

SECURITY AND RECONSTRUCTION OF SOUTHEASTERN EUROPE

A Policy Outlook from the Region



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POLICY PAPER

STRATEGIES FOR DEMOCRATIZATION AND INSTITUTIONAL DEVELOPMENT

- *Containment of Ethnic Conflicts*
- *Effectiveness of Public Administration and Public Control*
- *Civil Security and Civil Participation*

The reconstruction of the Balkans after the Kosovo crisis cannot be accomplished merely by the “import” of 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 whole scale modernization, which, in particular cases, should aim at rebuilding communities.

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

The current assumption that introduced models of a pluralistic political system, free market economy and civic security really turn the countries of the region into full-fledged democracies is rather formal and imprecise. The existence of these models is devoid of essence and meaning—they are often hollow shells and barren inside.

The situation of complete institutional disintegration in some Balkan countries, the nominal existence or the quality of performance in other countries' institutions necessitates clear definition of problems, common to the region and specific to the different states institutional problems in regard to the formulation of adequate and bringing to positive results initiatives for the Balkans.

LEVELS OF INSTITUTIONAL DEVELOPMENT

From the perspectives of the existing public and corporate institutional framework in the Balkan region of today we could distinguish among four basic levels of institutional development.

The first level applies to countries and regions, which have almost no autonomous institutional capacity to assist reconstruction initiatives. The typical examples are the Kosovo region and Bosnia and Herzegovina. Both areas are coming out of intensively destructive military operations, mass scale efforts of ethnic cleansing and other serious human rights abuses. The traditional political and administrative infrastructure of those territories has been disintegrated, the level of inter-communal communication and cooperation is extremely low, following years of systematic inter-ethnic clashes, and the institutions of communal life have been completely destroyed or suffer full inability to serve the communities in post-war conditions. At this level of institutional destruction and helplessness a full protectorate status, imposed militarily, politically and administratively is the only solution to create the necessary organizational background for a sensible peacekeeping, humanitarian and reconstruction and development program. The protectorate sta-

tus may be complemented with a step by step development of autonomous democratic process of political representation at municipal and national level under international supervision. The process of democratic re-institutionalization in Bosnia after Dayton proved very slow and painful, especially at the level of interaction among the three entities—Serb, Muslim and Croat.

The second level of institutional development in the region refers basically to Albania and—in some respects—to the Republic of Macedonia. Albania suffered a heavy crisis in its institutional development in 1997 and the Albanian state operates to a particular extent in selected regions of the country. The ability of the government and the public administrative system to enforce law and order and to exercise the basic functions of a state are seriously reduced in all basic fields of life. Albania, therefore, needs systemic external—international efforts to re-structure its public institutional system and reproduce normal environment in the fields of security, law and order, welfare provision. This external effort will amount to a semi-protectorate status, in which an imported administrative system should co-exist with the existing domestic institutions of democratic representation of the Albanian citizens.

Macedonia is a country, which has relatively high standard of public institutions performance compared to many other countries in the region. The point of vulnerability of Macedonia is specifically in the field of maintaining interethnic stability and in resisting the attempts of the present day Belgrade regime to destabilize and control the country. For those reasons of security Macedonia will need mass scale international assistance in the field of security and national defense infrastructure.

Third, Bulgaria, Romania and Macedonia (apart from its security dilemma) represent the highest level of institutional development. These countries have the autonomous ability to implement their political decision making in a public administrative process. Nonetheless, the efficiency level of their public administrative systems is remarkably low compared to the stan-

dards of the developed world. A system of direct assistance, and indirect stimuli should be developed to motivate these national governments to perform a large scale administrative reform, to reduce the skyrocketing levels of corruption, to promote a more effective system of public control over the executive and legal systems, to de-centralize the decision making process, and strengthen the municipal powers authority. Romania's level of economic transformation is low and the country remains economically vulnerable. Bulgaria needs to improve its internal administrative conditions in order to attract private investment and register economic growth.

The fourth level—Yugoslavia (Serbia and Montenegro)—represents an institutional dilemma. The country has a relatively well developed institutional system inherited from the former Yugoslav communist state. Following the recent military defeat, however, the growing political unrest will start Yugoslavia on its process of uneasy political transformation from authoritarian rule to democracy. This process is very likely to be accompanied by weakening of public institutions, disintegration of the system of law and order, and decline of the state's ability to serve the basic needs of the community. This case represents the most difficult scenario, and a minimum of political and institutional transformation should be carried out by Yugoslav citizens before the international community prove capable of providing help.

