Clinton Orders Stiffer Sanctions Against Serbia to Curb Warfare

By Paul Richter

WASHINGTON

As he deliberated over more drastic steps, President Clinton Monday ordered a tightening of the economic sanctions against Serbia in hopes of forcing the Balkan state to halt its warfare in Bosnia.

The new steps implement a U.N. resolution, adopted Sunday, that calls for U.N. members to freeze Serbian assets abroad and move even further to cut off trade between Serbia and the outside world. The measures are expected to do little to halt the Serbian military machine, but are likely to further damage an economy that is already suffering from hyperinflation, a 40 percent one-year decline in industrial production, high unemployment and shortages of key industrial goods and fuel, officials said.

Clinton said he would consult Congress this week on further steps to halt the fighting that already has left 125,000 missing or dead in the former Yugoslavia in the past year.

The president, who last week said he was giving serious consideration to air strikes and a lifting of the economic sanctions against Serbia, said: "I think the United States and our allies need to move even further with a stronger policy." His policy would be announced "in the next several days," he said.

The U.N. resolution was put into effect Monday as Serbia refused to accept a U.N.-sponsored peace plan.

Specifically, Clinton's executive order freezes American business interests in Serbia and its allied state of Montenegro, prohibits U.S. ships from entering the two countries' territorial waters, and permits U.S. forces to board any truck or vessel believed to be violating U.N. trade sanctions. It takes other steps to close loopholes in the economic sanctions ordered last May.

The resolution is also designed to halt transshipment of goods through Serbia and Montenegro. In the past, shipments headed for other destinations often ended up in the hands of Serbs.

As part of the tougher sanctions, U.N. countries are stepping up their surveillance of both Adriatic ports and Danube River trade routes between the Balkans and Europe to prevent future smuggling.

The United States has given seven armored river patrol boats to Bulgarians and Romanian officials to help their customs units monitor the river. U.S. officials are also training Serbia's counterparts for the work.

Down the first road of sanctions, 55 Serbian-owned or -controlled ships have continued to sail to bring goods to their own country, officials said. The seagoing trade will now be monitored by U.S. and NATO warships and vessels of the other European countries. The United Nations has also provided 25 customs officers to give Serbia's neighbors advice on how to check compliance with the sanctions.

A senior U.S. official said the administration does not expect such sanctions necessarily to destroy the will of Serbian leaders to continue their fight. But "the impact of the new resolution would be substantial in raising the cost (of continuing warfare) above anything they have already paid, is substantial," the official said.

The officials pointed to "an awful lot of cross talk going on in diplomatic channels" as one sign that the Serbians are concerned about the new sanctions and might take steps to prevent them. They said some Serbian citizens, fearing the tightened sanctions would further reduce daily expenditures, have been making piggybanks to border areas.

The scope of the sanctions' impact include the shutdown of several Belgrade banks. These banks generate hard currency for the Serbian administration, and thus are important to the operation of Bugs.

The officials said the sanctions are not likely to affect the Serbian army, because officials will divert fuel from civilian sources. The Serbs also continue to be amply armed because of a huge weapons stockpile left over from the Yugoslav army, they said.

For several reasons, however, some outside experts questioned whether the sanctions would produce the intended results. They pointed to the ineffectiveness of economic sanctions on Iraq and the Soviet Union, and wondered whether the sanctions might not simply stiffen the resolve of the Serbian public.

Serbs do not have an opposition leadership that is urging an end to the military intervention in Bosnia and Herzegovina. So pressure from the rest of the world could simply deepen sentiments that Serbia has been victimized by bigger countries for most of the century.

"There's no automatic relationship between the tightening of sanctions and any change in the political outlook of a leadership or people," said Martin van Heuven, a senior consultant at RAND Corp. in Washington. "It might do that. But it could do the opposite."

Concern Grows Over Effects Of IRA Bombings in London

As structural engineers sifted through the rubble of a bomb explosion that devastated the heart of London's financial district Saturday, concerns was growing over the effects of the explosion on the city as a world financial center.

Nobody here wants to give in to the Irish Republican Army, but it is becoming increasingly obvious that the price of a bomb is far less than the cost of replacing the glass and steel of buildings ensconced by strategically placed explosives.

Nor is there much confidence being expressed in the ability of the security forces to prevent future attacks. The head of the Home Office said the sanctions were not likely to affect the Serbian army, because officials will divert funds to other uses.

David Mellor, a former Cabinet minister, appeared on television to say, "For the second time ... terrorists have ripped the heart out of the City of London, putting at risk lives, livelihoods and the position of the City of London as the world's premier financial center.

Panetta Very Gloomy About Clinton's Legislative Goals

As things stand now, Congress appears likely to reject President Clinton's Russia aid package and the North American Free Trade Agreement, and only by aggressively fighting can Clinton win his major goals of economic growth and health-care reform, Budget Director Leon Panetta said Monday.

In addition, Panetta said he believes the president's job-stimulating tax credit is in serious trouble and may be scaled back, but not entirely abandoned, while his proposed energy tax faces "a very tough battle" and could wind up being defeated.

In an extraordinarily candid assessment of the three-month-old Clinton presidency, Panetta said his boss needs to focus on his major priorities and must do "a better of picking and choosing the battles he wants to go through" if he is to avoid more defeats like the one he suffered on his economic stimulus plan.

Last week, Senate Republicans forced the administration to abandon virtually all its stimulus package by mounting a filibuster that the majority Democrats could not overcome. As long as Congress fails to pass the president's request for nearly $3 billion in additional appropriations to help Russia in its rocky transition to a market economy, the White House said it could do "a better job of picking and choosing the battles he wants to go through" if it is to avoid more defeats like the one he suffered on his economic stimulus plan.

Panetta, who holds the title of deputy chief of staff, said the president's job-stimulating tax credit is in serious trouble and may be scaled back or abandoned, while his proposed energy tax faces "a very tough battle" and could wind up being defeated.

In an extraordinarily candid assessment of his president, Panetta said the president needs to focus on his major priorities and must do "a better of picking and choosing the battles he wants to go through" if he is to avoid more defeats like the one he suffered on his economic stimulus plan.