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## Preface

### **Democracy, Security and Economic Development in Southeast Europe**

Konrad-Adenauer-Stiftung is a political foundation based on the principles of the Christian Democratic Union (CDU) in Germany, and especially on the political ideas and objectives of Konrad Adenauer, Germany's first Chancellor after the Second World War.

Konrad Adenauer's main concern was to achieve reconciliation between Germany and France, Germany and Poland, and Germany and Israel and the Jewish people. Reconciliation - a condition "sine qua non" for peace in Germany and Europe, and peace based on democracy, on solid, stable democratic structures at all levels in our society. More than 50 years after the end of the darkest period of German and European history, Germans, French, Polish and Jews live peacefully together. Democracy and democratic structures have been reconstructed in Germany.

Konrad Adenauer's second main objective was to promote the idea of European regional cooperation and Germany's integration into Western Europe - an objective, which has also been achieved. We seem to be facing similar problems to those I have mentioned for Germany after 1945 in today's Southeast Europe. Reconciliation, peace, democracy, regional cooperation and European integration are what we need; these are the challenges we are confronted with. We would probably not have achieved what has actually been achieved in Germany without the help from outside and the cooperation with other countries.

It is therefore a very pleasing fact that the Konrad- Adenauer-Stiftung has been able to open offices and representations in Bucharest and Sofia, in Belgrade and Zagreb, in Skopje and Sarajevo to make a contribution to Democracy, Security and Economic Development in Southeast Europe which is our topic of presentation.

Bernhard Lamers

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## Inner Stability as the Key for Prosperity

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### **Stability of Albania: A Prerequisite for the Progress and Stability of the Region**

Aleksander Meksi

In view of the new global circumstances shaped after the events of September 11th, the Balkan region has taken on a particular importance concerning its favourable position between the West and the East because it is the best route for smuggling drugs and human beings to the West. We should say that this fact is undervalued and consequently the need for political stability of particular countries and the region generally is undervalued. Similarly, development of the region and particular countries in terms of their political, economic, and human relations as well as the prevention of inherited conflicts including the ethnic ones is undervalued.

One has to accept that only the real democratization of the regional countries according to western standards would prevent future conflicts, and settling down or resolving the conflicts lingering from the past. Outside this framework, there could not be that any new "stable" environment would enable common development without conflicts.

It emerges from many discussions that the economic and social progress of each regional country is a necessary condition and guarantee for the stability. This stability would endure only when the institutions are stable and securing economic growth and development. Otherwise, social and political conflict would be inevitable.

In our region stability is sought after by all, so there needs to have a stable environment characterized by mutual cooperation among states and ethnic groups, and in particular, equality under new democratic laws. However, in no case should there be sympathy towards political groups and individuals in neighbouring states that make politics dependent on the state or people. Otherwise, there will not be progress and stability.

In the case of Southeast Europe, stability can occur through agreements on the free movement of people, transport, exchange of goods and investments. Similarly, participating in joint-projects on economic and social infrastructure will do.

In the Balkans, experience has shown that when there are no external hindrances it is difficult to provoke instability within the countries. Certainly two cases present in our time are excluded: inequality and discrimination based on ethnicity, and intolerance towards political rivals - the negation of real pluralism and the rule of law. The men of the Balkans want to cancel the Communist past, poverty, isolation from the civilized world, and they want to integrate into Europe, and for this major reason they do not want to destabilize their own countries. Those who negate pluralism, fundamental rights, and human equality that create ethnic discrimination, even apartheid, which causes ethnic hatred that is difficult to manage, take such action only. Examples of this have prevailed up to this time. However, we should mention that without support, even illusory, from outside, few men have the necessary courage. Here, only the pathological cases are excluded.

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It is obvious that irrespective of the choices made, all former socialist countries in the Balkans really want to integrate into all aspects of the civilized world, the European Union and NATO. Their governments have expressed this in agreements or requirements for agreements. In this framework, we think it would be beneficial to accelerate the balancing of the legislation of the countries in the region with those of the European Union. This should occur both in the field of laws that create state institutions from the rule of law, creating in this way the democratic functioning of the state, and in the field of building a free market economy and especially for the field of taxes, customs, and for the fight against corruption and monopolies. In the Balkans, every time the Governments change, the laws change, always with the support of the West (financed by western taxpayers). In this way, the laws would never be respected whereas the rebuilding of institutions would not create stability. The case of Albania after 1997 until now is a verification of this negative phenomenon.

Under such circumstances, countries that emerged out of Communist dictatorships should receive help in order to consolidate institutions, but not particular individuals or parties. In countries that just emerged from authoritarianism the support of individuals and not of concrete democratic actions and programs brings the risk of political violence, corruption and trafficking with grave consequences for the stability and democratic reform of countries. That, being experienced in Albania, which is undergoing a deep energy crisis, economic decline, and rising poverty accompanied by political chaos, could lead to another exodus towards neighbours and regional destabilization.

For Albania it would be very useful if our friends had better judgment of the work and actions of government and specific parties in particular, and I would like to lay emphasis on particular parties, pointing out what is democratic and what is not, so that Albanians benefit from the real judgment criteria. Albanians interpret double standards, as opportunities for taking arbitrary actions, which are acceptable to foreigners as well, and were a source of conflict in the past, and today after the failed elections of 2001.

Never have Albanian political parties been required to construct and function in a democratic way, and manage the structures elected in a democratic way. It is convincing that political groups build on policies that are a reflection of their construction and functioning. It remains an obligation for the international structures, where these groups are members of aspire to join, to insist on such democratic methods.

A lot of political irregularities in recent years caused instability in Albania in all aspects: politics, social life, and economic and human progress. The manipulation and theft of votes in June/July 2001 deepened the instability, particularly the recent public fight within the Socialist Party over the privatization of the Albania state. Now, they themselves claim everyday that all state structures are drenched in corruption, illegal trafficking, and smuggling, all in close link with the organized crime. In such circumstances where an opposition that would offer real guarantee for Albanians and foreigners is lacking, Albania is at the eve of destabilizing itself. It is obvious that to unblock the situation, there should be free, transparent, and democratic elections in spring, after the improvement of the electoral law and constitution. Until that time, a technical government should lead the country. Only this way can we return to democracy, avoid the state of crime, prevent destabilization that would have consequences for the region and open the gates to real free market reforms in Albania. Only then could we say that we are fighting poverty and are on the track towards economic and social prosperity.

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The process of harmonization with the European Union and NATO should contribute in solving many of the problems of Albania and the region. Aid and assistance granted should be in a regional framework, like the association and membership processes (regional approach). Building an infrastructure linking those countries, such as the cross-border infrastructure, facilities for free movement of people and goods, gradual reduction of customs duties, based on the budget of those countries, would be extremely useful for the regional countries, apart from the intra-European corridors.

However, all these require a strict and neutral monitoring of the economic and democratic reforms. The continuing economic assistance programs should have a link with the reform progress. In the case of Albania, not only Albanians are suffering the consequences when "friends of Albania" turn into "friends of the Albanian Government". If the destabilization deepens, it would have consequences on the neighbours, including the highly predictable massive departure of people towards Greece, Italy, and other countries, and the rise of criminality and trafficking, encouraged by a loss of trust in the state.

These countries, apart from the political institutional reforms, are also required to make their economic progress. This is an understandable and indispensable condition. In my opinion, these countries should be considered backward regions of Europe, and henceforth, in this framework in order to step forward economically and socially. Such a framework is useful not only for us, but also for Europe. Without any doubt, it will also help monitoring the external aid, the progress of democratic and institutional reforms, and protection of human rights.

Apart from the grave importance of the foreign assistance, it is the Albanian government policies and the opposition' s attitude that bring the progress of a country. Today in Albania we are confronting the challenge of the parliament' s illegitimacy, the amorality of a corrupted government that organizes its own traffics, the lack of a real opposition while the public opinion is confused - the majority is silent. As it concerns the opposition, the above-mentioned errors and the crisis continue for the last 5 months due to the unclearness of the role and the lack of international support.

It is up to the real friends of Albania to intervene as soon as possible to get these amoral people out of politics.

Finally, the stability and prosperity of Albania cannot be achieved if the political system, and, in particular, the political parties are not democratized. The stress goes on the contribution of the EDU1 and other right wing party unions decisive in helping, criticizing and controlling the organization and the functioning of those parties (status and election framework). Furthermore, platforms should be supported, not individuals. The recent deep Albanian crises are a result of the rule of parties and the state in a non-democratic and non-pluralist ways. It should also be interfered at this point.

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1. European Democratic Union

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### **Internal Stability as a Condition for Prosperity**

Dejan Mihajlov

Unfortunately, this presentation will have to begin with the importance of internal stability for the prosperity of every state by putting forward a couple of examples related to Yugoslavia and Serbia, or more precisely, the regime that existed until the October 5 change.

If we proceed from the point that internal stability is proportional to the level of development of a legal system, a law-abiding and democratic state, the public and citizens' participation in the decision making process and their trust in institutions and the state apparatus, it is easy to conclude that states, that is, power-holders that build their powers on monopolies and the instruments of physical coercion, are not stable, but rather isolated, closed, economically degraded and oblivious to human rights abuses. It is precisely this list of circumstances and rules that suggests that Yugoslavia and Serbia, which in the past ten years struggled with decaying information, destroyed economies, a powerful repressive apparatus and the lack of basic human rights, could hardly be described as stable and prosperous states, able to meet the needs of their citizens. After the victory of democratic forces in Yugoslavia, we have become the last country in the region joining the process of transition. This process, however, is burdened with myriad various problems, the most difficult ones being the consequence of the perennial communist rule. We can divide them into two groups:

The first includes the problems linked with establishing the state border, or more precisely the question of whether we will have a common state or not.

The other is whether we will see an end to the activity of some parts of the international community, very influential in that, which, contrary to the U.N Security Council Resolution 1244 for Kosovo, rise and strip up the Kosovo Albanian hopes, parties, and movements in Vojvodina, within the framework of the upcoming regionalisation and decentralisation of Serbia.

Proceeding from the politically and statutory ungrounded need of Montenegrin power-wielders to persistently insist on the independence and autonomy of the republic, we have accepted it as the democratic sovereign right of Montenegro citizens to decide on their state status. A long string of demands for independence and autonomy of Montenegro have become an end in itself, because the Montenegrin leadership did not dare bring up the issue of referendum for independence, fearing an unfavourable outcome and evading a reassessment of their role and responsibility in fortifying and maintaining of the Milosevic regime.

The need for Serbian and Yugoslav citizens to define a state framework in which they are going to live, imposed a new obligation upon the new authorities to insist on resolving this issue in a reasonably short time, which was eventually accepted. If a recent agreement is honoured, and Montenegro' s referendum takes place in the spring of 2002 under the OSCE terms, it is only then that we will be able to carry out root-and-branch constitutional reforms and resolve the issue of vital importance for the future and stability of our state. Respect to the



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U.N. Security Council Resolution 1244 posed itself as the first and foremost principle for the Yugoslav and Serbian authorities in resolving all issues pertaining to the future of Kosovo. Minimal, but yet very important guarantees laid out in the Resolution, that reiterating that Kosovo is an integral of Yugoslavia in particular, were confirmed by a document signed shortly before the Kosovo elections. The FRY-UNMIK Joint Document emphasises that Kosovo' s future parliament cannot change the status of the province. In the other words, it cannot declare its independence. An increasingly obvious change in the international attitude towards Yugoslavia is certainly the result of the change of authority in Yugoslavia and substantial changes in communication with the international community. International partnership and mutual openness made it possible for Yugoslavia to become again a full member of the international community, able to make long-term plans for its state and national policy. The state and national policy is yet to be structured and developed, but this is only logical, having in mind changeable international relations. Stable states have sound concepts and strategies. Accordingly, Yugoslavia has devised a strategy for Kosovo, based on a long, democratic process of placing the province under the full state integrity of Serbia again. This process began when the Joint Document was signed.

The inception of various pro-independence movements in some parts of the country is encouraged by irresponsible and authoritarian authorities that bear a striking resemblance to those we unfortunately had until October change. Such aspiration rests on the easily acceptable demagoguery "let us just secede, and everything will be better at once". This political idea has been spread in Vojvodina, which had a kind of autonomy within Austria-Hungary Empire, and was given a constitutionally structured one only in the Federal Republic of Yugoslavia. The poor social and financial status of citizens in strictly centralised states, which is a relic from the Milosevic era, are used and abused to the utmost by certain political forces, willing to promote their secessionist programmes. Ideas have emerged of the constitutional redefinition of Serbia, of Vojvodina as a separate republic, of a referendum for Vojvodina citizens to decide on the status of the province and the like.

The Democratic Party of Serbia has offered a solution to this question based primarily on the democratisation of the state, its decentralisation and regionalisation and strong local governments. In other words, the party advocates the delegation of centralised powers to regional and local bodies, but only to a degree that would not threaten the basic state functions and territorial integrity. We believe that our concept, which, after all, has been successfully applied in developed European states, can provide a sound basis for resolving the issue of minorities in our country, particularly when it comes to the current problems in relations between the central authority and the local self- governments. We feel that it is very important to underline that any solution should be avoided, since such an order would inevitably lead to inequality of its parts, which can threaten the stability of the state.

The second group of issues, or, perhaps, we should say problems, which Yugoslavia has encountered as a state in transition, includes the building of a new legal system, that is, a sustainable to the existing one. Without democratic institutions, Parliament in the first place, based on the freely expressed will of citizens in a free and democratic vote, there will be no stable state. We all agree that a free state must be the expression of the sovereign will of citizens. Ever since a multi-party system was re-established in Serbia, we had a single democratic vote, in December 2000 when the former regime was totally defeated, and the new political forces given the mandate to build a new state. Allow me to explain what that means for the Democratic Party of Serbia and how successful the new political forces have been so

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far. The first and foremost task was establishing perfectly clear relations and limitations between the three forms of power - legislative, executive and judicial - which were supposed to make the system well-balanced, controlled and viable. However, this, for each state critical aspect, cannot be based on legal and formal guarantees only, but it also requires full commitment and determination on the part of the authorities in Serbia and Yugoslavia. In this regard, we have to mention that Democratic Party of Serbia is not satisfied with the attitude of our coalition partners. In some cases, despite our well-argued objections, this unopposed principle of power sharing was blatantly violated creating the impression that the manners of the former government affected the new democratic authorities, too.

In the process of building a free and democratic state, the issue of free and democratic elections must be one of the basic principles, while all human rights have to be guaranteed in accordance with the highest democratic standards on this path to democracy.

First, we have to initiate the establishment of the rule of law if we want to have the state at all; we have to eliminate all elements that are in direct controversy of the idea of rule of law. It is not necessary to list all relevant tasks, however, it is necessary to depoliticise state organs and administration, struggle against corruption, break the links between organised crime and the government and fight against organized crime that erodes the state tissue in the countries in transition.

One of the major conditions for the establishment of rule of law is a judiciary, independent of both politics and all other influences. A deeply politicised and corrupted judiciary, whose structure and financial status made it impossible for it to dismember the old system and establish a new one, is what we took over. This is why we decided that a judicial reform would be one of our top priorities, and sent to Parliament for action a package of five relevant laws. They have recently been adopted, and we believe that this is the greatest contribution to a change in the Serbian court system, guaranteeing conditions for the full independency of judiciary.