Montenegro shows a better ability to adapt while a process of transforming its institutions than Serbia. However, this may accelerate the disintegration process of the Yugoslav federation.

In Croatia, serious political change is expected to take place this year, which may lead to institutional change. By no means will it be even close to the dramatic institutional disintegration threatening Yugoslavia.

AREAS OF INSTITUTIONAL TRANSFORMATION

Poor modernization of countries in the region and loss of early modern traditions in political democracy and private business,

as well as the extreme crisis potential for ethnic conflict, underlay general institutional problems. Their concrete manifestation imposes a differentiated approach when elaborating concrete policies and initiatives in the followings areas:

- containment of ethnic conflict;
- effectiveness of public administration and public control;
- civil security and civil participation.

The above mentioned areas represent the main sources of institutional instability and weakness observed throughout the region with various intensity. Each attempt to provide general solutions must be based upon an understanding of the specific shortcomings in each area.

Containment of Ethnic Conflicts

The Balkans are an excellent example of a multiethnic environment. Every attempt—of the last 150 years and of the present—to create ethnically clean (and cleansed) nation states has had little to no chance of success. From this perspective, changing the national borders to improve a country's ethnic balance may have a short term effect, but will be dangerous in the long term. Major institutional change in the Balkans requires 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 disintegrating Ottoman and Habsburg empires. Thus, the new definition of nations should be based on civic solidarity and citizens' integration—irrespective of their ethnic group - into the common whole of a democratic and tolerant national community. Cooperation with other communities in the region in the framework of the European unity is the next step. Undoubtedly this process will be painful and sometimes—dramatic. Nonetheless, there is no alternative, because it is the only way to de-legitimize interethnic conflict as an instrument of defending national integrity and national sovereignty against “alien communities.”

There has been a major miscalculation on the part of influ-

ential international institutions, human rights groups and local reformist movements that “multiculturalism,” defined as a system of institutionalizing collective political rights for diverse ethnic groups leads to inter-communal peace and understanding. 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 of defending the ethnic or national interest. Bosnia Herzegovina and Kosovo are key examples of this point.

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 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 neighboring 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 socioeconomic field;
- The right of self-determination is not a right to secession:

separatist movements should not be encouraged on either a regional or an international level;

- The introduction of effective institutions to safe guard (and enforce) civil rights;

- Inclusion of all citizens of a state in the political process on the basis of citizenship, given that all human and political rights on an individual basis are secured. The latter keeps to the principle of traditional liberal democracy for granting and respecting rights on an individual, not a collective basis, including the representatives of ethnic minorities. In the still parochial and kinship based societies of the Balkans, collective rights would further fragment the societies by encapsulating ethnic groups under the rule of authoritarian or patrimonial elites;

Effectiveness of Public Administration and Public Control

The effectiveness of public administration in the countries in Southeastern Europe raises the issue of establishing and consolidating political, economic and public institutions by means of rational structure and effective mechanisms for action as a clear-cut modernization process. The experience of these countries gained after the initiated transition from totalitarian rule to democracy shows that the administrative and technical introduction of institutions of modern liberal democracy is not enough to give meaning or content to the process of democratization. The ineffectiveness of public administration is a result of the following key assumptions of post-totalitarian societies:

- lack of clear perception of public representation of interests;

- weakly organized public control of public administration;

- shortage of qualified people for political and corporate roles.

A necessary requirement for the successful application of institutions of modern public administration is the stimulation of efficient pressure of legitimate organized group interests from society to the institutions of public administration. This means

that public administration should become an intermediary by committing to:

- strict implementation of norms and principles of modern public administration;
- providing transparency and accountability (including access for regular citizens);
- impartial attitude to enhance effectiveness and exclude corrupt practices;
- objective and public mechanisms for recruiting executives at all levels.

Potential results and expectations of the transformation of public administration in the region depend upon developing specific policies targeted at increasing its public accountability. One of the key issues in this field that needs to be addressed is the process of recruitment of candidates for public administrative positions.

