise in the former Soviet bloc countries. It expressly sought to keep Western finance out of the mafia economy’s reach (BW, 26 April, 1993). In mid-1993, Attali was removed from his post after a sustained smear campaign. For as Geoffrey Howe, former Thatcher Chancellor of the Exchequer and an adviser to the Ukrainian government, claimed, ‘bandit capitalism’ was a necessary phase in the transition (quoted in Gowan, 1999: 230). Under IMF veteran Jacques de Larosière, the EBRD switched to financing the private sector, whilst the IMF itself in 1993 swung its lending from primarily Latin America to the former Eastern bloc (FT, 7 March, 1996; Vk, 15 September, 1993).

Clinton’s new geopolitics also facilitated a broadening of the president’s business backing. After the disastrous Congressional elections of
1994 that left both houses under Republican control, the President declared himself in favour of increased defense spending (the strategic backgrounds of which are analysed in Achcar, 1998). He then secured the support of US (and British) oil companies by a forward foreign policy strategy. As Ferguson notes:

Leapfrogging over congressional Republicans, who had begun to tout the former Soviet Republic of Georgia as a vital U.S. interest, the administration also threw its weight behind American multi-nationals involved in the titanic struggle now raging for control of Transcaucasian oil.

(1996: 63)

The Yugoslav conflict became the pivot on which the turn towards a forward Western strategy revolved. As long as sphere-of-interest politics prevailed, Western involvement in Yugoslavia remained a patchwork of patronage. Thus Germany, after having sanctioned Slovenian and Croatian secession, hesitated to recognize an independent Bosnia – not least because its earlier policy proved to lead to the disasters which insiders such as Milovan Djilas had predicted in detail (interviews in NW, 22 April, 1991; Vk, 11 July, 1991). The US then forged a consensus on recognizing Bosnia at the Brussels NATO summit on 6 April, 1992. Encouraged by the US, the Izetbegovic government the day before had called a general mobilization against the Serbs, and full-scale civil war was the predictable result (Woodward, 1995: 196; Carrington interview in Marijnissen et al., 2000: 105).

American involvement, first privately, then officially, centred on the Islamic states in the area – Albania, Turkey, and the Southern Caucasus and Central Asia with their mineral riches. With the Clinton administration’s offensive turn, the Bosnian Muslim leadership around Izetbegovic was adopted as a militant new ally in what became the war’s greatest human drama. In February, 1994, Tudjman was prevailed upon to break off secret negotiations with Milosevic about partitioning the fledgling new state of Bosnia. While Germany had become more reticent, the US now became the effective sponsor of the policy of ethnic cleansing of Croatia’s Serb minority. In 1995, a few months after Holbrooke had outlined the concept of an Atlantic order into which Eastern Europe was to be integrated, NATO airpower was unleashed against the Bosnian Serbs. The Dayton agreement between the main parties in the Yugoslav conflict, concluded soon afterwards under US auspices, served to demonstrate the usefulness of Western resolve as much as it served Clinton’s chances for re-election, although observers on the ground questioned whether NATO’s intervention had been so important after all (N. Both in Vk, 6 September, 1995; cf. interview with the British commander of the UN mission, Sir Michael Rose, in Marijnissen et al., 2000: 109). Bosnia
became a ghost state, with Bilderberg prominent Carl Bildt in charge – and with 16 percent of the all-Yugoslav debt to service (Chossudovsky, 1996: 32, 35 note).

Following Clinton’s re-election in 1996, Secretary of State Christopher was replaced by UN ambassador Madeleine Albright. Christopher was judged too cautious to function in an offensive setting and had been openly critical of Germany’s role in Yugoslavia. Samuel Berger, a Washington lawyer with Lech Walesa’s Polish government among his clients, was appointed to head the National Security Council (IHT, 23 December, 1992; NW, 10 February, 1997). Albright’s world view hinged on the Munich trauma that had sealed the fate of her native Czechoslovakia in 1938. This perspective excellently suited the ascendant US design. It provided an authentic moral component to a completely one-sided interpretation of the Yugoslav collapse, in which Milosevic was cast as a latter-day Hitler and ‘genocide’ became a term loosely applied to vigilante atrocities.3

While moral indignation was easily focused on Milosevic, the broader Atlantic concept obtained a clear focus only after considerable haggling, as NATO’s adjustment to the evolving US offensive testifies. Thus following the death of the ailing Wörner, the Belgian Socialist politician, Willy Claes, became NATO Secretary General in late 1994. Claes took a leaf from veteran US strategist Samuel Huntington’s 1993 thesis of a ‘Clash of Civilisations’ by identifying an Islamic challenge to Western interests, but this went straight against the evolution of US strategy. In October 1995, he had to step down in a bribery scandal (FT, 6 November, 1995). The US State Department then arranged job interviews with potential replacements, in which some more light was thrown on the considerations that were important here (this was, it should be remembered, in the phase when NATO intervention had apparently secured the Dayton agreement, but with Clinton’s re-election still in the balance).