An obsolete taxation system, with more than two hundred different taxes and fees, is yet another heavy burden we have inherited from the former regime. Tax reforms have begun, but cannot be satisfied with the pace at which they develop. Since the goal of every democratic European state is to join the European Union, the Serbian and Yugoslav authorities, bearing this in mind, embarked on a tax reform in collaboration with the International Monetary Fund and the World Bank, and the other financial institutions. We have achieved certain results in this sphere, but for the reasons unknown to us, the process has reached a deadlock and some changes postponed for the end of the year. Public expenditure cuts and the rationalisation of the social contributions are also part of our state development efforts.

When economic growth is concerned, we have to create and shape a proper legislative ambience first. In this, we think of an encouraging taxing policy, foreign investments, concessions, a stable currency and of course, a well-structured law-abiding state that would guarantee safety and capital alike. The process of privatisation is necessary, but somewhat painful, and if it is not carried out with due care, it can generate serious social turbulences. Privatisation is necessity, and it has to be rapid and well-thought-out, but the process must include social guarantees for a large number of people bound to find themselves door to foreign investments and link our economy with international partners, which will be a guarantee in itself that better days are in store for Yugoslavia. The Democratic Party of Serbia insists that all available domestic resources have to be exploited to the utmost, as the first step

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to the revitalisation of the local economy that would not be so heavily dependent on foreign aid. This is only way to begin a genuine economic revival of Serbia and Yugoslavia. It is noteworthy that the Serbian government has not yet devised a transparent concept for Serbia' s development, that local capacities are underused, agriculture in particular, which unveils the lack of readiness to embark on thorough changes of the system. We must not allow that everything begins and ends with the privatisation process, because, if perceived that way, it would be nothing but sale.

Having in mind all the circumstances under which the systemic changes in Yugoslavia occurred, more than obvious is the fact that painstaking and time-consuming tasks are ahead of us. In our case, not only the change of the system and the development of a modern, law-abiding, democratic and consequently stable state are concerned, but also a change in the system of values built for decades.

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### **Inner Stability –a Key to Prosperity**

Stevo Pendarovski

The very topic of the conference Democracy, Security and Economic Development in SEE was very common for almost all gatherings of this type in the previous years, but I really believe that this time we have additional reasons to pay greater attention to the theme and to approach it carefully and courageously at the same time.

The year 2001 posed tremendous challenges to our region and nobody should say that these events were easily predictable.

My country underwent a very difficult year and no one is sure enough that all the danger is behind us.

A dominant part of the region of SEE was not happy to live under undemocratic regimes for decades. Democratic systems do not have centuries' old traditions on this peninsula, and we, who live here, know that. However, it is difficult to believe that at the very beginning of the 21st century, we have to face the same dilemmas and fight to solve the same problems our ancestors lived a hundred years ago.

I would like to emphasise my understanding that the Balkan region was probably of much bigger importance 50 years ago. However, today at the peak of the information revolution, when space and even time are easily bridged, its geo-strategic value, especially in its core, geographically speaking, is not so high. Maybe that was the reason, apart from not knowing the specifics of the area, for the slow and ineffective reaction, on the part of EU and NATO, during the crisis and wars in the previous decade in the region.

At the same time, I am not personally convinced that the idea, that the Balkan is not worth to be dealing with, does not exist in some intellectual and political circles in Western Europe. To the contrary, my personal belief is that without profound presence of European Union and USA in this part of the continent some countries will turn into undemocratic and even violent. That violence will probably not have the power to spill over onto other parts of Europe, but nobody should be surprised with the anti- globalization movements or extreme terrorists' actions. Certainly, noone would like to learn again the lessons of what happened when cruel and reactionary regime was established in a single country, and free world forgot to strike that in its roots, at the very beginning.

Unfortunately, the Balkan has another "error" - it is too diverse. What in the normal world is perceived as an advantage, here is a disadvantage, even the threat to the society which is multinational, multiconfesional and multicultural. I consider this phenomenon as a legacy from communism, which had forcibly covered all differences in the name of fake and unclear internationalism.

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So, what to do with the factual situation?

We certainly do not have the slightest intention to chase the people from their homes, as some dictators did in the past, in attempt to resolve the problems with the diversities in such a way. They have to stay there and to interlink with each other.

However, we must undertake reforms to change the legal framework of our system and form the ambience for altering patterns of behavior of state organs and officials.

On 21 November, we presented in Brussels our national plan for joining NATO but at the same time, we received clear message that we are not on the agenda for the Prague summit in 2002. The war with terrorist groups this year will surely put Republic of Macedonia far from its integration in EU and NATO Alliance.

Because of the war, we lost de facto seven years since signing the Pfp2 agreement. The same happened with the Stabilization and Association Agreement we signed with the EU this year, which we almost forgot because of security preoccupations, although we were the first country in the region, which had achieved that.

My firm belief is that without NATO' s umbrella, the security structure in the region will be unfinished and the very holes, which will remain, will probably cause other conflicts. Republic of Macedonia simply should not be alone and left virtually as non-candidate. International community will make a huge mistake if bypassing Republic of Macedonia and creating an empty space on the south wing of the aliance.

The conflict in 2001 practically expelled all foreign investors out of the country, instead of the anticipated economic growth with a rate of "plus five", we will probably have "minus six" at the end of the year. The rate of unemployment is around 35% officially. Unofficially, it is even higher. At a glance, it is understandable that social unrest is ante portas, and the big wave of brain drain is starting again. International community has an illusion that some donor conference would help Republic of Macedonia survive the incoming period.

My opinion is that without well-developed plan for all-embracing reconstruction of the country, the very existence of the Republic will be in question. Moreover, I do believe that this option should not be in favour of any single state, especially our neighbors.

We are well aware that the key for inner stability of my country would only be well-balanced inter-ethnic relations, especially with the Albanians, economy in expansion, and close, but honest, cooperation with the countries in the region based on rule number one - respecting the existing borders and changing them only via peaceful means with the consent of all concerned.

Although, we are burdened with more compelling issues now, we have still some unresolved questions among us, such as the dispute over the use of our name in the international relations and organizations. Some domestic and international circles and analysts think that it is high time to resolve this pending issue during the crisis. Contrary to this emotional approach, my position is that, in the coming period, we have to deal with the issue of the name very seriously, in a calm environment without too many emotions around us, and to reach an outcome that both sides will agree with.

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Republic of Macedonia is facing a very challenging period ahead. We have recently passed the constitutional reforms, as stipulated in the so-called Framework Agreement, and these days we are preparing to reenter approximately 90 villages, or around 17% of our territory, with international support, which has not been under the control of our security forces until now. This will be very delicate, complex and extremely dangerous process, for which we would require extension of the mandate of NATO and OSCE missions for at least three more months.

However, after that, we have even more important topic on our agenda - to reconcile the country, which at the moment is sharply divided along ethnical, religious and political lines. In this, we would need any possible assistance, particularly from our neighbours.

It is good to have in mind that inner stability is interrelated with the security in the region. Therefore, stability of the Republic of Macedonia means security for other countries in the region, as well.

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### **Internal Stability in Southeast Europe -the Macedonian Experience**

Harald Schenker

#### Introduction

It would be useful to take the events in the Former Yugoslav Republic of Macedonia as a recent example. The other conflict or post-conflict areas in the region have been analysed for a number of years now, and extensive research has been done on the sources of (in-) stability in the respective countries. The Macedonian example is still relatively new, and the model of solving the crisis somewhat unusual. The country has been praised for maintaining its internal stability for quite a number of years now. Its slipping into an armed conflict, with the potential of becoming a civil war, came as a surprise to many. To some others it did not.

The fast spreading of the conflict, in one part of the territory, certainly caught the Macedonian state authorities unprepared; the international factor had to react under immense time pressure, as well. The co-operation and sharing of responsibility and tasks between EU, NATO, and the OSCE in this context deserves a little attention. So does the communication with the Government, during which the sovereignty and territorial integrity of the country played a central role.

With the combat phase of the conflict being over, and the constitutional changes as agreed in the Framework Agreement having passed the parliamentary procedures, two very basic pre-conditions for the stabilisation of the country have been fulfilled. The more delicate and detailed work is still to be done and will require a certain amount of time and certainly many more resources, human and financial.

The strategy of finding a way out of the recent crisis has to be twofold: one approach must be the stabilisation of the country, the other one has to be the effort of addressing problems in a wider, regional context. As the conflict in the former Yugoslav Republic of Macedonia cannot be explained without a regional dimension, its resolution can only be entirely successful if some of the virulent questions of the whole region are addressed: political and economic perspectives of European integration for the region; fighting cross-border organised crime in its economic and political dimension; and last but not least, a vision for the region, which would make local conflicts not only difficult, but superfluous. The Stability Pact must be considered as a valid starting point for this effort, but political visions must be further developed.

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## Lesson Learned

It would be suitable to put this presentation under the general title of lessons learned and to be learned. It is crucial, of course, to discuss this issue as someone working in an international organisation, which had and continues to have the task to contribute to the stabilisation of the country, with the particular means of the OSCE.

As many of you will know, an OSCE Mission has been present in the country for almost nine years now, with the core of its mandate being to report on developments, which could have had an impact on the stability of the country, as an instrument of timely warning. This effort was shared, for some time, with the UN and EU, trying to help preventing a spill over of the conflicts in the former Yugoslavia onto the Macedonian territory. This exercise was successful for a number of years, until the Kosovo crisis of 1999 brought a first serious challenge for the country' s stability in the form of more than 360,000 refugees. While the immediate crisis was solved relatively smoothly, also due to a much-applauded co-operation of the Macedonian Government, its aftermath never really ended. The resulting dramatic changes in Kosovo itself and, ultimately in Yugoslavia created a number of factors of incertitude for the inhabitants of these countries but also for the political decision makers. One important reflex to these dramatic changes was articulated in the combination of economic (legal and illegal) interests with radical political demands of ethnic Albanians in the region, resulting in the various splinter groups and follow-up organisations of the UÇK1.

It will not be wise to assume an explanation of the most recent Macedonian conflict; this would be a subject in itself. It would only be possible to emphasise that it brought to light some of the weak points in the international approach to conflict prevention. From independence to the start of the armed conflict earlier this year, the country was praised as an "island of stability" in a very unstable regional environment. Partially, this was certainly true. However, partially only. Both domestic and international factors knew the shortcomings. Not addressing them publicly was a political decision meant to contribute to the stabilisation of the country. Regarded in retrospective, more public stress on the destabilising moments, among which the slow pace of political, legal, and economic reforms might be necessary. One of the main factors of concern for the OSCE - and there especially for the office of the High Commissioner on National Minorities - over the last decade was the development of inter-ethnic relations in the country, especially between the Macedonian majority and the ethnic Albanian population. The latest developments showed that institutional improvements, which doubtlessly have occurred during the last years and a clear trend to continue with reforms in this direction, were obviously not sufficient to ensure the loyalty of parts of the population. Ethnic Albanians, being unfamiliar with the situation of an ethnic minority, showed impatience with the changes, especially after a start into independence perceived by many as unsatisfactory and a period of political confrontation. For many Macedonians, the changes were too far-reaching and the pressure on their political parties was substantial. This differing perception of reality, combined with an economic policy characterised by some as fearful towards reforms constituted a volatile mixture, in which subjective feelings would sometimes prevail over rational decisions.



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One can notice a general trend in the population, not only in the region, to mistrust politicians. However, under the conditions of economic crisis and subjective feelings of threat from different sides, the emergence of ethnic mistrust must not surprise.

The OSCE tried in the past and is continuing now with a much more substantial presence on the ground to help establish or in some areas re-establish an atmosphere of confidence between people who have been living, if not together, then at least alongside each other. At the same time, the OSCE HCNM tried to mediate in some of the virulent problems, which had caused confrontations in the past. It is good to mention only the issue of higher education in minority languages, which was unblocked with passing a law allowing the establishment of institutions of higher education in other languages than Macedonian, leading to the opening of the SEE University at Tetovo earlier this week.

Nevertheless, the radical offer to solve problems with violence overran all the effort. So far, we can state that a broadening of the conflict could be prevented with a co-ordinated effort involving the Government and the international community, here especially the EU, NATO and OSCE as well as a number of states acting on a bilateral basis.

The immediate international efforts to stabilise the country, which was quite precisely described as being on the brink of a war (be it civil or involving external factors), were remarkable in especially one aspect. Many analysts reproached the international community hesitation or delay in its reaction in the various conflicts in the region. In this specific conflict, the main achievement was rapid and massive reaction of the international factor. We should not forget that this occurred in the context of a sovereign country and involved the Government in every decision. This timely reaction certainly contributed to making it very clear, the direct, or the indirect way, to the so-called NLA2 that their means are not acceptable and that they would not enjoy the international support to feed the myth of "liberation". There can be no justification for the use of armed force in the context of a democracy, however imperfect it may be.

While physical destruction in the course of this conflict had rather limited scope and things will be restored, hopefully with substantial aid from the international factor, the destruction of the mutual trust is a longer-term phenomenon. As we have learned from other conflicts in the region, the reconstruction of mental structures takes time and effort. Much of the success of the Framework Agreement and the ideas stipulated in it will depend on the way, in which these ideas are presented to the population that has to implement them or to live with their implementation. Information policy of the Government and the international factors will have to improve in this respect.

One major factor of destabilisation during the conflict was the performance of the media, both national (of both Macedonian and Albanian language) and international. Prejudice and rumours were, and still are, dominant in the public opinion and the developments during the course of this year were unfortunately not very promising. Bilateral donors as well as organisations like the Stability Pact, EU, and OSCE have tried to address shortcomings in this area, but changes here are not to be expected overnight.

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One of the assumptions constituting the basis of the Ohrid Agreement, and the constitutional changes emerging from it, is that a more equitable participation of all ethnic groups in state institutions and administration, including the police, combined with a transfer of power from the central to the local level will contribute to the stabilisation of the country. In principle, this can be the case; other successful examples in the region have shown it. However, the implementation has to be carefully planned and carried out. A whole package of additional measures, including financial aid, will have to be on offer, together with credible measures to reduce the number of weapons available in the whole region. The civil society, which has failed during the acute phase of the conflict, will have to develop to a degree where it can have an impact on events of this amplitude.

When it comes to the OSCE, we stand ready to contribute to the general effort. Apart from the work of the Mission, which has as its pillars confidence building monitoring and police training, as well as activities related to inter-ethnic relations, decentralisation and media, other regional initiatives should not be forgotten, and it would be suitable to mention the efforts in combating trafficking of human beings.

The regional dimension is of great importance for the OSCE. By being present on the spot in many of the countries, the OSCE has acquired capacity to assist in a variety of situations. We are also working on the assumption that learning from previous experiences will enable us improve our contribution to stability in the entire region.