Civil Security and Civil Participation

The weakness of public institutions poses serious challenges not only to the existing order but also to civic security in general. Organized crime, clan based illegal economy and traffic, large scale corruption and violation of citizens' rights is a direct consequence of both state institutions' inability to enforce law and order and of authoritarian attempts to compensate for institutional weakness with a greater (but not effective) government expansion towards society. A general improvement of the quality of civil life and guarantees of civic security should be based on the following priorities:

- stimulation of effective civil equality and guarantees of equal opportunity for civil participation in public life;
- independent and impartial legal system;
- stimulation of the emergence of a corporate environment by increased foreign investment (predominantly private) in the region that would create a new social stratum of approximately 10-15 per cent of the population, representing the most dynam-

ic entrepreneurial and proactive citizens in society. In this way the criminal clan economy would be marginalized, and corporate group interests would be consolidated against further expansion of the state. Foreign investment must be encouraged by the international community, primarily by EU and US institutions.

DEVELOPING CORPORATE REPRESENTATION OF INTERESTS

It is impossible to directly implement the Western model of corporate competition of diverse organized (including ethnic) interests, exercising pressure on the state in their favor. The western corporate model has developed in the 20 century—after 200 years of successful liberal-democratic development. The stable western institutions of citizens' equality and democratic representation can easily host the new corporate structure of representation in all major Western societies. Countries in the Balkan region share a fragile institutional system of democracy, which is yet to be filled with real substance.

This is why, initially the Balkans need selective strategies to support two types of corporate group representation, which stimulate the integrative process in society (business, NGOs, advocacy groups, etc.) and discourage the effects of corporate ethnic separatism, provided that all basic human rights of citizens and the communities are effectively guaranteed by the democratic institutions in the region.

EXPECTATIONS FOR THE REGION

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.

The Balkans have suffered a series of unsuccessful attempts of top-down regional integration: artificial federations, serving as a disguise for “grand national” and quasi-imperial projects. All efforts to bypass the real divisions by hiding them have failed. An adequate strategy for regional integration should be based 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 dimensions of political, economic and civic cooperation.

THE PROCESS OF REGIONAL ECONOMIC RECONSTRUCTION AND DEVELOPMENT

- *Foreign Investment*
- *CEPS: European Integration and Development*
- *Transport, Telecommunications and Energy Infrastructure*

SPECIFICS OF THE BALKAN ECONOMIC ENVIRONMENT

The economic problems of the Balkans resemble a combination of negative tendencies, multiplying the region's inability to autonomously cope with the priorities of its development and

modernization. The region represents a reality of amorphous, isolated and poorly organized economic interests. This reality is a consequence of half a century communist rule and controversial economic strategies of post-communist transformation. The national wealth of the Balkan countries has been criminally redistributed. The accumulated economic assets have been disintegrated, and—to a great extent—practically lost. The huge de-capitalization process has been amplified by large scale emigration of educated and skilled representatives of the professional middle class, who have lost their jobs and their further chances in a collapsing economic environment. The ethnic conflicts and inter-communal wars in former Yugoslavia have dramatically reduced the relatively high performance of the former Yugoslav economy and living standards of the people. The international community's embargo on Belgrade has greatly contributed to the isolation of the entire economic system of the region from the international markets and has additionally reduced the chances of the Balkans as an emerging market to attract investment and to intensify their participation in international commerce. The embargo had a powerful secondary effect on boosting the local mafia economics and supporting the corruption process among politicians and civil servants. The NATO campaign in Kosovo revived the effects of trade isolation, inaccessible infrastructure corridors and collapsing investment rating of the region. Last, but not least, the international financial crisis of 1997-1998 has substantially hampered the Bulgarian and Romanian privatization process, previously boosted with the election of reformist governments in the both countries in 1996 and 1997.

**GOALS, STRATEGIC OBJECTIVES AND MECHANISMS FOR
ECONOMIC RECONSTRUCTION OF THE BALKANS
AFTER THE KOSOVO CRISIS**

Goals and Strategic Objectives

Development of viable market economy through:

- stimulation of private business and local production;
- intensive privatization in industry and banking;
- development of active stock markets;
- ensuring a favorable environment for foreign investment;

and

– reconstruction of infrastructure network as a basis for the economic resurgence of the region.