The initial candidate to succeed Claes, the industrialist and former Prime Minister of the Netherlands, Lubbers, was interviewed in the US embassy in The Hague in October, 1995, by NATO ambassador Hunter, one of the architects of the forward push into Eastern Europe (cf. above), and others. Lubbers was found insufficiently militant – a view confirmed when he faced Secretary Christopher in Washington a week later (Vk, 11 November, 1995). Conservative-ruled France and Britain at this point still were unwilling to follow the offensive turn taken by the Clinton administration. They refused, among other things, to subscribe to the US policy of encouraging the Ukraine to edge closer to the West (FT, 28 November, 1994). But then, while the US were now overtly cultivating Russia’s newly-independent southern neighbours with an eye to their mineral wealth, the main European states were still respectful of Russia’s interests. Lubbers actually was the architect of a plan name after him,
the Energy Charter or Lubbers Plan, which laid down an intergovernmental framework for integrating the former Soviet Union’s energy resources into the world economy. True, the Bush administration had co-signed this Charter in late 1991, but Clinton’s first Secretary of the Treasury, Lloyd Bentsen, close to the big US oil and gas interests, rejected it (NRC, 7 January, 1994; on Bentsen, NW, 21 December, 1992). Entrusting NATO to the architect of an energy plan that stood in the tradition of securing industrial Europe’s energy needs by intergovernmental means, in light of US forward push towards Central Asia made as little sense as Claes’s defining Islam as the enemy.

The eventual choice of Javier Solana, a one-time anti-NATO Spanish socialist now willing to subscribe to the offensive position, on the other hand had the advantage of pacifying the French and their insistence on a more pronounced Mediterranean component in NATO (FT, 2/3 December, 1995). Eventually, this would facilitate France’s rejoining NATO’s military organization 30 years after having left it, even though Chirac’s condition of a NATO southern command for his country, was rejected (Th. Friedman in Vk, 5 December, 1996).

US defense strategy by then was evolving towards preparing for two ‘theatre wars’. One challenging Russia on its own periphery (for example, in the Balkans or along the Black Sea coast); the other directed against China by challenging it in North Korea, Taiwan or Tibet (Achcar, 1998: 104). For the Balkans this entailed bolstering Croatia financially and militarily (among others by a US–Croatian military agreement in 1994), on the assumption that the area eventually would be dominated by two powers, one linked to the West (Croatia), the other linked to a Slavic bloc with its centre in Moscow (A. Cowell in The New York Times, syndicated in Vk, 2 August, 1995). The Kosovo Albanians had worked with Croatia and the Bosnian Muslims all along. Thus they jointly employed the Washington public relations firm, Ruder Finn, and a Croat general, Agim Ceku, became KLA chief-of-staff after the NATO attack (FT 4, May 1999). Even more than fledgling Bosnia, a Greater Albania was a key stepping stone in Washington’s push towards the Caucasus and Central Asia.

The trans-Balkan pipeline to which the US and the EU committed themselves in 1994, will run through Bulgaria and Macedonia and will end in Vlone, Albania (GU, 15 February 2001). This brings us to the Kosovo War.

The Kosovo war and redistributive ‘justice’

The Labour and left-wing governments which came to power in Europe after 1995 would have been well advised if they had pondered prior experiences with Democratic offensive phases in US foreign policy. That is, if these governments did seriously intend to change course away from
neoliberalism (in France, this had been the explicit demand of a mass movement that brought the country to a standstill in the winter of 1995–96 and toppled the Juppé government after Chirac had called a bluff election). For such a review might have alerted them to the phenomenon that the mobilization, by the US, of crusading enthusiasm across the Atlantic (and elsewhere) for common universalist goals, more than once has affected European interests negatively by the simultaneous redistribution of underlying spheres-of-influence which such offensives have entailed in the past.