**..: Democracy, Security and Economic Development in Southeast Europe :..**

# The Option for Regional Co-operation

## **..: Democracy, Security and Economic Development in Southeast Europe :..**

### Options for Regional Co-operation

Haris Hrlje

I will begin by expressing my conviction that all of us agree that Southeastern Europe has only one feasible promising option for its development - joining the mainstream of the European integration. This option involves - and indeed indicates - ever increasing regional cooperation. I wish to express some considerations of certain aspects of this integration that deserve greater attention if we want to assure a balanced progress on the broad front towards the realization of OUR PEOPLES' European dream.

It would be very careless not to recognise that the models of our attempts to catch up with Europe are yet to be fully defined and agreed, and it is quite possible that they will not be quite the same for all countries involved. Nonetheless, these problems are common for all of SEE1 and finding mutually agreed and internationally acceptable solutions will be one of the major regional policy challenges in the coming years.

The issues I raise fall broadly in the category of "security", but are inextricably linked with the regional stability, rule of law, confidence building - both internally and externally - and even with improved of business environment and promotion of foreign investments. While fully aware that some of the ideas below may require long years of efforts at best, and hold almost no political attraction for most governments in the region at worst, the choice is really between waiting for the axe to fall (after one' s mandate) or acting responsibly on behalf of one' s people.

The current overwhelming international preoccupation with the terrorism issues only serves to accentuate long-standing security concerns in the Balkans. Democratic regimes in SEE should use this prevalent global situation to establish, develop and deepen regional cooperation in making the regional borders safer, without turning them into walls or barriers. Such cooperation should at a minimum address "burning" issues, such as drug or human trafficking, smuggling and illegal immigration. Progress in combating these problems is only possible through cross-border cooperation, which is at the same time beneficial to every country involved: strengthening and modernizing government institutions, increasing revenues, reducing crime and generally demonstrating, to the citizens and to the world, enhancement in the field of rule of law.

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Reduction of standing military forces - solely the most crucial trend in the field of security - began with the Dayton Agreement and continued in some recent efforts in Kosovo and Macedonia. A coordinated, regional process that continues in the direction of military forces would not only, in longer run, reduce the burden on national budgets, but would also enhance stability by sending unmistakable signals about individual countries long-term orientation, which would also help attract foreign investment. Another crucial outcome would be reduction of the role and influence of the military in SEE societies and the firm planting of civil-military relations based on the democratic model.

A closer cooperation of law enforcement agencies is an equally important and broad requirement for regional stability. We need to continue working towards the transformations of such agencies into democratically accountable institutions. The true test, and also the main method for this transformation is to push the issue of human rights protection, and particularly of prosecution of war criminals, beyond the hesitant, reactive cooperation with the Hague to embrace effective responses to documented extradition requests.

Among many other aspects, that we should considered to normalize the life of the citizens in the region, but also to improve SEE business environment, is standardization of visa procedures and their validity across the SEE. The countries of the region should be able to admit bona fide travellers with ease, and allow them to unobstructed travel throughout SEE, regardless of point of entry. Not only that the remaining relics of the previous turbulent period that still hamper movement of both ordinary citizens and businessmen should be removed, but security would be enhanced through improved information exchange and strengthened institutions, and negotiations, which could be modelled on the Schengen process, would prepare all participants for requirements of the eventual EU accession.

**..: Democracy, Security and Economic Development in Southeast Europe :..****DOES THE BALKANS EXIST?****Visions of the Future of Southeastern  
Europe: Perspectives for the Region**

Predrag Simic

Ten years of war in former Yugoslavia brought back into use the terms "Balkans" and "balkanization" that, in the West, became synonymous with political violence, ethnic conflicts and fragmentation of states (*kleinstatterei*) that marked the breakup of the Ottoman Empire and the so-called Eastern Crisis by the end of the 19th and beginning of the 20th century. At the time when the end of bipolar division of Europe indicated the possibility of a new and peaceful order, wars for the Yugoslav legacy "brought wars back to Europe"<sup>1</sup> showing the inability of international organizations to ensure peace in the continent that was no longer threatened by conflicting interests of military and political alliances, but by crises and ethnic conflicts in former socialist countries. Many studies from this period, such as David Owens' *s The Balkan Odyssey*<sup>2</sup>, Susan Woodward' *s Balkan Tragedy*<sup>3</sup>, Robert Kaplan' *s Balkan Ghosts*<sup>4</sup> and others are evidence that the Balkans remain the "European powder keg"<sup>5</sup> at the end of the century as it was at its beginning. An attempt at "remaking the Balkans"<sup>6</sup> upon religious, cultural and ethnic grounds caused further fragmentation of Southeastern Europe, while most Balkan states experience economic, social and political crises with slim chances to follow Central European countries and join European integrating processes in the foreseeable future.

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1. Hans Stark, *Les Balkans, Le retour de guerre en Europe*, IFRI & Dunod, Paris 1993.

2. David Owen, *The Balkan Odyssey*, Victor Gollancz, London 1995.

3. Susan L. Woodward, *Balkan Tragedy: Chaos and Dissolution after the Cold War*, The Brookings Institutions Press, Washington, D.C. 1995.

4. Robert D. Kaplan, *Balkan Ghosts: A Journey Through History*, Vintage Books, New York 1996.

5. F. Stephen Larrabee (ed.), *The Volatile Powder Keg: Balkans Security After the Cold War*, RAND Corporation and the American University Press, Santa Monica & Washington, D.C. 1994.

6. Cristopher Cviic, *Remaking the Balkans*, Royal Institute for International Relations & Pinter Publishers, London 1991.

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Unlike Western Europe, which reinforced its integration within the European Union during the past decade, the former Eastern European bloc broke up into three main groups. To the east of the continent, development of the countries that emerged from the former Soviet Union, vaguely organized as the Commonwealth of Independent States, remains uncertain and largely dependent on the development of Russia that will probably remain militarily, politically and economically the dominant country of the region over the long run. Relying on the support of the West and, particularly, of the EU, Central European countries have successfully embarked on transition and the creation of regional organizations such as Central European Initiative (CEI) and Central European Free Trade Association (CEFTA) on the way towards full integration into the EU at the beginning of the 21st century. The third group, countries of South Eastern Europe (i.e. Balkans) is already very heterogeneous, burdened with underdevelopment, ethnic conflicts and consequences of the breakup of former Yugoslavia. About a dozen initiatives for regional cooperation, most of them being launched after the Dayton peace agreement<sup>7</sup>, did not bring about the expected results. This was, above all, due to the lack of financial resources (most of them designed as self-help programs), absence of clear perspective of European integration and international isolation of a geographically central country of the region - Federal Republic of Yugoslavia.

The opportunity for stabilization of this region did not present itself until the political changes in Serbia, where the victory of democratic opposition over Slobodan Milosevic's regime in September 2000 eradicated the last remnants of the Berlin Wall in Europe and, somewhat earlier, in Croatia where the victory of opposition also eliminated an anachronous nationalistic regime. Despite the fact that many crisis spots (Bosnia, Kosovo, etc.) are still active in the region, South East European countries for the first time in recent history have the opportunity to build stable mutual relations and long-term forms of regional integration as part of European and Euro-Atlantic integrations. The failure of the Rambouillet conference and NATO military intervention against Yugoslavia in 1999 had serious consequences not only for relations between the U.S. and Russia but also for trans-Atlantic relations, confirming weaknesses of the Common Foreign and Defense Policy and marginal position of the Union in issues of European security. Under the German Presidency, the Union responded to that challenge in June 1999 with the Stability Pact for Southeastern Europe and stabilization and association process. The Pact encompassed most former initiatives for regional cooperation as well as the policies of the European Union and the United States in the attempt to establish common policy towards South East Europe.

Will democratic changes in Serbia and Croatia indeed bring about a turning point in decade-long ethnic conflicts in "Western Balkans"? Alternatively, are they only an episode such as those in 19908 or 19969 before the chain of ethnic wars in the south of

7. The First Conference of Foreign Ministers of Balkan States was held in Belgrade in 1988. These meetings were renewed in 1996 in Sofia, while the First Summit of Balkan States took place in November 1997 on Crete. Immediately after the signing of the Dayton Peace Agreement, the EU launched the Royaumont initiative, and soon afterwards defined the so-called regional approach to the countries in the region based on the formula "5-1+1". On its part, the United States at the same time launched the Southeast European Cooperative Initiative (SECI) and somewhat later the Southeastern Balkans Ministerial (SBM) and South Balkan Development Initiative (SBDI). Significant for these efforts are also regional initiatives in the close neighborhood, such as CEI, CEFTA, Black Sea Economic Cooperation (BSEC), Working Community of the Danubian Regions (Arbeitsgemeinschaft Donauländer - ARGE Donauländer) and others.

8. In 1990 the government of the last prime minister of former Yugoslavia, Ante Markovic, attempted in vain to prevent the breakup of the country through comprehensive economic reforms, but its effort lacked support of both the leading Yugoslav republics and Western countries.

9. The Dayton Peace Agreement at the end of 1995 ended war in Bosnia and Herzegovina, but failed in providing long-term solution to the problems in the remaining parts of former Yugoslavia, which escalated as soon as the end of 1996 and during the 1997.

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Balkans continues until its logical outcome - the creation of ethnically homogeneous nation states? The answer to this question will depend not only on the future course of events in the Balkans, but also on the policies of international community, above all readiness of the European Union to take the opportunity of the present favorable circumstances for a radically new approach to this European region. The results of the October elections in Bosnia and Herzegovina, the continuation of political violence in Kosovo and Metohija and, the incursion of Albanian guerrillas to the south of Serbia in November 2000, as well as the shaky relations between two members of the Yugoslav federation - Serbia and Montenegro - are warning signs that the Balkans is still a powder-keg of crises with far-reaching political consequences. Even under the assumption that the present latent crises do not escalate into new armed conflicts, the road towards stabilization and regional integration of the countries of South East Europe has many obstacles inherited from recent or the more distant past of this region, which give rise to the question: "Do the Balkans exist?, i.e. are there historical, security, economic and political assumptions for regional linking of Balkan states and its European integration?"

**Between Geography and History**

Although geographically the Balkans is unquestionably a part of the European continent, its turbulent history left its mark in profound ethnic, religious, cultural, economic and political divisions. Even the name of the region - the Balkan Peninsula (Balkan Halbinsel) - is a fictitious name originating at the beginning of the 19th century by German geographer August Zeune in an attempt to avoid then politically incorrect names such as "European part of Turkey" or "Turkey in Europe"<sup>10</sup>. He mistakenly believed that the Balkan Mountains in Bulgaria are the northern geographical border of this region.<sup>11</sup> Since the Roman limes to the iron curtain in the 20th century, during most of its history the Balkans were the border between empires, religions and civilizations, while its peoples often clashed in the role of their border guards and guardians. One of the consequences of imperial wars in the Balkans were large population migrations which made the ethnic patterns of the peninsula "spotted like a leopard' s pelt" while various religious and cultural influences resulted in the mixing of Catholic and Orthodox Christianity with Islam.<sup>12</sup> The second consequence was ethnic and religious animosities. The fiercest conflicts in the wars for the Yugoslav legacy from 1991-1999 took place precisely in the areas of former division lines between empires such as Krajina in Croatia, where Vienna settled Serbian refugees from Ottoman Empire back in the 17th century to guard against Turkish incursions.<sup>13</sup> On the other side of the border, Bosnia and Herzegovina which was under military administration at the time of the Ottoman Empire played a similar role. The most difficult source of ethnic and territorial conflicts in the Balkans - Kosovo and Metohija - is the consequence of conflicts between Albanians, who converted to Islam in the 16th century and became the instrument of Ottoman rule, and neighboring Christian nations.<sup>14</sup>

10. Ami Boué, *La Turquie d' Europe*, vol. 44, Arthus Bertrand, Paris 1840.

11. "In the north this Balkan Peninsula is divided from the rest of Europe by the long mountain chain of the Balkans, or the former Albanus, Scardus, Haemus, which, to the northwest, joins the Alps in the small Istrian peninsula, and to the east fades away into the Black Sea in two branches." August Zeune, *Goesa: Versuch einer wissenschaftlichen Erdbeschreibung*, Berlin 1808, p. 11.

12. On this point, see: Jovan Cviic, *La peninsule balkanique: géographie humaine*, Armand Colin, Paris 1918.

13. The term "Krajina" (frontier) derives from the original name "Vojna krajina" (Militärgrenze - Military Frontier) which this area bore during the Habsburg Empire.

14. For example, the Albanian clan Küprülü (cuprilici) gave a whole dynasty of grand viziers at the peak of the Ottoman Empire. See: Georges Castellán, *Histoire des Balkans, XIV-XX Sciecle*, Fayard, Paris 1991.



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Table I: Ethnic composition of South East European countries

<b>Country</b>	<b>Dominant people</b>	<b>(%)</b>	<b>Biggest minority</b>	<b>(%)</b>
Albania	Albanians	98.0	Greeks	1.8
B&H	three people			
Bulgaria	Bulgarians	85.7	Turks	9.4
Croatia	Croats	78.1	Serbs	12.2
Greece	Greeks	100.0		
Macedonia	Macedonian	66.4	Albanians	23.1
Romania	Romanians	89.4	Hungarians	7.1
Slovenia	Slovenians	87.6	Croats	2.7
Turkey	Turks	83.0	Kurds	14.0
Yugoslavia	Serbs	62.6	Albanians	16.5

*Source: George Brunner, National Problems and Ethnic Conflicts in Eastern Europe, Bertelsmann Foundation Publishers, Gütersloh 1996.*

Liberation wars and national revolutions in the Balkans at the beginning of the 19th century confronted national projects of Balkan peoples, while interventions of great powers prevented any of them from reaching ethnic borders or establishing hegemony in the region. That was the reason why the 20th century in the Balkans began and ended with ethnic wars, which earned this region the reputation of the "European powder keg" and created negative stereotypes in the West. The wars for the Yugoslav heritage towards the end of the century additionally reinforced his reputation.<sup>15</sup> Seven wars took place in the Balkans during the 20th century: the First and Second Balkan Wars, World War 1, the Greco-Turkish War, World War II, the Civil War in Greece and a series of wars for the Yugoslav heritage in the 1990' s. The most frequent

15. On this point see: The Other Balkan Wars, A 1913 Carnegie Endowment Inquiry in Retrospect, with a New Introduction by George F. Kennan, Carnegie Endowment for International Peace, Washington, D.C. 1993; Robert D. Kaplan, Balkan Ghosts - A Journey Through History, St. Martins Press, New York 1993. and, particularly: Maria Todorova, Imagining the Balkans, Oxford University Press, New York & Oxford 1997; Vesna Golsworthy, Inventing Ruritania - The Imperialism of the Imagination, Yale University Press, New Heaven and London 1998.