The accomplishment of these goals will guarantee a lasting economic stabilization and development of the region and will contribute to meeting economic criteria for EU membership.

Mechanisms of the International Organizations for Economic Reconstruction of the Region

- Stimulation of foreign investment;
- establishment of special funds;
- financing infrastructure projects
- know how support in implementing economic reforms.

NECESSITY OF A DIFFERENTIATED APPROACH

The region's aspirations to be integrated into European economic structures should be accompanied by the development of a differentiated approach when formulating the major issues of European intervention. Each country has a specific level of economic development. An important step to successful implementation of the reconstruction and development plan is to clearly define and distinguish the priorities of each of the Balkan countries:

– The economic development of Bulgaria and Romania should be stimulated by:

a) large-scale private investment and special funds for credit-
ing private businesses

b) projects for the development of an independent judicial
system and effective administration

c) public and private investment in infrastructure recon-
struction. The most important factor for the development of
these countries is the existence of a stable environment for for-
eign investment and fast and effective reforms.

– Albania and Macedonia are in need of institutional support
and considerable financial assistance from international finan-
cial institutions. It is of special importance to Macedonia that
public funds be established to balance budget expenditures on
refugees. It is also important to incorporate private investment
in order to stimulate stable economic processes. In Albania,
economic reconstruction will be possible only on the condition
that autonomous stable mechanisms of the public authority and
administration be adequately developed.

– The large-scale international financial support for Bosnia
after the Dayton Accord proved to be an insufficient guarantee
of economic reform and creation of an transparent functioning
market economy. Urgent measures for integrating the economic
activity of different communities should be undertaken in order
to overcome the corruption and inefficiency of both the banking
system and the bureaucratic apparatus. The international com-
munity should initiate programs for public institution building,
guaranteeing real economic reform and efficient distribution of
international financial aid.

– It is of particular importance that Yugoslavia not only
urgently applies for humanitarian assistance and avoids human-
itarian disaster, but also undertakes initiatives for infrastructure
reconstruction. Building-up the transport, telecommunications
and energy infrastructure is of special importance for
Yugoslavia's economic development as well as for that of the
region as a whole. The huge damages suffered by Serbia's heavy
and light industries, agriculture, and infrastructure as a result of

the NATO campaign demand post-war reconstruction of the region with considerable international financial support. The international involvement in Kosovo should focus on providing the basis for co-existence of diverse ethnic communities. It should also support the gradual rebuilding of the region's infrastructure.

PRINCIPLE OF SUBSIDIARITY

The assistance of the EU and the entire international community in the economic reconstruction and development of SEE should be based on the principle of subsidiarity. All measures of economic reconstruction and development have to be properly addressed at local and national level, or at the level of the entire region. This selective approach would guarantee:

- the autonomous ability of local SME businesses and municipal initiatives to speed up economic reforms in their regions even if the national efforts are not effective enough;
- flexible approaches which are needed in order to contain and resolve interethnic disputes and conflicts. They will be secured through local initiatives which would stimulate cross-communal markets and economic projects, involving different communities at local level within particular country or across national borders (bordering regions of two or more countries);
- clear borders between the economic regulative policies of the national governments and the economic initiatives of citizens and regions;
- effective policy decision making at national level, operating within a complexity of local, regional and international economic factors;
- successful strategy of regional—Balkan—economic cooperation, capable of restricting and compensating for the “zero sum game” traditional approach of national governments to each others' interests;
- positive strategy of regional economic development, integrating diverse communities into an economic process of common benefit and common destiny.

**REGIONAL ECONOMIC COOPERATION AS A FACTOR FOR
ECONOMIC RECONSTRUCTION OF THE REGION***A Network of Regional Institutions*

The establishment of a system of specialized institutions and funds on a regional level is of special 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 only to the establishment of a Reconstruction and Development Agency, whose basic activity would be focused on reconstructing the damaged Yugoslav 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 organizations—would be beneficial to regional integration. The functioning of a network of such institutions would provide formulation and consistent assertion of common regional economic interests. 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.

In this case it would be appropriate to use the experience accumulated by some countries in the region (i.e. Bulgaria and Romania) in adapting European economic development models in conditions of poor modernization and economic backwardness.

These countries would contribute significantly to the voicing and implementation of common regional interests. Bulgaria would help in the restriction of criminality, establishment of

democratic and market economy institutions, and in the integration of ethnic communities.