Now it may well be that at least a few of the incoming, nominally left governments in Europe were not at all inclined to articulate interests other than those already served by the Clinton administration. This in particular holds true for the Blair government elected in Britain in 1997. The ‘New Labour’ project in the run-up to the election obtained crucial support of neoliberal media magnate Rupert Murdoch and retailer David Sainsbury, while such bastions of global capital as Glaxo and Shell moved closer to what they saw as the government-in-waiting (FT, 8 August, 1994). Right after the election, Blair moved to enlist Sir David (later Lord) Simon, former head of BP (the major investor, with its US partner Amoco, in Azerbaijan’s Caspian oil venture), and a prominent member of the European Round Table, to propagate British neoliberal ‘competitiveness’ in the EU (FT, 3/4 May, 1997; 24 March, 1998; 15/16 May, 1999).

However, the leftward drift evolved into a real challenge to Atlantic unity when the 1998 election in Germany replaced Chancellor Kohl with Gerhard Schröder at the head of a SPD/Greens government, with the resurrected Oskar Lafontaine leading a reinforced Ministry of Finance. Schröder’s credentials as a spokesman for Lower Saxonia’s industrial interests such as Volkswagen in combination with Lafontaine’s Keynesian answer to the globalizing trend clearly threatened to drive a wedge between Anglo–American neoliberalism and a German ‘compensatory neoliberalism’ which survived from the earlier, modernized corporate liberalism. In France, Lafontaine’s counterpart in the Jospin government and a personal friend, Strauss-Kahn, shared his views, and the Italian government of D’Alema likewise favoured an industrial employment strategy and regulating international financial flows. While the US-led offensive strategy towards Eastern Europe and the Balkans by now had a dynamic of its own, it was this challenge (behind which loomed the perennial fear of German–Russian rapprochement) which kicked it into high gear.

NATO’s war over Kosovo in the light of the above can be analysed, first, as an instance of the forward projection of US power in the tradition of American universalist offensives, fostering the expansion of what I elsewhere have called a Lockean heartland in the global political
economy (1998); and second, as a means of disciplining the EU, especially the Euro-zone.

As to the first aspect, the Kosovo war provided the stepping stone for an eastward projection of Western power in which NATO jurisdiction for all practical purposes was extended as far as Central Asia. Coming on the heels of actual NATO membership of Poland, the Czech Republic, and Hungary, it also effectively demarcated the area into which the EU could expand, putting military before economic integration. Finally it provided NATO as such with a new, 'humanitarian' mission, bypassing the UN.

The decision to strike against Yugoslavia was an American one to begin with. As State Department spokesman James P. Rubin noted afterwards, '(Secretary of State) Albright was so central to Nato's decision to confront the Milosevic regime over Kosovo that it was often called "Madeleine's war"' (FT, 30 September/1 October, 2000). The Albanian hardliners behind the Kosovo Liberation Army (KLA) conceded afterwards to have played the card of provoking NATO intervention (BBC, 12 March, 2000), but this of course only worked with an eager partner on the other side. With NATO's 50-year anniversary only a few months away, the Clinton administration in January used the uproar over a supposed mass grave found at Racak to press ahead and overcome European hesitations (cf. Marijnissen et al., 2000: 172). As Rubin recollects, all the other NATO allies were against by-passing the UN Security Council in case of military action. The Blair government, to Washington's annoyance, actually had sounded out the Russian UN ambassador on a joint resolution in June, 1998. But the Racak incident allowed Albright to push a plan that would threaten Yugoslavia with NATO attack directly, if the Kosovo Albanians were not granted autonomy.

With the promise of US ground troops, European allies were becoming more amenable to the idea of wresting a political solution from the Yugoslavs, especially when Albright telephoned them from Moscow in January claiming to have obtained Russian consent. With Britain and France in ceremonial roles to uphold the idea of 'Europe' solving its own problems, talks were then started at Rambouillet near Paris. Here, as Rubin writes, Yugoslavs and Kosovo Albanians were in fact able to agree 'on nearly every aspect of the political agreement' (FT, 7/8 October, 2000). A few days before the bombing began, even the presence of an international military force was accepted by the Yugoslav side (Marijnissen et al., 2000: 126). But the military annexe to the agreement, which was placed before the negotiators at the eleventh hour, by-passing the Russian delegation (ibid.: 127), prescribed complete control of Kosovo by NATO. It also gave the alliance a free rein within rump-Yugoslavia proper, including access to broadcasting facilities, tax freedom, etc. (Kosovo Agreement 1999.) No government in the world
would freely sign an agreement that amounted to giving away a rich province and accepting foreign military occupation, and Yugoslavia did not do so either.