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motive for these wars in the Balkans was "unsettled national issues" their goal being creation of nation-states i.e. ethnically homogenous states that would extend to the entire ethnic territory of one nation. National programs of most Balkan peoples recognize the idea of an "ethnic" or "greater" nation-state that relies on "historical" or "national" rights and in this regard, there is no substantial difference between Serbian, Croatian, Albanian or other Balkan nationalism. Attempts at achieving these ambitions in geographically limited and ethnically, culturally and religiously very heterogeneous area of the Balkans inevitably led to ethnic and territorial conflicts and massive involuntary migrations, i.e. "population exchange" and "ethnic cleansing". In addition to ethnic conflicts, the principle of nation-states created economically unviable mini-states, which eventually became the strongholds of authoritarian regimes and revisionist foreign policies. After WWI the U.S., France and Great Britain drew a new political map of the Balkans in an attempt to stop ethnic and territorial conflicts and to include the region into the new international order in Europe. There were six states on this map, five of which were nation-states, while the sixth one - Yugoslavia<sup>16</sup> - was a multiethnic community of South Slavs. The Versailles system of states in the Balkans was revised after WWII, this time with the participation of the USSR, and remained in force until the end of the 20th century. This can be credited to the balance of power between the East and the West in the region which encompassed two NATO members (Greece and Turkey), two Warsaw Treaty states (Romania and Bulgaria), as well as non-aligned Yugoslavia and self-isolated Albania, which played the role of a "strategic buffer" between the blocs.

Cold War and bloc discipline only froze national conflicts in South East Europe, which were renewed with greater ferocity and a greater number of participants after the breakup of bipolar order in the continent in 1989. Regardless of how anachronous, ethnic and territorial conflicts in South East Europe during the 1990s resisted all attempts of international mediation. Moreover, instead of "Europeanization of the Balkans" ethnic and territorial conflicts in the Balkans brought the Common Foreign and Security Policy to the edge, threatened to "balkanize Europe" and returned NATO to the European scene. From Slovenia to Kosovo, every armed conflict in the Balkans has demonstrated that wars in Europe are still possible and that the construction of the European Union will be neither complete nor stable until South East Europe becomes an integral member.<sup>17</sup> Even where peace was imposed by NATO military intervention - in Bosnia and Herzegovina and, particularly, in Kosovo and Metohija - the present status quo would probably not survive the withdrawal of international peace forces. The breakup of Yugoslavia, the biggest multiethnic experiment in the region and the state that was one of the footholds of international order in Southeastern Europe for 73 years, reinforced the belief that multiethnic societies do not have a chance to complete successfully transition toward market economies and democratic societies and that only nation-states have future. An argument often quoted to support this thesis is that West European countries entered integration processes as established nation states, that the first NATO members and most successful candidates for EU membership from the former Eastern European bloc (Poland, Czech Republic and Hungary) are nation states and that current candidates from Southeastern Europe (Slovenia, Romania and Bulgaria) are also nation states. On the other hand, all three former East European federations (USSR, Czechoslovakia and Yugoslavia) broke up after 1989 while most present multiethnic states in the Balkans cope with more or less serious ethnic problems and do not have a chance to join either the EU or NATO in the near future.

16. Kingdom of the Serbs, Croats and Slovenes, until 1929.

17. On that point, see: The Balkans and New European Responsibilities, Strategy Paper Presented to the special meeting of "The Club of Three and the Balkans", Club of 3 & Bertelsmann Stiftung, Brussels-Gervat, June 29-30, 2000.

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Although wars for the Yugoslav heritage during the 1990s did not spill over its international borders, they strongly destabilized the entire region and dispatched shock waves throughout Europe and the world. These wars were waged in two main crisis areas. The first conflict triangle is made up of Serbia, Croatia and Bosnia and Herzegovina. Underlying this conflict is an ethnic and territorial dispute between two of the largest populations of the former SFRY - Serbs and Croats - who have been living together for centuries in these areas, while both lay their claims on Bosnia and Herzegovina, where the most numerous ethnic group are Muslims of Slavic (i.e. Serbian and Croat) descent. This war ended towards the end of 1995 with NATO military intervention and the Dayton Peace Agreement, but now, five years after its signing, deployment of international peace forces under NATO command and almost five billion dollars of international aid later, Bosnia and Herzegovina remains a profoundly divided society (as confirmed by the results of October 2000 elections) without self-sufficient economy. However, while the Dayton agreement stopped armed conflicts in Bosnia, the end of war in Kosovo and Metohija, the other crisis spot in the Balkans, did not put an end to political violence and ethnic cleansing which continues until the present day. Incursion of Albanian guerrillas on the south of Serbia in November 2000 only confirmed that the Kosovo problem directly threatens not only Serbia, Montenegro, FYROM and Albania, but also Greece and Bulgaria indirectly, as well as the entire southern Balkans.<sup>18</sup> Unlike the Dayton Agreement, the war in Kosovo and Metohija ended with UN SC resolution 1244 and the so-called Military Technical Agreement signed in Kumanovo, which does not contain long-term solutions for stabilization of the southern Balkans and leaves room for an escalation of conflicts.<sup>19</sup>

18. On this point see: Predrag Simic, *Put u Rambuje: kosovska kriza 1995-2000 (A Road to Rambouillet: The Kosovo Crisis 1995-2000)*, NEA, Belgrade 2000.

19. Military Technical Agreement of Kumanovo establishes along the administrative border with Kosovo and Metohija the so-called Ground Safety Zone extending 5 kilometers into the territory of Serbia (Article I, paragraph 3.e., according to: Predrag Simic, *Put u Rambuje ...*, op. cit., p. 336), but the instruments for its supervision and control, particularly operative cooperation between KFOR and Yugoslav security forces, have not been defined. Similar omission in the case of the so-called safe havens in Bosnia and Herzegovina was a prelude to the tragedy of Srebrenica and Zepa in the summer of 1995.

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## Economic Geography of the Balkans

The legacy of a turbulent past, the marginal position of the Balkans in relation to major economic processes in Europe and the lack of an economically dominant country that could act as a driving force of economic development in this region are some of the main reasons for relative underdevelopment. This gives rise to the question: "Do the Balkans economy exist at all?" Two of the most economically successful countries of the Balkans - Greece and Turkey - do not have the economic potential of a united Germany that in the 1990s decisively contributed to the successful economic transition of its eastern neighbors; nor do Greece or Turkey have the same level of influence as France, Italy and Spain in the Mediterranean. Until the beginning of 1990s, the Balkan economic scene was divided into three parts. In the first one, Romania and Bulgaria, as Comecon members and a part of the East European trade bloc, guided most of their foreign-trade relations towards its members - USSR and other East European countries, while economic relations with the neighbors developed within the Comecon policy. In the second trade bloc were Greece and Turkey as EC members, i.e. associated members, whose main trade and financial partners were in the West. The third part was the single market of ex-SFRY. Owing to its position of a "strategic buffer" between the blocs, it had relatively favorable arrangements both with Comecon and with the EC, and since the mid-1960s with Third World countries. That was the reason why the interest of Yugoslavia for economic cooperation with the Balkan neighbors was, with certain exceptions<sup>20</sup>, relatively modest and took place within the arrangements of Comecon and the EC<sup>21</sup>.

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20. One of the certainly most successful regional projects is hydropower and navigation system Djerdap (Romanian: Portile de Fier) on the Danube which Yugoslavia and Romania have been developing since the late 1950s.

21. For example, annual export of Yugoslav veal to Greece was 30,000 tons, but a year after Greece was admitted to the EC it dropped to only 3,000 tons. Similar drop in trade between the two countries was recorded in other sectors.

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Table II: Population and income per capita in SECI countries

Country	Population	Territory (km2)	Income per capita (USD)
Albania	3,413,904	28,750	713
Bosnia and Herzego.	4,383,000	51,233	-
Bulgara	8,350,000	110,912	1,620
Greece	10,550,000	131,990	10,645
Croatia	4,665,821	56,538	3,650
Hungary	10,566,944	93,030	3,840
Macedonia	2,160,000	25,333	1,919
Moldavia	4,415,000	33,700	4,028
Romania	23,198,330	273,500	1,355
Slovenia	1,989,477	20,256	8,400
Turkey	63,535,000	779,360	2, 685
Yugoslavia	11,101,833	102,350	1,531

*Source: Southeast European Fact book & Survey, ELIAMEP, Athens 1996.*

The most visible consequence of economic division of the Balkans is an underdeveloped infrastructure (traffic routes, telecommunication networks, oil pipelines, etc.) on which regional economic cooperation could rely. In this sense, two different Balkans currently exist. The first one consists of the area of former Yugoslavia which has been developing as a unique economic space for more than seventy years and which has a relatively developed infrastructure. However, the breakup of SFRY divided it with new "hard" borders and political differences that reduced mutual economic cooperation between Yugoslav republics to a very modest level. Already in the last decades of former Yugoslavia, the priority of the Yugoslav republics was no longer a single market, but their economic cooperation with neighboring countries.<sup>22</sup> The second scene encompasses other countries, which were separated during the Cold War not only by the Iron Curtain but also by their marginal position in relation to the centers of trade blocs. To illustrate this point, it is worth mentioning that there is only one bridge in a several hundred-kilometer stretch of the Danube between Bulgaria and Romania, while the main traffic routes from these two countries lead eastward. Breakup and war in former Yugoslavia stopped most of inland transport between Greece and Turkey and the rest of the EU and rerouted it to sea transport. In addition, traditionally "hard" borders between the Balkan states are a reason for long delays of passengers and goods at border crossings, and they additionally hamper traffic within the region.

22. For example, it is worth pointing out that the first highway in former Yugoslavia (Vrhnika-Postojna highway in Slovenia) in the early 1970s was not built on the main traffic route leading from Austria and Italy via Slovenia, Croatia, Serbia and Macedonia towards Greece and Bulgaria, but on the route between Austria and Italy, countries with which Slovenia had and still has developed economic relations.

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The second consequence is visible in foreign trade trends of Balkan states. According to official statistics, most Balkan countries, with some exceptions, have almost negligible mutual trade (under 1% of total imports and exports<sup>23</sup>) while for most of them their main trade partners are Germany, Italy and Russia<sup>24</sup>. Certainly, this data should be taken with some reserve due to the consequences of the 10-year long wars for the Yugoslav heritage and UN Security Council sanctions against the Federal Republic of Yugoslavia. As a result, a large share of economic transactions shifted to the informal sector and remains beyond the reach of official statistics.<sup>25</sup> During these ten years, the economies of most former socialist countries in the Balkans experienced a dramatic decline. In the case of Yugoslavia, it is as much as 70% compared with 1989. Causes for this should be sought both in the breakup of the former Yugoslav market<sup>26</sup> and the consequences of the collapse of centrally planned economies whereby the Balkan states, unlike CEFTA countries, did not manage to find an alternative to the EU market.<sup>27</sup> According to economic analyses, which are hard to test statistically, certain countries of the region now generate over 50% of their gross domestic product in the "shadow economy", while a large share of their mutual trade is carried out through illegal channels. The conditions of the war economy in the republics of former Yugoslavia during the past decade were conducive to illegal economic activities and the development of international crime networks which, in addition to traditional criminal activities (smuggling of arms, tobacco, illegal migrants, narcotics and other hazardous substances) extended their activities to illegal trade in vital raw materials, fuel and other products, permeating deeply into these economies and causing widespread corruption.

In spite of the generally adverse consequences of crises and wars in the Balkans during the 1990s, they also produced certain favorable effects, shifting former trade trends into regional scope, setting the basis for any future regional cooperation in the Balkans. After the end of war in Kosovo and Metohija and the lifting of UN SC trade sanctions against Yugoslavia, a large share of formerly illegal trade transactions will shift to legal channels, which will be visible in future official trade statistics and will illustrate the real extent of these changes. For example, it is worth pointing out that Belgrade, the geographic center of the Balkans, is situated approximately at the same distance (about 400 kilometers) from Zagreb, Budapest and Sofia. However, until 1991 the traffic of passengers, goods and money between Belgrade and Zagreb took place within the single political and economic space. That is not the case now and FRY and Croatia are divided by profound political differences and "hard" borders. Unlike that, traffic between Belgrade, on the one hand, and Budapest and Sofia, on the other, was led across the Iron

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23. Vladimir Gligorov, Trade in the Balkans, paper presented at the conference South East Europe after NATO and EU enlargement: Towards Inclusive Security Structures?, WEU Institute for Security Studies, Paris, December 1997, p 2.

24. Ibid, p. 3.

25. On this point see: Milica Uvalic, Regional Cooperation in South-East Europe, Halki Southeast European Network on Economic Reconstruction, mimeo, University of Perugia, 22 January 2000.

26. Economies of former Yugoslav republics sold 20-25% of their output on markets of other Yugoslav republics and between 15% and 22% abroad. Quoted after: Milica Uvalic, op. cit., p. 3.

27. Drop in the volume of trade after the breakup of ex-Yugoslavia is visible not only among the republics in conflict (e.g. Serbia and Croatia) but also among the others (e.g. Croatia and Slovenia).

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Curtain and was subjected to rigorous border controls. However, the situation is different today: during the past ten years thousands of representative offices of Yugoslav firms were opened in these two cities, while financial transactions of Yugoslav legal and, particularly, physical persons with other countries are partially carried out through Hungarian and Bulgarian banks. In short, the 1990s have radically changed economic geography of the Balkans and shifted economic processes towards new partners and new markets.

Relations between Hungary and Yugoslavia are an example of this shift. During the last ten or so years, they had many ups and downs, but the breakup and war in former SFRY nevertheless made Hungary an important link in the traffic of people and goods between FRY and EU countries as well as in business relations between Serbia and the West. The effects are particularly visible in southern Hungary, notably in Szeged, where a larger number of Yugoslav private firms are registered and where in 1999 the so-called Szeged process started, which played a significant role in linking democratic opposition in Serbia with the EU. Hungary' s joining NATO in March 1999 and approaching the date of its admission into the Union, as well as erection of Schengen borders towards its southern and eastern neighbors raises the problem of its relations not only with FRY but also with Romania and Ukraine, where numerous Hungarian minorities live (about 350,000 only in FRY). Although one may assume that normalization of relations between former Yugoslav republics will return a portion of passenger and freight traffic back to their former routes through Croatia and Slovenia, one may realistically expect that Hungary' s future membership in the Union could increase the isolation of Balkan states unless it is accompanied by adequate compensatory measures. However, if by that time most former socialist countries in the Balkans are admitted to associated membership of the Union and CEFTA and if other specific measures are introduced (including INTERREG program), the ongoing process of cross-border cooperation could contribute to Balkan countries approaching the Union. Soon after its admission into NATO, Hungary was involved in military intervention against Yugoslavia in March 1999, which raised a number of new security concerns in the region that could be removed by early admission of these countries into Partnership for Peace and the EU. Similar problems in the region could be brought about by the admission of Slovenia (also in the first category of countries-candidates envisaged by Agenda 2000) as well as selective policy of the Union towards Balkan countries.

However, even if the consequences of the wars for the Yugoslav heritage are set aside for a while, one must notice that the Balkans are situated on the European periphery and that with the exception of Greece (and to some extent, Italy and Turkey), there are no economically developed countries in this part of Europe that could have the role of an "engine" of regional economic development and be representatives of their interests in political and financial capitals of the Union. The marginal position of the Balkans may be illustrated by the fact that, until 1991 only two Balkan non-member countries - SFRY and Turkey - shared 1% each the total foreign trade of the European Union. While per capita value of aid of G-24 to Balkan states<sup>28</sup> during the 1990s amounted to 388 ecu, compared with 882 ecu allocated per capita as aid to the Visegrad group. Fear that the Iron Curtain in Europe will be replaced with the Golden Curtain between the rich and the poor was one of the main motives of Slovenia and Croatia for their "flight from the Balkans", while some other countries of the region see themselves as Central European rather than Balkan states.<sup>29</sup> This was compounded by stereotypes about the Balkans as a part of a continent that does not belong to Europe. This was underlying the failure of EU policy in the early 1990s in its attempt to stop the Yugoslav crisis.