The Bosnia Experience

Coordination of the efforts of all donors. The efficient coordination of the efforts of all donors is a significant element of the reconstruction and development strategies for Southeastern Europe. The negative experience from Bosnia and Herzegovina reveals two shortcomings of reconstruction programs:

- insufficient coordination of donors, which resulted in duplication of their efforts in place of creating diverse funds;
- “pouring out” of huge investment solely into infrastructure, which does not produce a direct positive economic result.

Regional Cooperation in Coordinating International Initiatives and Programs

There is a definite necessity for initiating a regional development system. It would be strongly supported by which would coordinate initiatives and programs. International financial institutions would provide the necessary credits, whereas private businesses would find viable investment opportunities. It would be appropriate to consign a certain quota of the offers for reconstruction of post-war Yugoslavia to support the fragile positions of private business in the Balkans. In this regard, there is a potential for cooperation among companies from the region, as well as between Western and local companies as subcontractors or material suppliers.

Inclusion of Yugoslavia in the Process of Economic Reconstruction of the Region

In the process of reconstruction of Southeastern Europe, the countries in the region should not become “hostages” of the isolationist stand of Yugoslavia. Any delay in the reconstruction of the region because of the Milosevic’s regime would have a fatal impact on the economies of the Balkan countries. An overall

process of economic reconstruction and development of the region cannot be accomplished without the participation of Yugoslavia. This country has a key geographical location within the infrastructure network in the region and for the regional cooperation development.

INFRASTRUCTURE DEVELOPMENT

The further construction and connection of a united regional network of the existing transport, energy and telecommunications infrastructure is a necessary basis for the economic reconstruction and development of the Balkan countries. Annex 1 to the Declaration of the Europe South-East forum on the Stability Pact (Ljubljana, 18-20 July 1999) defines the basic principles of infrastructure development of Southeastern Europe as follows:

- Developing complementary (and not alternative) national infrastructure strategies of the SEE countries as part of an integrated infrastructure for the region;
- Implementing the principle of alternative transport opportunities for each one of the SEE countries in its routes to Central and Western Europe;
- Balanced development of the South-North and East-West axes of the SEE transportation system;
- Diversification of energy resources supplies to the SEE countries (oil and gas);
- Priority linkage of the SEE countries' electricity system to the European electricity network (UCPTE);
- De-monopolization and competitive development of the SEE countries' telecommunications systems;
- Development of a flexible system of project investment into the SEE infrastructure involving EU public funds, private investment, concession options, BOT or BOO methods.

Transport Network

Implementation of transport projects demands considerable funds, which could be paid back over a long period of time. In

this case, different models could be introduced using joint financing combining sources from European funds, European financial institutions, and state budgets of SEE countries. The most attractive transport projects could draw the attention of private investors.

The following projects are of urgent necessity:

- Constructing two new bridges over the Danube: one between Vidin– Kalafat (Bulgaria-Romania) as part of Corridor No. 4 (Dresden– Prague–Vienna–Arad (Bucharest-Constanta)–Sofia–Thessalonica; and the second one between Becket–Oriahovo, or Rastu-Lom or Turnu Magurele– Svistov (Romania–Bulgaria);

- Constructing 56 km of railroad between the Macedonian town of Kumanovo and the Bulgarian border (Corridor No. 8—also known as East-West—through Bulgaria, Macedonia and Albania) as part of Macedonia's access to Corridor No. 4. This would connect Macedonia to Central and Western Europe and give it access to the Black Sea ports.

- Reconstruction of the main Kosovo highways connecting Mitrovica– Pristina–Skopje; Pristina–Nis; Mitrovica–Podgorica; Pristina–Prizren– Dures;

- Reconstruction of the Yugoslav bridges over the Danube and the destroyed sectors of Corridor No. 10 (the so-called Trans-European Motorway) in FR Yugoslavia.

Energy

In the area of energy, necessary funds can be provided more easily. The transportation of energy resources between countries and regions is a profitable activity. A Western private model of financing by Western private investors can be applied here. The most important regional projects are: projects for transporting oil and gas from Russia and the Caspian region, for reconstruction and construction of linkages between the countries of Southeastern Europe for transmitting electrical energy, and for construction and reconstruction of electric power-stations.