From all the evidence, it appears that war was premeditated, and its humanitarian consequences subordinated to larger geostrategic designs. Both the CIA and the Pentagon predicted reprisals against the Albanian population in the case of NATO attack, since it was obvious that such an attack would be interpreted as air cover for the KLA (E. Rouleau in MD, December 1999: 7). NATO war-games even assumed a near 60 percent displacement of the civilian population in case of war in the not-so-fictitious state of ‘Akrona’ (FT, 21 April, 1999). But then, a quick triumph à la Dayton would allow Washington to write the script for NATO’s anniversary celebrations including a new alliance strategy, while fostering neoliberal globalization in areas still largely beyond its control. Indeed as Th. Friedman wrote in the New York Times four days after the beginning of the attack, ‘For globalism to work, America can’t be afraid to act like the almighty superpower that it is. . . . The hidden hand of the market will never work without a hidden fist – McDonald’s cannot flourish without McDonnell-Douglas, the designer of the F-15’ (quoted in Talbot, 1999: 33).

With a NATO attack obviously on the agenda, reticence in Europe about the consequences of a flagrant violation of the UN Charter, of the Helsinki Agreements (a 2,000-strong OSCE detachment actually had been allowed into Kosovo in late 1998 to monitor the fighting there), and of international law generally, was not overcome easily, especially where immediate regional and economic interests were at stake. At Rambouillet, according to State Department spokesman Rubin, Italian Foreign Minister Dini shared western discussion documents with the Yugoslav delegation, whilst resisting a NATO role in enforcing a peace agreement. The French even refused admitting NATO commander Clark onto the conference grounds (FT, 31 September/1 October, 2000). The Dutch government’s evaluation of the war <www.parlement.nl>, 22 March, 2000) claims that in spite of strong UK and Dutch pressure, ‘some southern European member-states’ did not consent to further measures against rump-Yugoslavia, with the result that ‘the EU could reach agreement on the extension [of the oil embargo] and on further sanctions against Yugoslavia only after the start of the air campaign’ (emphasis added). War, in other words, was the only way to forge a consensus.

The Americans already in late 1998 had pressured Chancellor-elect Schroder to agree to a NATO campaign without a UN mandate, but even so, both in Germany and France, parliamentary procedure and cabinet decision-making rules had to be violated to allow the military to take part when war actually came (Lafontaine, 1999: 242–5; Rouleau in MD, December 1999). France kept protesting US control of the war.
President Chirac, a supporter of the intervention as such, at one point even threatened not to attend the NATO anniversary celebrations be ignored (WP, 20 September, 1999). Indeed according to the Financial Times (5/6 June, 1999), all bombing targets were set by US intelligence; even the Chinese embassy (mentioned as the sole exception in the FT report) later turned out to have been consciously targeted after NATO discovered that it was being used for Yugoslav military communication (Vk, 18 October, 1999). Sensitive targets were then discussed over the phone by the politicians for approval, in which the less amenable partners were pressured with consensus already achieved by the others, from Madeleine Albright down. But in addition to actions under NATO command guided by the US, American B-2 planes flew their own missions over Belgrade and northern Serbia straight from bases in the US, as did other US planes from aircraft carriers (Pa, 8 April and 7 June, 2000, and French Foreign Minister Védrine on BBC, 12 March, 2000).

When European resistance to the campaign began to mount due to repeated targeting of civilian objects and the use of cluster bombs by NATO (classed as war crimes by Amnesty International, FT, 8 June, 2000), the US government passed classified satellite images and signal intelligence to the chief prosecutor of the Yugoslavia Tribunal, Louise Arbour. Arbour, a personal friend of Madeleine Albright’s, then indicted Milosevic and a few fellow leaders for war crimes (Vk, 29 May, 1999). This had the effect of suspending all diplomatic dealings with the Yugoslav state, leaving only military options (De Wijk interview in Marignissen et al., 2000: 101). However, in the end, the US and NATO were forced to rely on the Finnish president Ahtisaari, a Russian mediator (Gazprom head Chernomyrdin), and a Swedish investment banker formerly of CSFB, Castenfeldt (FT, 14 June, 1999) to broker an agreement. Compared to original demands at Rambouillet, this agreement was actually a considerably better deal for Yugoslavia.