28. Albania, Bosnia, Bulgaria, Croatia, FYR Macedonia, Romania, Slovenia and FRY.

29. That is why Slovenia and Croatia view any regional initiative in the Balkans with mistrust, while Croatia in January 1998 adopted constitutional amendments, which prohibit return to any kind of Yugoslav community.

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## European Union and the Balkans

If the political Europe is indeed "an encounter of a space and a project"<sup>30</sup>, is this encounter also feasible on the southeast part of the continent that was historically mainly the "periphery" or "the border of Europe"? For pro-European forces in Balkan states the perspective of membership in the Union is almost the only way to be anchored in Western values and to stabilize their societies and their international environment in the transition process. Failure in fulfilling their promises was the reason why such political groups lost electoral power in the past ten years and relinquished initiatives to nationalistic, neo-communist and other populist forces<sup>31</sup>, as well as forces of an underdog culture present in this region.<sup>32</sup> During the late 1980' s and early 1990' s, the European Community did not develop a specific policy towards South East Europe, instead, it applied the policy originally designed for Central European countries. A part of the West European political elite at the time considered that the eastern enlargement of European integration, finalité politique of the Union, ends at the eastern borders of Western civilization, within the borders of "Carolingian Europe"<sup>33</sup>. Consistent implementation of the conditioning principle and uneven distribution of Union' s aid to the Vishegrad group rather than the Balkan countries further widened the developmental gap between Central and South East Europe. Forthcoming eastern enlargement of the European Union will leave most of South Eastern Europe at the tail, as a powder keg and poor part of Europe: "Thus, the EU is de facto dividing the region with its left hand while promoting multilateral cooperation between the states of the same region with the right hand".<sup>34</sup>

Therefore, there are two possible scenarios for the development of the Balkans in the first decades of the 21st century.

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30. Michel Foucher, *La République européenne*, Belin, Paris 1998.

31. Results of elections in Romania at the end of 2000 and possible electoral failure of pro-reform government in Bulgaria are examples of this kind.

32. On this point, see: Nikiforos Diamantouros, *Cultural Dualism and Political Change in Post-Authoritarian Greece*, Estudios Working Papers, Centro de Estudios Avanzados en Ciencias Sociales, Madrid 1994.

33. Willy Claes, then foreign minister of Belgium and chairman-in-office of the Ministerial Council of the European Union in 1993 said on this occasion: "Countries of South Eastern Europe belong in the cultural sense to collapsed Byzantine empire, do not have democratic tradition nor tradition of respect for minorities and therefore it would be proper that the enlargement of the Union be restricted to the ' cultural circle' of Western countries. Enlargement of the Union should be restricted to Protestant and Catholic circle of European countries". Quoted after Katimerini, 16 October 1993, p. 9.

34. *The Balkans and New European Responsibilities*, Strategy Paper presented to the special meeting of "The Club of Three and the Balkans", Brussels-Gerval, June 29-30, 2000, pp. 3-4.



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The first one - the triumph of the nation-state - relies on the assumption that ethnic and territorial conflicts must, with necessary humanitarian interventions of the international community, be brought to their logical close - creation of stable nation states - and that only then it will be possible to establish long-term security, economic and political structures and begin integration of this region into a European framework. This is corroborated by the consequences of past wars for the Yugoslav heritage and the attitude of influential political forces in these countries, as well as by the positions of some of the Western elites. Five years after the Dayton Agreement, Bosnia and Herzegovina is a profoundly divided country; its central authorities exist only formally, its economy still largely relies on humanitarian aid from the international community, while its unity is based on UN and NATO "soft-protectorate". A year after the UN SC resolution 1244, Kosovo and Metohija is still has the status of a volatile peace dominated by political violence and is on the way to final ethnic divisions where small Serb enclaves survived only on the north and, partially, in the south of the country. The Federal Republic of Yugoslavia is a country composed of three different and relatively independent entities - Serbia, Montenegro and Kosovo - with an uncertain common future. The situation is similar in the Former Yugoslav Republic of Macedonia, where a strong Albanian ethnic minority in the west of the country is exerting strong pressure towards federalization, as with Montenegro whose independence could encourage similar requests of Albanian minority on the east of the country.<sup>35</sup> The consequences of opinion that "the breakup of Yugoslavia is not over" and support to requests for independence of Kosovo and Montenegro could result in the further proliferation of small, weak and revisionist states in the Balkans or "remaking the Balkans" towards revision of the existing borders whose inevitable consequence would be forceful relocation, i.e. "ethnic cleansing" of large population groups in the south of the Balkans with the aim of creating ethnically homogeneous nation-states.<sup>36</sup> It remains uncertain whether this process could be contained within the borders of former Yugoslavia or whether it would spill over to neighboring countries, also burdened with latent ethnic conflicts. What seems certain, however, is that proliferation of small and weak states in chronic economic and political crises would be conducive for the creation of populist and nationalistic regimes, as has already occurred during the 1990' s.

An opposite scenario - a "triumph of integration" - relies on an assumption of active stabilization, regional linking and association of Balkan states with the European Union. Encouraged by negative experiences of the war in Kosovo and Metohija and previous failed attempts at regional linking of Balkan states, in mid-1999 the Union launched the "stabilization and association" process and Stability Pact, which encompasses almost all the previous regional initiatives. During the following year major changes occurred in the region, both positive and negative. The positive side of this balance records the departure of authoritarian and nationalistic regimes in Croatia and Serbia, the return of Albanian refugees to Kosovo and Metohija

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35. Although Albanian parties in Montenegro are a part of president Milo Djukanovic' s ruling coalition, their leaders (such as Ferhat Dinosa) do not miss an opportunity to stress that they live in their "own land awarded to Montenegro by the decision of the Congress of Berlin" and to put forth a request for federalization of this Yugoslav republic.

36. Incursion of Albanian guerrillas on the south of Serbia and pressure on the vital traffic communication Belgrade-Thessaloniki at the end of 2000 should be interpreted as the pressure towards exchange of territories and population: the remaining Serb and non-Albanian population in Kosovo and Metohija should move out, while Albanians would leave three municipalities on the south of Serbia.

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and relative stability of FYROM and Albania. Despite the war in Kosovo and Metohija, a growing "euroization" of regional trade, harmonization of national legislation with the communitarian law and beginning of customs leveling is occurring. For the first time during the past ten years, the Union attempted to define a long-term stabilization and integration policy for the countries of this region<sup>37</sup> at the Helsinki summit. The donor conference of the Stability Pact in March 2000 collected EUR 2.4 billion for quick-start projects in the region<sup>38</sup> while the first summit of Balkan States and the Union was held in Zagreb in November 2000. On the negative side of the balance is, however, the weakness of international administration, continued violence and "ethnic cleansing" in Kosovo and Metohija, incursion of more than 1200 Albanian guerrillas on the south of Serbia, return of nationalistic parties on the elections in a number of Balkan states, burgeoning organized crime and corruption in the region<sup>39</sup> and a relatively small interest of Balkan states for regional linking, as they give preference to direct links with the Union and CEFTA countries. After the momentum brought about by the aftermath of the war in Kosovo and Metohija and the political changes in Serbia and Croatia, one cannot quite rule out that absence of rapid democratic and market reforms and continuation of ethnic conflicts and corruption in the region could again cause Balkan fatigue in the West and new marginalization of the region.

The World Bank Regional Strategy Paper on the Balkans<sup>40</sup> induced an intense debate that brought about a clear vision and a concrete political framework for the reconstruction and development of the region based on five main aspects:

- (a) Problems of the Balkans are defined as transition and development problems, while proposals for reforms are for the first time adjusted to the need of regional and European integration,
- (b) Sub regional integration is an important aspect of the proposed political framework, but its limitations are recognized,
- (c) Preference is given to European integration over sub regional integration,
- (d) Institutional reform is proposed to be the priority for governments and donors and,
- (e) Emphasis is placed on preservation of human and social capital.<sup>41</sup>

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37. Signing the stabilization and association agreement with the FYR Macedonia and Albania (November 1999) and beginning the negotiations about accession with Romania and Bulgaria (December 1999).

38. Most of these resources were not "fresh" capital, but previously approved resources for the countries of the region.

39. The New York based organisation "Lawyers against Drugs" estimates that the traffic of drugs through Kosovo and Metohija has doubled in the last year. Central Europe on-line, Daily News Digest, June 7, 2000, <http://www.centraleurope.com>.

40. The Road to Stability and Prosperity in South East Europe, The World Bank, March 1, 2000.

41. On this point: see: Ivan Krastev, De-Balkanising the Balkans: What Priorities?, International Spectator, Vol. XXXV, No. 3, July-September 2000, pp. 7-17.

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Institutional framework for issues of regional security, economic recovery and development, and democracy and human rights is the Stability Pact with its three Round Tables. However, it still lacks instruments and financial resources that would enable it to produce substantial influence on the course of events in the Balkans. Moreover, certain circles in the West fear that the present approach to the Stability Pact and Stabilization and Association Process could be an additional impediment on the road to full integration of Balkan states into EU and that, instead, it would be better to create conditions for their early associated membership in the Union, admission into CEFTA and prolonged pre-accession process on the basis of a revised approach to Stabilization and Association Process and Stability Pact.<sup>42</sup>

At this point, one cannot avoid the question of how it is possible to implement World Bank and Stability Pact strategies, which are essentially post-conflict strategies, in a situation when conflicts are not over: "how can the economic strategy designed by the international community be implemented in the environment of 'controlled insecurity' promoted by the international community?".<sup>43</sup> Security risks in the Balkans are structural and the experience with NATO-led protectorates in Bosnia and in Kosovo has shown that the presence of international peace forces can pacify armed conflicts but cannot eliminate their causes. Five years after Dayton, it turned out in Bosnia that as much as 4.5 billion dollars of aid could not start up economic development, while this former Yugoslav republic during five years from the end of the war and Dayton Peace Agreement became a humanitarian aid economy - this will probably also happen in Kosovo and Metohija. Even in the countries, which recorded certain progress in relations with the EU during the past several years - such as Romania and Bulgaria - the social and economic crisis results in population frustration and loss of confidence in democratic institutions and the government. Continuation of ethnic and territorial conflicts in the Balkans could lead to further proliferation of protectorates and weak states, i.e. states that either do not want or cannot create and implement legal rules. In short, one of the main aspects of recovery and development of Balkan states is stabilization of governmental institutions and the re-establishment of their authority through reliance on Union institutions, economic potential and policies. In other words, EU strategy towards South East Europe must possess vision and resources similar to the Marshall Plan or European Union's policy in the preparation for "southern enlargement" in the 1970's and towards Central and Eastern Europe at the end of the 1980's and beginning of the 1990's.

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42. Michael Emerson, *Reconsidering EU Policy for South East Europe after the Regime Changes in Serbia and Croatia*, Centre for European Policy Studies, Brussels 2000.

43. Ivan Krastev, op. cit., p. 13.

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Dilemmas existing in the West in connection with the justifiability of NATO intervention against FRY in the spring of 1999<sup>44</sup> have direct political consequences on transatlantic relations and may only be resolved by outcome of changes that occurred after the war ended. The balance of these changes is contradictory and it would be too premature to conclude whether they indeed brought about a turning point in the decade-long ethnic conflicts and crises in the Balkans. With its interventions in Bosnia and Herzegovina (1995) and in Kosovo and Metohija (1999) NATO became an important security factor in the region, but its role remained restricted to maintaining territorial and political status quo without the possibility of influencing political and economic processes on which long-term stabilization of this area depends. At present only the European Union may play such a role and its policy in the region is somewhat modified by Stabilization and Association Process and Stability Pact. However, one cannot avoid wondering whether their philosophy perhaps became outdated in the meantime. For most countries in the region, SAA and SP can only be provisional and transitional forms of development of relations with the Union, which cannot replace the accession process with the final goal of acquiring full membership in the Union. The most important, if not the only political instrument of the Union in this region, is the promise of full-fledged membership in the EU as the foothold for the policy of liberal and democratic forces in Balkan states. However, it would be wrong to expect that integration is possible by bypassing the role of the state and focusing on non-state integration of these countries, because in that way the Union would find itself in the role of a semi-colonial power, as witnessed by the experiences of international administration (actually, protectorate) in Bosnia and Kosovo, as well as attempts to minimize the role of the state in some other Balkan states in favor of supranational institutions or non-government organizations. Further fragmentation of existing multinational states would not be helpful in this sense, since it would not resolve unsettled ethnic and territorial conflicts but only give them intergovernmental forms and lead to further proliferation of weak and unstable microstates. Contrary to this, support to stabilization of democratic and market-oriented government institutions in the existing Balkan states and their intergovernmental relations would set the groundwork for a political solution of open crisis spots, eliminating at the same time obstacles to their linking with the EU and for integration of the entire region

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44. On this point, see: Amnesty International, NATO/Federal Republic of Yugoslavia: "Collateral Damage" or Unlawful Killings? - Violations of War by NATO During Operation Allied Force, EUR 70/18/00, June 2000, <http://www.web.amnesty.org/ai.nsf/index/EUR700182000...>

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Does the Balkans matter?

For over one century the Balkans was the region where Europe projected its power, its differences and where European wars started. Inability to check the centrifugal powers in former Yugoslavia and preempt or stop the violent dissolution of Yugoslavia seriously affected European Common Foreign and Security policy clearly demonstrating that NATO remains the only credible hard security organization on the continent even after Warsaw Treaty and the Soviet Union ceased to exist. "In more than one respect, the Western Balkans poses a real threat to the security and stability of the current and future EU member states as well as to the credibility and authority of the EU as a global actor. Europe has to come to terms with new incumbent responsibilities and act accordingly."<sup>45</sup> Initial weakness of EU policies in the Balkans was confirmed even during the 1999 Kosovo war, NATO and, more specifically, the U.S. operation (more than 80% aircraft sorties were performed by the U.S. planes). That led to more active posture of the EU countries during the Cologne and Helsinki summits towards more articulated defense policies. The Balkans may be Europe' s one and only chance to develop lasting foreign policy, security and defense arrangements..

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45. The Balkans and New European Responsibilities, op. cit., p. 9.

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### **The Options for Regional Co-operation**

Milan Stavrev

Starting from the imperative necessity to advance and enhance the relationship between the neighbouring countries for a secured stability, as well as achieving economic prosperity in the Region of Southeast Europe, the countries of this Region will have to define, without hesitation, an action plan for cooperation.