Telecommunications

In the area of telecommunications the most effective formula for financing would also be by attracting private capital. Along with further construction of major international telecommunications projects, the reconstruction of the telecommunication structure in Yugoslavia is gaining momentum.

THE CEPS PROCESS:**EUROPEAN INTEGRATION AND ECONOMIC DEVELOPMENT**

The CEPS process is the first clear example of an EU strategic plan to assist the economic development of the Balkan region and to strengthen the opportunities to further accession of the SEE countries to the European Union. The CEPC proposals for a regional customs union, Euroization of the financial systems of the Balkan countries and lifting of the EU tariffs for SEE industrial goods represent a coherent initial basis for the Stability Pact economic activities. The proposed economic assistance of 5 billion Euros per year could substantially contribute to the economic recovery and infrastructure development in the region. The involvement of the policy studies' institutions from the SEE countries into the CEPS process and the support to the process from major Western donor institutions represents an extremely positive experience of cooperation between the EU and the international institutions and the independent policy communities in SEE.

There are some substantive issues of national interest, which must be addressed by the EU and the countries in the region in the CEPS plan context:

- Does the repudiation of these sovereign rights and mechanisms of independent economic policy provide Balkan countries with an opportunity for representation in the EU institutions, making decisions for their development?
- To what extent is the discrepancy between the processes of economic and political integration to EU admissible?
- What is the risk of economic integration when EU require-

ments have not been fulfilled?

– Why is the zero-tariff regime for agricultural goods completely disbalanced in favor of the EU and at the expense of the SEE countries. This issue is particularly acute provided the restricted opportunities of the SEE industrial goods to compete at the EU market;

A NEW SECURITY SYSTEM FOR THE BALKANS: MILITARY-POLITICAL DIMENSIONS

- *The Balkans in NATO's New Strategy*
- *Building a Security System in the Region*
- *Political-Military Cooperation in the Region*

The Kosovo crisis and its aftermath have brought about significant changes to the security environment in the Balkans. As a result of the crisis many latent tendencies and long existing issues that prevent achieving peace and stability in the region came to the surface and call for the development of a new security system. The process of defining a new security system for the Balkans is subject to several internal and external factors.

INSTITUTIONAL DEVELOPMENT AND SECURITY ISSUES OF THE REGION

Following the developments of the past decade, Balkan countries formed five groups of states in accordance to the level of state institutional development and relationship to NATO:

Turkey and Greece

Both countries are members of the Alliance. They have sustainable institutional infrastructures and their influence on the security environment in the region is significant.

Bulgaria and Romania

Bulgaria and Romania are among the most well-identified candidates for NATO membership. Their institutional infrastructure fails to reach the level of the first group, but it is in much better shape than the rest of the countries.

Macedonia and Albania

Both countries desire NATO membership but are currently subject to intensive assistance on behalf of the Alliance in order to guarantee the minimal basis of their security requirements. NATO's role is critical in both countries: Macedonia does not have the resources to meet internal or external threats to its national security, and Albania needs to build its institutional infrastructure and consolidate its state power. Macedonia and Albania are under the protection of the international community more than any other state in the region.

Kosovo

Kosovo's territory has been divided into five sectors which are under the authority of NATO member states and Russia. The protectorate seems to be the temporary solution to the issue of the province's future. By implementing different forms of coexistence and cooperation between hostile ethnic groups, the international community is testing the ground in order to decide Kosovo's future status—in or out of Yugoslavia.

NATO AND THE BALKANS AFTER THE KOSOVO CRISIS

The outcome of the crisis was said to have a major impact on NATO's reputation. Since the period of the Cold War the Alliance has been searching for a new identity by adapting to the changing geopolitical situation. NATO's intention of transforming itself from an alliance for collective security into an international security system was successfully tested in Kosovo. Meeting the challenge of the Kosovo was of critical importance to the Alliance, whose 50th anniversary was during the crisis.

The Kosovo crisis tested not only the countries in the region aspiring to NATO membership—their readiness to support the policies and military operations of the Alliance, but also the support of certain member countries. NATO's involvement in the Balkans may be determined by the fact that after the accession of Poland, Hungary, and the Czech Republic into the Alliance, NATO's borders are much closer to the region and any instability could easily spread into the Euro-Atlantic area.