The war had the predicted result of a massive displacement of Kosovo Albanians, who were driven from their homes by Serbian police and the army for tactical military reasons or simply out of revenge. NATO bore full responsibility here, as this outcome had been predicted in detail. William Walker, head of the OSCE observer mission in Kosovo and a former American Ambassador to El Salvador at the time of some of central America’s most gruesome experience with US-sponsored terror, after consulting Holbrooke (which Walker denied but Holbrooke confirmed afterwards, BBC, 12 March, 2000) withdrew the OSCE contingent on the eve of the attack, thereby removing the last vestige of protection for the population. There was no shortage of atrocities on the ground, but nothing that would warrant the term ‘genocide’. Several times, Albanian refugee columns were hit by high-flying NATO planes, giving rise to the suspicion that it was not only Serbian thugs who drove them
into neighbouring Macedonia and Albania proper. Serbia’s infrastructure on the other hand was severely damaged, leading to a drop in production estimated by the IMF at 45 percent (FT, 14, December, 1999), on top of pollution by the use of depleted uranium and the bombing of chemical plants and oil refineries.

But even if for the Balkans, very little was achieved that would warrant the vast human suffering and material destruction, the war undoubtedly was a success in the larger American forward strategy. The formal inclusion of Poland, Hungary and the Czech Republic in NATO was complemented by military cooperation with other countries in the area: the initial air corridors for the attack led through Croatia and Hungary into northern Serbia, and through Albania and Macedonia into Kosovo. Hungary, in the final hours of the conflict, closed off its airspace to prevent Russian transport planes from supplying a small column that had captured Pristina airport by surprise in an effort to enforce the compromise deal.

The US have effectively become the doormen regulating European dealings with Russia, while pushing on, along the southern axis, towards the mineral-rich Central Asian post-Soviet republics. Albania, Bulgaria, Macedonia and Romania along with NATO members Greece and Turkey today form part of a group, under US auspices, committed to closer military cooperation and operating a joint force in Bulgaria for peacekeeping and relief operations (FT, 9 October, 2000). As Peter Gowan writes (still before the Kosovo war).

For American policy planners, Poland is only one part of the necessary geopolitical wedge between Germany and Russia. In many ways, Ukraine is an even more important prize. A combined Polish–Ukrainian corridor under US leadership would decisively split ‘Europe’ from Russia, exclude Russia also from the Balkans, go a long way towards securing the Black Sea for the USA, link up with America’s Turkish bastion, and provide a very important base for the ‘Great Game’ for the energy and mineral resources of the Caspian and the Asian Republics of the former USSR.

(1999: 301)

Under Clinton, Ukraine has become the third largest recipient of US aid, after Israel and Egypt (FT, 4/5 April, 1996). Actually, at NATO’s 50th anniversary celebrations in Washington, in the midst of the war, Georgia, Ukraine, Uzbekistan, Azerbaijan, and Moldova established GUUAM – adding Uzbekistan to the year-old link already established by the other four. The US, Britain, and Turkey are the sponsors of GUUAM, which consolidates the cordon sanitaire referred to by Gowan, while providing a security cover for the countries through which oil transport from the Caspian (but outside Russian or Iranian control) should pass if the US,
Britain and Turkey have their way (*FT*, 6 May, 1999; Reuters dispatch on <www.russiatoday.com>, 4 May, 1999; cf. Amineh 1999).

The strategic value of GUUAM was made clear when Azerbaijan already on the first day of the NATO attack, intercepted Russian jet fighters destined for Yugoslavia (*Vk*, 24 March, 1999). And like NATO member Hungary, Ukraine, too, closed its airspace to Russian reinforcements for the Pristina detachment in June, 2000. Russia on the other hand has been forced onto the defensive. Realizing that it can no longer fight, by conventional means, a country like Turkey which has become pivotal in the new geostrategic situation, it accordingly has changed its military strategy to include a first-use option of nuclear weapons (cf. J. Kobaladze in Marijnissen *et al.*, 2000: 140). Illustrating its newly directive role also with respect to EU enlargement, the US on the other hand has put pressure on the EU to facilitate the future membership of Turkey (*FT*, 12 December, 1999).