In my opinion, this plan, from economic perspective, should:

1. Direct the major goals to the economic determinants of the Regional cooperation;
2. Define the cooperation to concrete programs, projects and activities in defined periods;
3. Define concrete priorities for projects and programs of Regional interest;
4. Simplify, as much as possible, the coordination of the activities, which should be compatible with the activities of the EU member countries, the international financial institutions and organizations, as well as other international and Regional initiatives.

At the same time, the Governments of the Southeast European should:

- lighten the movement of people, goods, and services, especially in the Region
- Coordinate the border procedures according to the international standard
- Establish full cooperation in order to prevent all forms of weapon and drug smuggling, people trafficking as well as corruption
- Conclude bilateral agreements between the countries of the Region in accordance with the WTO regulations, as well as the processes of each country' s individual relationship with the EU member countries
- Reduce the extra taxation measures to the lowest level to avoid the obstacles of the trade in all of its manifestations
- Codify the norms and regulations for the background of the goods in accordance with the WTO standards
- Establish as closer cooperation in the banking sector as possible.

I would particularly like to indicate that the Resource Ministries, economic chambers, and business associations would have to engage a significant effort to accomplish these activities.

However, engaging a significant amount of effort to intensify the work of the Balkan Regional Centre for trade development, which should grow into a permanent institution that would coordinate and direct the economic cooperation among the countries of the Region in general, might appear most adequate? In relation to this, we should not forget the realistic need for creating a stable, uniformed, and transparent Regional investment framework, which would direct the investments in the Region and, at the same time, connect the economic activities both on a horizontal and vertical scale. With this, the Region would achieve a realistic and loyal competition with a positivistic trend.

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Considering the problems in general, solvable and not solvable, inherited from the previous socialistic system, it is particularly important to direct the investments towards developing the small and middle sized companies, which at this moment are not only necessary, but represent the only solution for the current transition phase of the countries in the Region. The more the unemployment represents a potential danger that could easily destabilize the current deceptive peace, the more these countries have an undisputable potential for development of this kind of companies. These capacities are not an absolute truth, but are absolute necessity and represent the desired corporations for further investments by the financial institutions, donors, as well as political authorities within the country.

Implementing the rehabilitation activities, as well as constructing and connecting the regional infrastructure in general, could realize the overall economic growth and prosperity in the Region.

Without a fully developed transport, energy, telecommunication, and water infrastructure, there will not be a regional development, neither free movement of people, goods and services, which would indisputably destroy the social integration and cohesion of the countries in the Region.

In relation to this, real projects should be constructed for individual as well as general strategic approaches, defined in time, and determined in this sphere, as for example: attracting potential investors from the Region and abroad for financing projects from the transport sector. These projects should be compatible with the already anticipated European and pan-European corridors, which are generally following the current North-South line, and particularly connecting the neighbouring countries from the East-West transversal. Therefore, it is necessary to identify the necessary investments with a defined dynamics in the domain of road and rail network, as well as marine and lake transportation.

Opening various segments from the telecommunication market will ease the possible and long-awaited investment activities. This segment of the infrastructure is still strongly influenced and controlled by the state institutions monopolies; therefore, it will require an intensive and studious long-term approach.

The energy problem is multi-layered since it represents the cornerstone, which the foundations of economy overall, as well as its reconstruction are based upon. The Region must define a coordinated activity considering the approach towards energy supply, regardless the source. It is an imperative to take a serious approach in determining factual exploitations of existing capacities for production and distribution of energies, optimizing future investments and engaging joint efforts in defining and using alternative energy sources.

The necessity to coordinate all efforts in the preservation of the living environment appears automatically in addition to the problem with the infrastructure in general. In relation to this, it is important to indicate that none of the countries should pose as individual segments. Namely, not a single country in the region, as well as worldwide, could isolate itself hermetically, and establish its own autarchic standpoint and behaviour. Clean air and water, healthy food, i.e. quality living conditions cannot exist on one territory, if there are not such in the surrounding ones. The countries of the Region will have to establish an institutional system for collecting and exchanging information in this domain. This system will have to

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integrate in various agencies responsible for monitoring and exchange of information in this domain, as well as in the European Agency for Living Environment.

At the end, let us review a very important problem in this Region, which intruded fiercely with a possibility to leave unimaginable negative consequences, due to the historical, economic, and political events.

It concerns the problem with terrorism, organized crime, corruption, drug smuggling and women and children trafficking.

The problem manifests, i.e. modifies itself in various forms listed above. It often appears accidentally in a certain form, without any warning of its narrow connection to the other manifestations. These should not be analysed and used separately. Therefore, the countries from this Region will have to establish a narrow cooperation in the fight against this evil. These would have to be monitored integrally, stopped, and destroyed, since this part of Europe represents the crossroad of this evil' s horizontal and vertical transversals of movement.

In conclusion, the cooperation in the area of science, sport, culture, and art is worth mentioning, which we sincerely hope would take course at this conference.

Should there not be such initiative, let us arrange another meeting, which would include topics such as this to be part of our possible and long-awaited cooperation of the countries in the Region.

We have to tell Europe that we can and we will cooperate, that we are part of the European civilization, since this civilization has been and will be built on the foundations, which have also been set up here in the Balkans.

(Translated by Perica Sargzoski)



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### **The Options for Regional Co-operation**

Katia Hristova-Valtcheva

The reconstruction of the Balkan after all different types of crisis, which the region has experienced, cannot be accomplished merely by the "import" of the modern institutional mechanisms. Despite numerous past examples of introducing similar up-to-date models that were effectively adapted to the local environment, the current rebuilding of the region should first call for an implementation of the whole scale modernization, which, in particular cases, should aim at rebuilding communities.

A clear-cut modernisation process requires on one hand, maximal mobilization of the existing institutional resources of the Balkan societies individually and in collaboration, and on the other, effective mechanisms for adequate adaptation of the principles and institutions of a European-style-democracy.

The situation of complete institutional disintegration in some Balkan countries, the nominal existence, or the quality of performance in the other countries' institutions necessitates clear definition of problems, common to the region and specific to the different states institutional problems concerning the formulation of adequate and bringing forward positive result initiatives for the Balkans. Poor modernization of countries in the region and loss of early modern traditions in political democracy and private business, the Balkans are an excellent example of a multiethnic environment.

Major institutional changes in the Balkans require a new definition of the Balkan national community. The ethnic definition of the Balkan nations is the product of delayed national development of all its communities, resulting from disintegration of the Ottoman and Habsburg empires. Thus, the new definition of the nations should be based on civil solidarity and citizens' integration irrespective of their ethnic group into common whole of a democratic and tolerant national community. Cooperation with the other communities in the region in the framework of the European unity is next step. Undoubtedly, this process will be painful and sometimes dramatic. Nonetheless, there is no alternative, because it is the only way to legitimise interethnic conflict as an instrument of defending national integrity and national sovereignty against "alien communities".

The need for regional cooperation has not yet been a discussed issue. Without regional cooperation, we cannot do anything for the simple reason that nobody is interested in our countries taken separately one from another. The region is, to a particular extent, interesting and we had to fit into this new trend, new perception of the International Community.

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The problem is what type of regional cooperation to build, because in the 20th century we have seen many, more or less, utopian models of regional cooperation, even federations, even larger efforts of trying to make different people living together, and those basic features. They were top-down efforts. They were efforts created by particular elite sometimes utopian, sometimes pragmatic elites but all those efforts for regional cooperation and integration of different nations here have been top-down efforts.

We believe that the process of regional cooperation, which is taking place now and which should develop in the future, should be bottom-up process. This should be a process of constructing real communities of people, including cross-border, not only capable of living together but interested in living together. Most of them cooperate among themselves on an everyday basis and they need this cooperation in order to survive.

If we have that kind of growing communities, initially not more than 5-10% of the population of the region, if we can start and initiate and develop the process of growing and intensifying cooperation among real communities, then there will be no need for top-down decision to live together. Real communities with their own interest will be the most powerful lobbyist for the process of regional integration, which by the way is the only way for each country from the region to join the European Union and become part of the integrated European space.

The Balkans represent a predominantly paternalist type of communal culture, and the improvement of collective political rights has been directly stimulating a process of fragmentation and separatism. The absence of strong liberal-democratic institutions, capable of integrating citizens into national economic, civic, and political life, and the presence of adverse corporate interethnic competition has made it possible for authoritarian ethnic communal leaders and elites to enforce militant separatism as the only way for defending the ethnic or national interest.

It is essential to the ethnic peace and tolerance in the region to improve the institutional background and effective implementation of individual human rights and opportunities within a liberal-democratic system of citizens' equality and integration. The efforts of civic integration and regional cooperation must be concentrated in the following areas of communal life:

- Integration achieved by creating new economic opportunities and a cross-communal market experience;
- Integration achieved by a balanced system of equal participation in developing the educational system, access to the media, and freedom of cultural expression;
- Integration achieved by developing cross-border cultural and economic regions, bringing together representatives from an ethnic community living in two or more neighbouring countries;
- Integration achieved by developing a culture of public tolerance, which makes discrimination unacceptable;
  - Integration achieved by improving the selective strategies of governments to assist underprivileged communities in the socio-economic field;

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### The European Environment

All initiatives related to the possible regional cooperation in Southeast European region are difficult to be implemented because of its non-homogeneous character. There are at least five types of states and state-like formations in the Balkans. Analysing them from the EU perspective these are: Greece, which is EU member state; Bulgaria, Slovenia and Romania, which are negotiating for EU membership, but do not hold negotiations; Macedonia, Yugoslavia, Bosnia, Croatia and Albania, or the so-called Western Balkans, take part in the EU Association and Stabilization Process, Kosovo, a state-like formation, has no clear status and future. From this perspective, it is quite difficult to formulate an integrative external policy to be applied to all these extremely heterogeneous states with the quite heterogeneous development perspectives. In order to find basis of its regional policy, the EU started the so-called Association and Stabilization Process for the countries from the Western Balkans. The process is the first EU attempt to formulate an integrated policy towards the Western Balkans - a policy that would underline political and economic cooperation as well as the EU mechanisms for providing support for the ongoing reforms within those countries.

The EU proposes Association and Stabilization Treaties to be signed between the EU member states and the countries from the Western Balkans. These treaties include at least five elements, which underline the development of the cooperation among those states and the EU as well as the cooperation among them within the framework of the region.

There is requirement in the treaties nothing that the states have to cooperate for resolving problems of common interest and for establishing a free trade area. They have to cooperate with the neighbouring countries that have structured relations with EU these are Bulgaria, Hungary, Romania and Slovenia. Thus, the treaties establish a general framework of the EU support for the ongoing reforms in these countries.

The process does not create a radically new framework for the establishment of lasting stability in the Western Balkans. It does not offer any custom or monetary union perspective or any essential guarantees for fast economic development of the region. For the present, such guarantees are impossible because the region is quite heterogeneous, the EU member states are also quite different, and hence, it is very difficult for them to reach an agreement on a common policy. That is why all the results achieved until now are significant success.

### A Network of Regional Institutions

The establishment of a system of specialized institutions and funds on a regional level is of specific importance for the implementation of an overall regional economic strategy. These institutions and funds would support the development of potentially profitable sectors of the Balkan economies. It would be wrong to confine the efforts in the establishment of a Reconstruction and Development Agency only, whose basic activity would be focused on reconstructing the damaged infrastructure. The functioning of a well-developed network of regional institutions, which intensively supports the process of economic cooperation, is necessary for the implementation of real and effective regional economic integration. Cooperation among different types of institutions - international agencies for development of different economic sectors, funds for private business crediting in the region, branch industrial and trade associations, consulting agencies, strategic planning organisation would be

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beneficial to regional integration. The functioning of a network of such institutions would provide formulation and consistent assertion of common regional economic interest. Such a network would stimulate the dissemination of regional models of economic development, which would clarify the Balkan economic environment' s specific needs and peculiarities.

A collection of controversial historical, psychological, cultural, and geopolitical factors has turned the Balkan region into one of the most amorphous places in Europe in terms of organized interests, potential for cooperative action, and ability to compromise and search for alternative options to promote one' s national, communal, or even personal interest.

The mentality and culture of regional cooperation should be developed, even if the process takes decades. This makes it strategically more important to create and stimulate the development of an institutional system of regional cooperation in all major fields of the region' s transformation: economy, security, conflict prevention, education, and media, and civic cooperation.

All efforts to bypass the real divisions by hiding them have failed. We should base an adequate strategy for regional integration on the real situation and should try to change it by developing alternative "bottom up" grass roots models of cooperative activities. The basic purpose of such a strategy is to create and develop communities of people, sharing interest in growing cross-border cooperation in the fields of trade, education, culture, media, civic initiatives, technological and industrial development, and infrastructure development.

Once developed, such communities would serve as powerful "lobbyists" for the regional dimension of political, economic, and civic cooperation.

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# Concept for the Future of Southeast Europe

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### **Concepts for the Future of Southeast Europe**

Alain Le Roy

#### Introduction

As the European Union' s Special Representative in Skopje, I would like to concentrate my remarks on the prospects for the future development of the FYROM Macedonia. I would like to begin with some words on the pre-conflict situation, followed by some brief remarks on the post-Ohrid development, and at the end, I will focus on the long-term perspectives for this country.

#### Pre-conflict situation

Ever since independence, FYROM was confronting both, a complex regional and internal situation:

- Without a deeply rooted history of independence and statehood, it had to find its way as a newly created independent state. At the same time, the country had to avoid tearing itself apart into the violent conflicts, which all the other Republics of the former Yugoslavia had to live through. Internally, the country has been confronting the challenge to develop an inter-ethnic co-existence acceptable to both, the Macedonian majority and the Albanian community.

- Regarding the external situation, Macedonia' s overall has been a successful story.

The instruments of European and International Foreign Policy - let us mention UNPREDEP, the process of association to EU, the Stability Pact - as well as the political will of the subsequent Macedonian governments contributed to the fact, that Macedonia has never been involved in any armed conflict with its neighbours and today maintains constructive relations with all of them.

- The internal situation, however, presents itself in a much more complicated way. Notwithstanding the participation of Albanian parties in the government and attempts to improve the situation of the Albanian community, this spring saw the violent outbreak of inter-ethnic violence. It is not our intention to minimize the scale of this tragic conflict, when we say that, there is a significant difference, however, from the other conflicts the region had experienced during the last decade: This conflict closed in the beginning phase of its outbreak and this was achieved within the framework of the existing constitutional order.

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Having said this, there could be no doubt that pre-conflict efforts to find a solution for the latent interethnic tensions had obviously not been sufficient.

### The Ohrid-agreement; post-Ohrid policies

The so-called ' framework agreement' signed on 13th August 2001 at Lake Ohrid, was the turning point for an increasingly violent conflict that had broken out in spring. So far, it has also been the start date for a peaceful development and the restoration of the difficult inter-ethnic dialogue.

The Ohrid process now seems to be finally on track. After a long delay and after overcoming many obstacles, the Macedonian Parliament has finally adopted the constitutional changes foreseen in the Framework Agreement on 15th November. For the first time ever, a vast majority of Albanian MPs supported the decisive foundations of the Macedonian constitution.