All of this will undoubtedly influence the degree of NATO activity in the post-crisis management and reconstruction of the region. NATO's commitment to the future development and reconstruction of the Balkans could be an efficient tool to prevent present and future conflict in the region along with its potential to damage European stability as a whole.

BUILDING A SECURITY SYSTEM IN THE REGION

A. External Regional Security Factors

The Role of the US

During the Kosovo crisis the US demonstrated its potential to set policy and influence the course of events in the region in its favor. US diplomacy once again proved to be the main generator of initiatives in the military-political field, putting the US in a position of determining and steering cooperative security among Balkan states. For that same reason the United States has the ability to stimulate military-political initiatives in the region. US strategic interest in developing such initiatives comes from the need to build a strategic sphere of security and stability around the eastern flank of NATO which may tap into a potential spread of external instability in the Euro-Atlantic area.

The Role of Russia

As a result of the Kosovo conflict NATO's relations with Russia became quite tense. The bombing of Serbia lead Russia to freeze

all cooperative activities with the Alliance. This development in NATO-Russian relations determined the 'negative' behavior of Bulgaria and Romania in regard to Russia.

After the Kosovo crisis Russia, which had been Serbia's traditional supporter, denounced the concept of the allied command in Kosovo and requested its own sector. By taking such a position Russia once again confirmed its strategic interests in the Balkans and posed the question of how much potential it has for retaining its sphere of influence.

Undoubtedly Russia will be one of the main factors in the post crisis situation in the Balkans. It will be up to the diplomatic efforts of the countries in the region to have the role of Russia contribute to their peace and security rather than be an obstacle to the European integration of the region.

The European Defense Identity

The Kosovo crisis also acted as a catalyst for the European allies to reexamine and redefine their own identity in terms of security and defense issues. The US statement that Europe should undertake the reconstruction of the region because Washington contributed two thirds of the military operation in Kosovo has put the European allies in a new position. Building the institutional infrastructure and administration of the conflict area gives the European allies a unique opportunity to be a major factor of influence. This, combined with the recognition of the right to autonomous action on behalf of the EU in solving issues which are now a direct security concern to the Alliance as a whole, will make Europe a guarantor of the stability in the region.

The Role of OSCE

The Organization for Security and Cooperation in Europe as a pan European organization has the potential to contribute to the peaceful reconstruction of the region. However, it is still not clear, in terms of responsibilities and commitments, what OSCE's role and participation in the development and reconstruction of the Balkans will be.

B. Internal Regional Security Factors

The KLA

The current structure and policies of the Kosovo Liberation Army are a serious challenge to peace and security in the region. In reality the KLA is a military political organization which has the potential of maintaining ethnic conflicts, and for that reason it is a threat to the development of civil society and the peaceful reconstruction of the region.

In this regard the disintegration of the KLA and establishment of civil political parties in the province should be one of the first steps in the reconstruction of the region.

Regional Relations

The regional relations between Balkan states in the context of the Kosovo crisis are an important factor for security throughout the region. Mutual efforts in this respect have resulted in a series of successful initiatives, one of them being the Southeastern European Defense Ministerial.

PRINCIPLES OF BUILDING A SECURITY SYSTEM IN SOUTHEASTERN EUROPE

NATO and the Framework of International Relations in the Region

The requirements for obtaining NATO membership set the framework of international relations in the region to a great extent. Among the basic criteria are: keeping good relations with neighbor countries, deterring the use of force, reforming the armed forces, and building operative compatibility. This said, military political cooperation of the Balkan countries will play a crucial role in fulfilling the requirements and expediting their integration into NATO. In the past few years the countries in the region have been attempting to strengthen their bilateral and multilateral relations in order to adopt an integrated approach to regional security.

Regional Application of the Subsidiarity Principle

The international community's efforts to sustain peace and security in the region should concentrate more on the specific application of the subsidiary principle, i.e., all local security issues should be solved at every possible level. The countries which have the resources and are able to face their own security challenges should act by themselves, without the direct involvement of NATO or the EU. The involvement of the international community in solving security problems and establishing a security agenda of the region should take place only in countries which are not able to provide their own security.