Thus under the banner of international justice and humanitarian intervention (cf. Giesen, 1999), the US has been able to cash in the proceeds of its decades-long cold war with the USSR while simultaneously outflanking the European Union. The heavy-handed US control of the war may of course prove to be counterproductive for NATO, especially in the case of France. The shift of Javier Solana to become EU foreign affairs representative right after the war and the plan for a European Rapid Reaction Force are perhaps indicative of this.

This brings me to the second aspect of the Kosovo war, the disciplining of European governments resisting straight neoliberalism. The war worked to constrain the manoeuvring space of those in Europe, who, like Lafontaine, envisaged a cautious strategy of European integration, constructed around an innovative industrial policy with some protective structures left – the compensatory neoliberal concept discussed earlier. Lafontaine had resisted the NATO strategy in Yugoslavia all along, and in his memoirs (1999) pleads for a European military cooperation and intervention capacity. Finally, as it triggered a violent push into Eastern Europe, the war undermined an enlargement strategy which built on economic and social compromises and real transition time, rather than on military *faits accomplis*.

Lafontaine resigned from the German government 12 days before NATO attacked and also vacated his post as chairman of the Social Democratic Party. His attempt at regulating footloose international finance, as he conceded afterwards, was defeated by neoliberal investment bankers and their followers in politics and the press. He also makes clear how the smear campaign against him brought back anxieties dating from the 1989 attempt on his life. Four days after his resignation, the *Financial Times* (16 April, 1999) ominously announced that ‘the battle for European capitalism has begun in earnest’, meaning
the struggle between the ‘Anglo–American model’ based the ‘rules of risk and return’ and a ‘stakeholder capitalism which aims to balance the interests of employees, shareholders, suppliers and the wider community’. This came on top of a statement by Assistant Secretary of the Treasury Edwin Truman, who according to the same newspaper (7 April, 1999), ‘used the strongest language heard from the US administration’ on a supposed drift of the Euro-zone towards becoming an industrial export bloc rather than a freely accessible part of the open world economy desired by global capital. This indeed was one of the final salvos fired at Lafontaine.

Of course, the ascendant neoliberal concept articulated real shifts in the underlying pattern of class relations and the balance between global, Euro-global and European capital. Thus already in 1996, a foreign investment bank for the first time in French economic history headed the league for merger and acquisitions activity, as Goldman Sachs beat French rivals (FT, 7 January, 1997). The rise in the number of shareholders in European society after a decade of privatizations, notably in Britain and France; a doubling of merger and acquisition activity in Europe in 1999 compared to the year before; the appearance in continental Europe of new practices such as hostile take-overs, and the flexibilization and casualization of labour, were part of the same trend. A statement like that of Assistant Secretary Truman’s thus can also be read as a warning not to resist the Euro-zone becoming ‘a freely accessible part of the open world economy’. While in France, the drift was clearly towards breaking up the group structures of finance capital, in Germany, social and legal obstacles to such a transformation remained in force, requiring the US administration and the neoliberal press to keep up the pressure. Chancellor Schröder’s weak position in the immediate aftermath of Lafontaine’s resignation carried real risks in this respect.

Therefore it must have come as a relief that on 8 June, with peace talks over Kosovo in progress, a joint Schröder–Blair statement (on the occasion of the European elections) marked the overt turn to neoliberalism of the German government at least in rhetoric. Attempts at state intervention to hold up the shift were incidental, and unsuccessful anyway. Thus in the take-over of Mannesmann by Vodafone, Goldman Sachs use the knowledge obtained when advising Mannesmann in taking over the mobile phone company, Orange, against its former client, but a lawsuit against the investment bank failed (FT, 1 January, 2000; IHT, 5/6 February, 2000). The neoliberal turn on the other hand received a generic push when Schröder had a tax package adopted that removed fiscal obstacles to the break-up of the big finance capital groups, in a move which the Financial Times (15/16 July, 2000) wrote had been ‘eagerly awaited by the big names of German industry and US investment banks.
hungry for deals'. Indeed in a ranking of European merger and acquisition advisory activity over 1999, Goldman Sachs heads the list followed by Morgan Stanley, Merrill Lynch, and J.P. Morgan (FT, 8 March, 2000).