The task now remains to ensure the full implementation of all aspects of the agreement. Notwithstanding the positive developments, we have seen over the last days, this will remain a tremendously difficult task:

- Probably, the most important aspect of the implementation of the agreement will be to start implementing the amnesty declared by President Trajkovski within the next days. Amnesty and pardoning will be key confidence-building measures to stabilize a still tense and potentially violent situation.

- Next to the amnesty issue, the process of the re-entry of the security forces is a top priority. However, re-entry requires, of course, that security conditions allow for it. The training and subsequent incorporation of Albanian police officers into the security forces will play an important role here.

- Last but certainly not the least: The parliament has to adopt the other legal measures agreed in Ohrid as soon as possible. In so far, the law on local self-government will be the first top priority.

### Key elements of the Ohrid process

Contradicting a high degree of scepticism, about what the Ohrid agreement was perceived as by many observers, after its signing has, so far, assisted in finding a difficult but accessible path out of the crisis. It is certainly much too early, to give a final assessment of the agreement' s impact and in view of the immense difficulties still lying ahead we would be ill advised to be euphoric or naive regarding the obstacles we still have to overcome. However, the agreement so far has been a success story.

The IC had chosen a comprehensive approach, including both, political, military and economic elements:

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- The political aspect: The IC<sup>1</sup> played a highly visible role by rapidly reacting to an increasingly violent and dangerous development. Both, the US and the EU had appointed a Special Representative to facilitate negotiations that led to an agreement, which would be a profound basis for the future of this country. Both, EU and US cooperated closely to help putting through the agreed political process. The SRs<sup>2</sup> and their staff in Skopje have been and will be in constant contact with the political scene in Macedonia to ensure the implementation of the whole Ohrid agreement. This local presence has been of remarkable importance so far.

- The military aspect: Right from the beginning, the political process has been accompanied by an international military presence. Both, Essential Harvest and Amber Fox are - among other aspects - important confidence-building measures to safeguard political stability on the ground. Essential Harvest has been thoroughly criticized right from the beginning. It is convincing that this critic has been unfair; its basis being a huge misunderstanding: The mission' s aim was not to destroy all weapons existing in Macedonia but to be an important confidence-building measure, a signal that armed conflict is no solution. Amber Fox, for its part, has played more than once a very valuable role to ensure peace and stability, often through its mere presence. Besides, a close cooperation between civilians and military has been and will be a key to success.

- The economic aspect: A long-term and sustainable political stabilization needs a robust economic development. Therefore, the donor' s conference, initiated by the IC, will be of utmost importance for the future development. It should therefore take place as soon as all the conditions for a successful conference are guaranteed. Besides other forms of assistance, the EU has assisted Macedonia in 2001 with 72.5 Mio Euro from the CARDS-programme, used for assistance for reconstruction, development, and stability. Next to this, the Stability Pact has supported 76 projects with an overall volume of 187 Mio Euro. In the long run, however, it is the economic performance of Macedonia itself, which will be the decisive factor for the country' s development. In addition, here, a peaceful political environment is an indispensable precondition for successful development.

**Concept for future stability**

What can we as IC do to provide for a peaceful development in Macedonia? As mentioned earlier, the challenge is to apply adequate preventive measures to contain a potential conflict, not to end it, as in Bosnia or Kosovo. Having said this, preventive measures would play a key role:

- The future development has to be part of a comprehensive concept for the stabilization of the whole region. A stable, democratic, and increasingly prosperous region is a central precondition for the country' s further development. Vice versa, the prospects for stability in an unstable environment are nil. Thus, a comprehensive approach to stabilize the whole region is of utmost importance.

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1 International Community

2 Special Representatives



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- A key element for this will be to give the country a concrete perspective for integration into the European political and the Euro-Atlantic security structures. This process of rapprochement and integration can provide a frame that ensures an increasingly closer and trustful cooperation with the IC. The EU clearly expressed its willingness to go forward on this path when it signed the Stabilisation- and Association-agreement with FYRO Macedonia on 9th April 2001.

- Apart from the further implementation of the Ohrid agreement, accompanied by the representatives of the IC, a long-term solution of the inter-ethnic conflict demands efforts to improve interethnic relations and to build a civil and democratic society not based on ethnic or national criteria but on the equal rights of all citizens. Both, EU, OSCE, and the Council of Europe can play an important role here to help finding ways to improve inter-ethnic relations.

### Conclusions

To summarize, we can draw the following conclusions:

- Conflict prevention is possible if the IC reacts rapidly and in a coordinated way.
- Close cooperation between EU and US has been a key element in this crisis. The EU is able to play a decisive role in conflict prevention when it is willing to speak with one clear voice.
- Close cooperation of the international organizations involved is of utmost important, as is a close cooperation between the civilian and the military side.
- A stable long-term development requires a stable regional background.
- The perspective of integration into European political and Euro-Atlantic security structures will be of key importance for the region.

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### **Concepts for the Future of Southeast Europe**

Magarditsch Hatschikijan

Some people might still recall the famous events back in the sixties, when Charles de Gaulle used to celebrate his kind of „Meet the Press" - a big general press conference, and it was almost always the same procedure. De Gaulle would start with a long statement, in fact, a speech, and afterwards the questions. Once, he concluded his speech saying: "Ladies and gentlemen, these were my answers. Now let me hear your fitting questions."

This was also a brilliant definition of one of the main differences between politicians on one side and journalists and researchers on the other. The politicians' job is to give answers and present solutions, the researchers' job is to pose questions and explain problems.

Since I do not belong to the politicians' group I will concentrate on questions and problems concerning the issue of concepts and conceptual approaches in the nineties, regarding some central features, which were and still are of crucial importance for Southeast Europe and, in my opinion, for overall European developments. It is up to the politicians to give the answers. I will therefore present a set of questions and statements concerning five, in my opinion, important issues:

1. Are the results of the international policy during the last decade of the 20th century in Europe satisfactory, or not? If they are assessed as acceptable, we have no causes for comprehensive discussions on conceptual approaches and may continue like before. If they are assessed to be not outright a successful story, we should think over what has gone wrong, and we should change it.
2. For the first time since 1815, there is not a generally accepted and somehow legitimized pattern of international relations in Europe, based on a clear structural priority. Since 1991, there is no such guiding principle - the Germans call it *Leitmotiv* - to provide for the general framework and the rather stable and functioning mechanisms in international policy.

It would seem to me rather useless to discuss the question if the lack of strategy and coherence was the reason or the result of this fact. In any case, it was and remained a fact, and the obvious example in our case is the approach of the most influential international actors vis-à-vis the developments in Southeastern Europe. The main feature here was often the attempt to adapt to a given situation with a continuous lagging behind, a kind of ad-hoc-policy, staggering from one crisis to the next one.

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3. There were, and still are, as Maria Todorova has convincingly argued, mainly three possible responses to the conceptual challenge of taking a prior decision. Two are based on the legitimate principles of sovereignty and self-determination. Both have their advantages and disadvantages.

a) If staying with the principle of sovereignty, we would continue with the traditional approach, predominant until the beginning of the nineties. In this case, one would probably refrain from direct intervention, would often have to stand aside and not act in fear of disturbing an extremely insecure balance and producing destabilizing effects. How can Macedonia uphold its sovereignty if the one of Yugoslavia is abused? If the principle of sovereignty is abused, this is a dangerous message for all secessionist movements. On the other hand, this morally uncomfortable option makes the appeasement argument easy to accept. Only the feeling that often inaction creates the lesser of two evils offsets it.

b) However, one could argue equally convincingly that one could embrace the principle of self-determination. After all, was not this, in the first place, the principle that guided and created most of countries in the region and in Europe as a whole, in the past century and a half? Then, if one were to choose this principle, one has to see it through, and prepare for the foreseeable repercussions. In order to illustrate the possible difficulties take, let us say, Croatia, Kosovo and Bosnia and Hercegovina. Is one able to apply everywhere the same principle in the same way? It is obvious that it will be difficult to avoid the impression of double, triple, multiple standards, claiming at the same time that the same principle of self-determination can guide one' s policy. And there are different manifestations of double standards. Minorities and minorities are not the same. Consider the example of the Roma population.

c) The third option was not to choose any of these two options, but to choose deliberately to refrain from applying one prior principle and to apply deliberately permanent pragmatism, i.e. to persist with diplomatic means, to exert pressure through coordinated international channels, to insist on negotiations, to show patience. Again, in this case, the criticism for applying double standards would come, too, but the answer would be - different constellations require different approaches.

In many cases, the main international actors effectively embraced the second option, i.e. the principle of self-determination, and in some cases the third, the pragmatic option, although this was often not a deliberate choice, but simply the result of the ad-hoc-policy.

The main result was an obvious fragmentation of state structures in Southeastern Europe and, in the long run, perhaps even more important, an obvious de-etatization of international policy. This has produced some positive results, too; e.g. the discussion on the philosophical basis of international relations, the growing role of the human rights issue, the importance of NGO activities etc. However, it has produced dangerous elements, too: a tendency to privatize political and military action, a broadening specter of political, economic and military actors, some of whom are engaged in illegal and even criminal activities, etc.

The reason for this mixed picture is obvious: Ultimately, the principles of sovereignty and self-determination are not compatible. One can try to find some balance, of course, but you cannot have them both as guiding principles.

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4. With respect to the stability of Southeastern Europe, the main problem, in my view, remains the issue of the structural organization in, and of the region.

If we look at the map of Southeastern Europe and try to figure out the major questions, with respect to the state structure, what would be the main point brought in to focus by this list. In my opinion, certainly the following:

None of the major questions can be answered to total satisfaction of all states and peoples involved. Every complete solution in favour of one side would inflict substantial losses to more than one neighbour, or have serious consequences for them. In other words, it is not advisable to focus on solving the questions; instead, one must tame them and bind them, where possible, into a corporate approach based on regional co-operation.

Which structures would be meaningful, which safety features necessary? We have three options at our disposal:

- a) A solution focused primarily on the regional forces at work in the Balkans; its main buttress would be the existence of a strong regional co-operation between the Balkan states achieved through the deployment of a comprehensive integrative apparatus, a kind of Balkan Union;
- b) An option based primarily on external cohesive factors, the basis for which would be the EU and its determination to integrate completely the entire region into the European Union;
- c) A mix of external and internal cohesive factors and safety features.

Both the first and the second approach fail, for the time being, following a closer objective examination. For the near future, none of them has serious prospects for development. Therefore, the third possibility presents itself as the only solution in the short term.

This certainly does not mean that all components of the unachievable alternatives are to be shoved aside. It would be better to integrate a number of these elements into the third alternative if this alternative is to succeed. This is true for elements pertaining to the regional unification of the Balkan states, as well as for the offer for complete integration into the EU. There is a need here for both sides to create and respect an unalterable linkage.

The second most important prerequisite, for such an approach to grow into a promising task, lies in the creation of a comprehensive bundle of long-term contractual arrangements between all parties involved. After both World Wars, the peace treaties set in place the basis, which provided the general framework. Nothing similar happened after 1990. There is an urgent need for a substitute - for an interlocking system of bi- and multi-lateral basic treaties among the Balkan states on one hand and between these states and the EU on the other. In other words - it is high time for a Balkan Lugarno.

The EU should undertake the role of formal guarantor - and not only in the classical sense but also in the sense of guaranteeing the integration of Balkan states, no matter what the form of this integration would be.

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5. The peoples and states of Southeastern Europe can make important contributions to the solution of these problems, but they cannot solve the overall problem by themselves only. It is simply impossible, because it is not they, who have the power and the resources to shape the framework of international relations, which is the basis for the structure of the region too. This is an old story, and nothing has changed in this respect.

Therefore, the main question has to be addressed to the main international actors in Europe, i.e. the US and the most influential member states of the European Union. Moreover, here I am coming back to the beginning. It is up to me to raise the question; it is up to the politicians to give the right answer.

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**"The more things do not change,  
the more they stay the same - the persistence  
of conflict in the Balkans" - A discussion of the  
post-11 September approach to the region**

Edward P. Joseph

Everyone knows the French expression, "plus ca change, plus ca change pas". The more things change - the more they stay the same. Well, the corollary is also true: the more things don' t change, the more they stay the same. "Plus ca change pas, plus la même chose."

If we are frank about the situation in the region - especially in former Yugoslavia - we can cite some significant steps forward (like sending Slobodan Milosevic to The Hague) - but overall we do not see that wholesale change of the condition that brought countries into conflict. If even Serbia and Croatia - the two warring countries that would have the easiest time moving forward - have made only modest steps toward reconciliation and return of minorities, then what can we expect in Bosnia, Kosovo or Macedonia? If Croatia and Montenegro cannot solve even the question of the Prevlaka Peninsula, then can we expect Albanians and Macedonians and Albanians and Serbs to put aside older grievances? In sum, while it may be that the wars of the past decade will not be repeated in the same way, the likelihood is that the conflicts will continue to persist and to complicate seriously the integration of the region within the larger European community.

Developing a more "European" concept for the future will mean foremost making painful admissions of reality. We must cease painting progress where it does not exist; stop mistaking the absence of fighting (as in Bosnia) as success. We should avoid masking our desire to diminish the region by peddling the notion that we really giving "ownership" of the problem to the various parties (Serbs, Croats, Bosnians, Kosovars, ethnic Macedonians and Albanians).

In addition, we should stop clinging to principles of "regional cooperation" which do not apply. While we can and should try to encourage such cooperation, it is counterproductive to ignore the inbred resistance and limitations of this model. While vainly hoping that the countries, especially of former Yugoslavia, will trade their way out of conflict, we will only post-pone the resolution of intractable and divisive issues.

Finally, with respect to all these points, we must be careful not to exaggerate and distort the impact of 11 September. Indeed, a closer look at its impact is imperative lest those who dream of military solutions or who simply want to delay or subvert the process of implementing agreements will exploit the chance to say that "everything has changed". As we shall see, "terrorism" is not all its cracked up to be in the Balkans. Plus ca change pas, plus la même chose.

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I will look first at this question of the post-11 September era - the whole terrorism question; how it is being exploited; and what to do about it. Then, I will take a brief look at applying a valuable principle - reciprocity - in the context in which the Balkans are likely to remain.

11 September, terrorism and the Balkans -  
new "winners" or new pretenders?

It is clear that the new world-wide "anti-terrorism order" has for the moment created some "winners" and "losers":

- a. Pakistan is a so-called "winner" over Kashmir. India is a temporary "loser".
- b. Russia is a "winner" not only over Chechnya, but also over any other separation movements in Russian Federation.
- c. Israel and Palestine are in a standoff - both have lost something and been constrained to a degree ... Palestinians their favorite weapon and Israelis their ability to crackdown. [Note: written before 1 December attacks in Jerusalem that turned Israel into a temporary "winner."]

Certain Balkan states are trying to capitalize on this and to take encouragement from the perceived "new order". In the Balkans, "terrorist" is generally code for Albanians (and to some degree used for Bosnia and the mujahadin present there).

One of the best examples is from the Macedonian media -

1. Before September 11: the NLA "terrorists" were CIA or Western-sponsored. Creature of the West.
2. After September 11: the NLA instantly became bin Laden sponsored.

For the moment it is true, that in the post-11 September order the premium is on order - i.e., the status quo; the penalty is on violence, particularly the kind from non-state actors. In this, Albanians do have disadvantage - and have been told so.