The war prejudiced European interests also by raising overhead costs for capital accumulation in various ways. The European Commission has proposed a 5 percent increase in EU spending on account of Balkan reconstruction (and on agriculture, FT, 11 May, 2000). But one may also view the destruction caused by the bombing through the prism of Atlantic rivalries. Thus, while the US forward push has facilitated the access to Caspian and Central Asian energy resources for American and Anglo-Dutch capital by redrafting the geostrategic situation, for continental Europe, independent access to these resources has been constricted. It may well be that bombing the three bridges over the Danube at Novi Sad primarily followed from a tactical concept developed against Iraq, i.e. destroying the infrastructure in order to disrupt the enemy's system of control and communication (Marijnissen et al., 2000: 95). The result, however, is that the collapsed bridges now block a river supply route by which 100m tonnes of goods a year were transported as late as 1987; interrupting the supply of ores and minerals notably from Ukraine, to the Austrian, German, and Central European metallurgical industries, as well as wheat and other bulk goods.

There are important geopolitical, in addition to economic, issues involved here. Indeed after the opening of the Rhine-Main-Danube canal in the early '90s, an inland shipping link has been established linking the Black Sea littoral states including Russia, with Rotterdam and the North Sea. Already in the 1970s, Soviet and German lawyers were wrangling about the potential implications of the projected canal, with the Germans fearing Soviet activity on Europe's waterways and a consolidation of Soviet control over the Danube states (FAZ, 30 June, 1977).

The political-economic aspect of bombing the bridges surfaced when France and Germany supported reserving EU funds for clearing the river of debris after the ending of hostilities, but the UK held up a decision on political grounds (FT, 8 December, 1999). After Dayton and the lifting of sanctions against rump-Yugoslavia, hopes had in fact flared up among the littoral states along the Danube that they again stood a chance to profit from 'the growing importance of the Black Sea region as a transit route for Russian gas and central Asian oil' (FT, 26 April, 1996). But precisely because of the oil and gas pipelines run by Gazprom of Russia, Bulgarian Topenergy, and other regional players, the old fear of Russian penetration revived, whether or not in combination with a Russian-EU link outside the control of Anglo-American oil majors. Indeed as the FT also notes (ibid.), 'The danger in this is that Russia . . . could re-establish a stronghold in the Balkans. This could limit Bulgarian independence and cause nervousness among several NATO countries, not least Turkey'.
Turkey might be more disposed to developing the alternative to the Danube link to Central Europe, i.e. the trans-Balkan pipeline and the Adriatic. Actually the conquest of the Krajina region in 1995, as we saw with US support, restored the oil pipeline that runs from the Croatian coast to Hungary and which the Croatians and the Hungarian oil company, MOL, want to develop to control the central European energy markets at the expense of the Russians (FT, 7 December, 1995).

While there is no point in assuming that the bombing was motivated by a single strand in this complex set of rival interests, there is no doubt that the outcome was detrimental to Austrian–German aspirations to link up to the Black Sea and beyond by developing the Danube route. Of course, like many other aspects of the post-Kosovo equation, the replacement of Milosevic by Kostunica has created new openings, but it remains to be seen to what extent Western professions of democratic solidarity will override rival political and economic interests here. The same holds for other instances of militarily motivated actions with intended or unintended economic consequences, such as the bombing of the Zastava automobile complex, which is half-owned by FIAT-Iveco and was under negotiation to be sold further to either FIAT or Peugeot (FT, 10/11 April, 1999). Zastava in its heyday produced 220,000 cars a year, and which if retooled in the way Volkswagen did with Skoda, would have reinforced the European automobile industry with another low-wage production location.

Finally, a key aspect of the Kosovo war concerned the province’s mineral resources. Presented in the media almost exclusively as a contested area in terms of nationalities, with sacred places etc., the real economic importance of Kosovo resides in its underground wealth, which has earned it the title of ‘Serbia’s Kuwait’. Indeed the ownership of the Trepca complex was one aspect of Serbia’s decision to restrict Kosovo’s autonomous status. Trepca was and in fact still is, 100 percent Yugoslav state property, with an estimated value of DM9bn. It exported zinc, lead, and other minerals to a range of European countries, including Russia, and also boasts some 17bn tonnes of coal reserves (Rouleau in MD, December 1999: 7; Vk, 13 July, 1998). Clearly, the disruption of mineral production affects the European economy first of all, but there are also important ownership questions involved.