The situation, however, does not mean that conflict is impossible. Indeed, precisely two months after the WTC-Pentagon events, Macedonian police and ethnic Albanians clashed near the village of Neprosteno. Although the situation was eventually contained, three police officers were killed when Albanians fired rocket-propelled grenades.

With respect to the "new terrorism" thinking in the Balkans, we must challenge the notion that 11 September somehow grants carte blanche to "deal with the problem head-on". This feeling is especially prominent in Macedonia, where the feeling is that after perfidy of international community (which let terrorists use Kosovo as a base and then pressured for the Framework Agreement), now, that "they" (the Albanians) have what they want, no one can stop us. Indeed, there is talk of "joint action" with NATO against terrorists.

What is essential is to distinguish fact from its exploitation - to look closer at the real record of terrorism in the Balkans to prevent distortion and exaggeration, while acknowledging the problem where it exists. Again, this will require some frankness - where any party, including ethnic Albanians, are in fact using terrorism, the international community is duty bound to say so.

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The problem is that "terrorism" itself is so difficult to define. The international community is struggling to define the difference between terrorism in different contexts. For example, the Pakistani government, when talking about violence in Kashmir - tries to launch the classic distinction between "freedom fighter" and "terrorist". In order to get some balance with the rush to be "anti-terrorism" - to prevent it from being used simply as cover for anti-Albanian belligerence - we need to construct some kind of workable definition.

If we do not come up with some kind of workable definition, then terrorism will become an "inflationary" term - like "genocide" - it will become so over-used that its meaning will be de-based. As difficult as it is, we can and should try to come up with some criteria and apply them sensibly. In addition, with these criteria, the aim should be to make those, who claim an actor is a terrorist, to establish it - not just by use of rhetoric and innuendo.

If we needed any evidence about the importance of getting it right when we label something in the Balkans "terrorist", then the example of the KLA would provide it. Recall that the Kosovo KLA was labeled "terrorist" in 1998. The Macedonian KLA was labeled "terrorist" and "thugs" in 2001. Both appellations subsequently gave way as international policy changed. However, this abrupt shift has not been lost on either Serbs or ethnic Macedonians, and in both cases contributed to the suspicion about the "perfidy" of the international community.

Here is my effort at a workable definition of terrorism:

he purpose of terrorism is terror ... that is, meaning to strike fear ... not just destruction of a defined objective or population as in a conventional armed conflict (whether or not of an international character, as defined in the Geneva Conventions). Some criteria to establish terrorism might be:

- The presence of innocent casualties - not just combatants;
- The indiscriminate nature of the act - that is, either active intention or depraved indifference to who might get hurt;
- The use of diabolical methods (unorthodox weapons) - airplanes, bombs, chemical and biological weaponry.
- The pre-meditated nature of the act. As with criminal law, there should be some element of "scintilla" (bad intent) that is established either by the act itself or by knowledge obtained about the planning that went into it.

Note that the element of establishing the terrorists' goals (whether "legitimate" or "illegitimate") are omitted from this list. This is because 11 September has made, to a large degree, this point less relevant. Whatever the Pakistanis may argue in Kashmir, it no longer seems to matter much, whether those who commit a terrorist act are "freedom fighters" or not.

What makes Pakistan a "terrorism winner" is not any sympathy toward their cause in Kashmir, but simply the strategic value of Pakistan for the campaign in Afghanistan.

Now, how can we apply these criteria? Let us take a look at the Balkans - a reasonable look with normal glasses, not with ones shaded one way or the other - and see if we have terrorism or not.



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Bosnia:

May I say that I spent virtually the whole war there - in Sarajevo, Mostar, Bihac, and in the enclave of Zepa as it was falling to Mladic and the Serb forces, and it was to my continuing surprise that there never was any terrorism. Why, given their awesome disadvantage in weaponry, did not a Bosnian (indistinguishable in appearance and language from a Serb) infiltrate to Banja Luka or Belgrade and blow something up?

While clearly terrorism was not a feature of the war in Bosnia, it is nevertheless true that there were Middle Eastern fighters (mujahadeen) present during and after the war. Furthermore, these elements, it seems, were responsible for an act of terrorism: the powerful bomb explosion near a west Mostar police station in 1997 that miraculously caused no fatalities. Mujahdeen presence has long been a concern of the US Government, which has raised the issue to the Bosnian government numerous times. The apparent use of Bosnian passports by suspect individuals only heightens these concerns.

Kosovo:

In Kosovo before 1999, the classic case was that of Drenica and Adem Jashari. The question is: Was it terrorism that Jashari was performing - or another act, equally violent, aimed at the Serbian MUP? Yes, he was blowing up police stations ...but was the purpose to inflict terror on the neighboring Serb population, or was this the aim to carve out police "no go" area in Donji Prekaz? No doubt Serbs were put in fear and one can construct a case that Jashari was a terrorist. My point is that the burden of doing so - in a careful, methodical fashion - rests with those who make the argument. The key point to remember is that: Simply because something may not qualify as "terrorism", does not mean that it is lawful or welcome by the international community.

At the same time, we should not brush the problem aside and say that there are no real examples of terrorism in Kosovo or Macedonia or elsewhere - or simply say that we will never agree on the definition. Some examples of terrorism are so "pure" that no one can plausibly deny them. The best example was the explosion of a bus carrying Serb civilians back to Kosovo in February 2001. The explosion, which occurred near the town of Podujevo, met every element of the definition described above. It was a pre-meditated, diabolical act against civilians designed to terrorize the entire Serb population. Making it even worse, booby-traps placed on the road near the Serb enclave of Strpce would have heightened the death toll, had KFOR not spotted them. The Podujevo bus bombing is proof that terrorist attacks have occurred in the Balkans - and that we have no reason not to recognize them as such.

Macedonia:

KLA tactics in Macedonia were similar to KLA tactics in Kosovo. Nevertheless, regardless of whether one can marshal the evidence to prove which were "terrorism", there are clearly cases that do merit use of the term: the bombing of the Bryony Motel and the recent explosion, claimed by "ANA", in Tetovo are examples.

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The problem in Macedonia is that KLA tactics included ambushes - and alleged, apparent mutilation of military victims as in Vejce. First, an ambush "per se" is not necessarily terrorism - nor is it in most circumstances a war crime. Second, where as in Vejce they do appear to be war crimes - and these do deserve the full attention of the international community - they still do not seem to meet the definition of terrorism. Macedonian officials have expressed to me their bitterness and frustration that The Hague will not take up the Vejce case. If this is so, then we need to think of how else to address crimes against law of war - against military and police. Otherwise, we risk leaving the bitterness of a population that feels the international community only cares about "Albanian victims".

Note that in connection with Macedonia, Kosovo, Albania, and Bosnia, the larger suspicion exists in connections with criminal networks and money laundering, possibly even Al Queda. If this is true the international community must surely go after it, but again, the burden of establishing the concern rests with those making the accusation. It is not enough to simply throw out innuendo and say that "men with beards" have been spotted in a training camp. In addition, we should be aware that when it comes to corruption and criminal enterprise, that state institutions, as in Milosevic' s Serbia, could be very much involved.

Finally, it should be noted that the "ETA" model (in which Spain continues to fight against the Basque terrorists) is not the only model existing in Europe with respect to terrorism. The IRA were just as firmly labeled terrorists for the British. Now, the IRA' s political wing is a full partner in the Good Friday peace process. The counter-argument to all this worrying over the definition of terrorism is "who really cares if this act or group does not meet a ' classic definition' ...if ' they' blow things up then, ' we' are one of the 11 September winners. Again, this is the prevailing mentality with any who are locked into conflict with Albanians.

It is true that Albanians have gotten a message to "chill", but there is no need to exaggerate the position of the "winners". To compare with the real "winners", we see that:

Neither Serbia nor Macedonia is Pakistan

First, Balkan countries are unnecessary in the present campaign in Central Asia, and are unlikely to be central to any follow-up action in Somalia, Yemen, Iraq or other countries.

Nor are Balkan states like Russia either. Even before 11 September, Russia got an effective free pass from the West on Chechnya (mild concern expressed only.) Moreover, ironically, Putin has made peace overtures towards Chechen leaders in the wake of 11 September - not launching a further military action.

The point is that invoking terrorism as a catchall excuse to bellicose policies is simply that - an excuse. The more clearly and consistently the international community sends the message that terrorism must be established - not merely asserted - the better for the cause of regional stability.

If the message is that not so much has changed in the Balkans after 11 September, then what are the future concepts for the region? Conventional wisdom holds that the 11 September will hasten the US departure from the region. While no doubt that some will move

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in this direction, there is at least one counter-veiling trend from the Afghanistan campaign: nation building is back.

There might not be enthusiasm for ambitious Balkan projects, and an international "catch-all" conference on the Balkans is utterly remote, but Afghanistan has at least made the essential point that conflict prevention does not end when the guns stop blazing. The long, tough job of stabilizing a region and building strong, non-corrupt institutions, requires active and constant engagement, i.e. nation building. Those who constantly say, "The international community is doing too much" or "We must give ownership of the problem back to the Kosovars or others" do not grasp the extent of the challenge. The far greater risk is not that internationals will usurp the role of locals, but that they will fail to push local leaders hard enough.

As for the dream of regional integration in the Balkans, as meritorious as the arguments are for achieving it, it is clear that the states want neither a free-trade area nor joint accession to EU. Remember the uniformly negative reaction to the Carl Bildt proposal. It does not mean that the effort to stimulate trade and remove barriers should be abandoned - indeed, they can be tethered to the EU entry process - it is that no one should put their hopes on regional integration as the panacea for conflict.

As for the new EU Stabilization and Association agreements signed with Macedonia and Croatia, these are surely positive steps, but they do not offer (especially for Macedonia) the kind of hope for imminent prosperity that can "trump" the centrifugal forces tugging at the country and keeping conflict very much a possibility.

In sum, the Future Concept for the Balkans is likely to be "what you see is what you get" - countries struggling to do two things at the same time:

First - continue to establish their fiercely independent identity from their neighbors (beginning with Croats from Serbs and then moving on-down) - again, thwarting the efforts for regional integration; and

Second - become democratic, market economies (to the extent that non-corrupt, market-oriented governments are in power).

What do we do?

Stop pretending its not there or somehow it is unnatural - "they worry about borders when the rest of Europe is breaking them down".

In a way, the state of affairs is understandable (if regrettable, and certainly subject to amelioration) given the delay in developing nation-states in the region, and given the incomplete success of Titoism to integrate the nations in a pluralistic model. The point is that the struggle for identity and the potential for conflict continue to complicate the transition to "the West", and we should not believe that somehow "the conflict is over, something that belonged to the 1990s".

The persistence of conflict is the dominant feature in the Balkans, not the reverse. The threats are real ...or at least the perception of them is real. The best example of this is the Croat-Serb conflict - perhaps the least "natural" conflict given the similarity of the two

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peoples: both Christian, no natality issues, no complicating factors as with Kosovo which involve third country. Indeed, even during the height of their war, Croats and Serbs could agree on dividing Bosnia. Yet, progress has been minimal - even with a highly reformist government in Zagreb in which the President' s wife is Serb. As one Serb participant in this conference remarked, it is far easier to travel to Budapest or Vienna than to Zagreb (from Belgrade).

As we move south from Croatia, the conflicts get progressively more intractable due to other factors - the number of victims and the massiveness of the dislocation as in Bosnia - or the degree of violence and hatred and linguistic factors as in Kosovo. Again, none of this means that "people cannot live together", but simply the challenge is not only on "institution building", but also on conflict resolution.

The aim of the international community, especially now that Milosevic is gone, is to come up with principles that can be applied everywhere, even reciprocally. No bids for regional domination or suppression of a people will be entertained.

For example, it is clear that Belgrade senses a threat from the progressive loss of Montenegro, Vojvodina and Sandzak. The international community's answer should be that "we will take your concerns seriously - but only in so far as you, Belgrade, reciprocate by fully supporting the sovereignty of Bosnia - not the Republika Srpska. Otherwise you fail the reciprocity principle".

On Bosnia, the fundamental message that Belgrade (and Banja Luka) must receive is that there is no way - ever - that IC can allow Bosnia to be divided along the Dayton lines. No matter how obstructive the RS remains to return of Bosniaks, there is no way that Serbs will ever walk away from Bosnia with 49% of the territory. Moreover, this position remains unchanged regardless of what happens in Kosovo.

With respect to Kosovo, it is clear that what Serbs did to Kosovars is not only well known; it formed a major component of international policy to the province. Nevertheless, Kosovars have not been made to know - reciprocally - that they will pay a price for their treatment of Serbs after the war. They must learn this now; there can be no more excuses. Failure to address swiftly the condition of the tiny Serb minority in Kosovo must inform the international position on Kosovo.

As for Macedonia, the key danger to recognize is partition. The seductive temptation to give in to forces on both sides that harbor the aim to divide the country must be resisted - not out of sentimentality for multiethnic states, but for the hard-nosed reality that partition in Macedonia is far more complex and potentially de-stabilizing than continuing with the Framework Agreement model for co-existence.

Once we recognize the danger (which I will not take the time to spell out here), the goal is straight forward - prevent division. Achieving this requires concerted attention in four theatres:

Macedonian-Albanian

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There are two sides to this. First, the return of Macedonian displaced persons is the seminal event. Achieving security and stability in the crisis areas means full implementation of the amnesty - without tricks and reservations.

The second is to end the use of corrupt division of spoils as the means to "easing" inter-ethnic conflict. As the NLA phenomenon proved, corruption only ends up in conflict - however deferred. An anti-corruption law and a beefed-up OSCE mandate to get something approaching free and fair elections - in Albanian and Macedonian "areas" - is essential. OSCE in particular should seek constantly to "press the envelope" of its confidence building mandate, and not put constraints on itself that only reinforce the government to reflexively charge "protectorate" each time the IC contemplates action.

Macedonian-Macedonian theatre

The leaderless and dispirited Macedonians, whose cynical press simply reinforces the malaise, need a change. Again, elections and movement on corruption are essential to improving this element. Greater pro-active work with media, to ensure that "wolf pack" cynicism based on Skopje-centric reporting does not poison the atmosphere, is also essential. Journalists must be reminded to actually visit the terrain, which they are so confidently and cynically writing about.

Macedonian-Orthodox Neighbors Theatre

As ICG1 will explain in a report to be issued soon, identity is directly related to stability. In addition, the chronic threat to Macedonian identity from Orthodox neighbors - who otherwise are sources of munitions and sometimes-dubious investment - are destabilizing. A formula must be found to provide Macedonia with its constitutional name.

Albanian-Albanian Theatre

If our goal were to preserve Macedonia as an integral, unified state, then we must understand the impact of Kosovo - indeed, we would be naive not to. While free communication with Kosovo from ethnic Albanians in Macedonia is natural, the onus should remain on ethnic Albanians to develop and maintain a political identity fully within Macedonia and fully separate from Kosovo (or Albania). Ohrid must not be allowed to become a Trojan Horse for Federalization or separation later on - at a time that is simply "more convenient".

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