The Rambouillet agreement actually proposed introducing a free market in Kosovo, which would have entailed putting up the Trepca complex for sale to the highest bidder, as part of a comprehensive privatization of Yugoslav state assets in the province. However, the compromise agreement which ended the bombing stipulates that Kosovo remains part of Yugoslavia and makes no mention of property rights. As a result, a complex struggle has erupted dividing all parties including the Albanians (FT, 12 October, 1999 and 11 July, 2000).
However, the failure to really impose NATO’s will and hence, a neoliberal recipe on Kosovo, has left the province and its people in the balance. With more than 50 consultancy firms working on securing rebuilding contracts for companies like Bechtel of the US, Amec of the UK, Hochtief of Germany, and others (FT, 5/6 June, 1999), actual reconstruction is mortgaged by the different geostrategic and economic stakes of rival Atlantic interests. While the struggles over the reintegration of Eastern Europe into the capitalist orbit have generally reinforced the neoliberal thrust driven by global capital and supported by America and Britain, there is no certainty whatsoever that this outcome will last. Certainly a dramatic reversal of American foreign activism may be upon us. But the signs of an impending US recession as well as various EU initiatives in the military strategic sphere should be taken as reminders of the ultimate fluidity of both rivalry and integration under capitalist conditions.

NOTES

* This paper was first presented at the British International Studies Association annual conference in Manchester, 20–22 December, 1999. I thank discussants at that meeting, especially Sandra Halperin, for their comments. I have worked out the aspect of a ‘European option’ for Eastern Europe in A. Bieler and A. Morton (eds) (2001) Social Forces and the Making of the New Europe (Basingstoke: Macmillan). As to the present version I am indebted to three anonymous referees for RIPE for constructive criticism and a warning.

1 European objections to the destabilizing consequences of SDI were overrun, as were qualms about the new NATO strategy to carry a land war straight into Warsaw Pact territory using high-technology weapons. Relying on the Atlanticist West German Secretary of Defense and future Secretary-General of NATO, Manfred Wörner, the Americans were able to have the NATO second-in-command in Europe, general Kiessling, who resisted the offensive approach, demoted from his post by a contrived scandal for which the materials were supplied by the CIA to German counterespionage (Hesse, 1984: 11–12; Whl, 16 July, 1988).

2 Holbrooke’s appointment as UN ambassador in June, 1999, was actually held up a few weeks in the US Senate because of suspected improprieties in his parallel roles as a State Department adviser and a CSFB investment banker (FT, 18 June, and 1 July, 1999).

3 If Serbs here have a worse record than the other parties in the conflict, as the media consensus in the West maintains, the connection with the criminalization of Serbian society as a result of endless embargoes and defeats followed by massive refugee inflows, certainly must be included in any explanation (FT, 27 April, 2000; cf. on the mediated public perception of foreign crises, Shaw, 1996).

4 According to a reconstruction in Die Zeit weekly (reported in Vk, 15 May, 1999), the newly elected (but not yet sworn in) German Chancellor Schröder and his Foreign Secretary, J. Fischer, were on their way to confer with outgoing Chancellor Kohl, when a call from Washington asked them whether they would agree to an attack on Yugoslavia without a UN mandate, in an obvious test of the new government. They had quarter of an hour to reply. Fischer’s only complaint, apparently, was that he was sorry that this had to
happen just when they were in the government (see also Lafontaine, 1999: 241).

5 According to the Washington Post (20 September, 1999), Joschka Fischer was particularly cavalier in this and at one point during a telephone conversation with Madeleine Albright on estimated casualties of a planned air raid, shouted out of anger over a last-minute goal scored by Manchester United against Bayern München, which he was watching on TV while discussing bombing targets in Yugoslavia.

REFERENCES


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**APPENDIX**

Guide to newspaper and magazine abbreviations used in the article.

**BW:** Business Week (New York)

**Ec:** The Economist (London)

**FAZ:** Frankfurter Allgemeine Zeitung (Frankfurt)

**FT:** Financial Times (London)

**Fo:** Fortune (Chicago)

**GU:** The Guardian (London)

**IHT:** International Herald Tribune (Paris)

**MD:** Le Monde Diplomatique (Paris)

**NRC:** NRC-Handelsblad (Rotterdam)

**NW:** Newsweek (New York)

**Pa:** Het Parool (Amsterdam)

**Vk:** de Volkskrant (Amsterdam)

**Wh:** De Waarheid (Amsterdam)

**WP:** Washington Post (Washington)