In Kosovo, the international community is involved in guaranteeing the security and existence of almost every single individual. In other countries like Bulgaria, despite the irregularities of domestic life, security of the individual and maintaining of public order are within the authority of the sovereign state power. In Macedonia, the involvement of the international community in security affairs is greater, but should not enlarge its scope to soft security issues, which the Macedonian government is capable to meet effectively.

The level of development of the institutional infrastructure of each country in the region determines the level of involvement of the international community in domestic affairs. Hence, it is important for the peace and security in the region that countries like Albania and Macedonia receive significant institutional support from NATO and the EU while the other group of countries—Bulgaria and Romania—should be given a clearer time estimate of eventual NATO membership.

Reform of the Armed Forces

The reform of the armed forces, especially in Romania and Bulgaria, is important to the future of the new strategic environment of the region. The reform in both countries is focused on downsizing the total standing and enhancing the defense capability of the armed forces.

Transformation from Consumption to Generation of Security

The national security doctrines of some of the countries in the region introduce the idea of transforming the countries from consumers of security into generators of security. The main prerequisites for achieving this goal are active foreign policy and building good relations with neighboring countries. The need of such policy arises from the conclusion that the successful integration of the countries in EU and NATO depends on the development of the peace process in Southeastern Europe; military conflicts and regional instability being mere obstacles. Generating security also means that the countries in the Balkans will no longer be able to keep formal neutrality or adopt a passive position in regard to solving regional problems.

Regional–National Security

Almost all countries in the Balkans are starting to realize that regional security is the major guarantee for the national security of each individual state. This understanding stimulates mutual initiatives for increasing trust, participation and commitment to solving problems of common concern. Political elites in different Balkan countries see this to be an opportunity for preserving peace and stability in their own countries.

Military-Strategic Environment and Cooperation in the Region

The military-strategic environment of the region consists of local conflicts and crises, disintegration of political establishments, serious migration and refugee flow, arms trafficking, and degradation of the environment. Facing these challenges is possible only through regional cooperation in the common security area.

New National Defense Concepts

Many countries in the region are in a process of building new concepts of national defense. All military doctrines state as one of their major goals of the armed forces the creation of “a favorable environment for national security.” In other words, each

country's reform of its armed forces is a major factor for integration into NATO and the EU.

Regional Activity and NATO

A recent tendency of regional activities in Balkan countries is to initiate new and different forms of mutual cooperation and cooperation with NATO. Some of these include active participation in peacekeeping and humanitarian operations, providing logistic support to NATO and the continuing commitment to Partnership for Peace.

Collectivism and Individuality as Integration Principles

The countries from the region looking towards NATO membership must combine both principles. On one hand, they should act together in order to attract the interest of the Allies and better their chances for obtaining membership in NATO. On the other hand, each country is interested in building its own identity as an applicant for NATO membership. The Membership Action Plan adopted at the Washington Summit stipulates that each country should develop an individual plan for achieving membership but at the same time each applicant country should remain committed to mutual initiatives like Partnership for Peace.

REGIONAL MILITARY-POLITICAL RELATIONS AND COOPERATION

The Southeastern European Defense Ministerial

One of the most explicit forms of multilateral cooperation has been the meeting of the ministers and deputy ministers of defense of the countries in Southeastern Europe (SEDM). At SEDM decision makers from the region lay the groundwork for real-time policy making.

The main accomplishments of SEDM are: involving Macedonia, announcing mutual interests in harmonizing national military policies, having the US commit to the future of

the forum, inviting Slovenia as an observer, and bringing together NATO member countries and applicants.

SEDM failed to incorporate Russia and Yugoslavia, which is considered to be a major obstacle for the future of this form of multilateral cooperation in South eastern Europe.

Multinational Peace Force in SEE (MPFSEE)

MPFSEE has introduced a new form of regional cooperation by establishing a common military force for protecting security interests of countries in the region. All countries are equal and voluntary participants in MPFSEE. The Force has brought about a new approach to security in the Euro-Atlantic area and beyond—providing regional sources of security is an important step in the concept of security.

MPFSEE is to be used in operations led by NATO or WEU in the region or elsewhere in Europe

The success of this initiative will reduce outside intervention for preserving regional peace and stability and transform Balkan countries from objects into subjects of their own security.

MPFSEE is one of the first attempts to apply NATO's Combined Joint Task Force concept.

Southeastern Europe Construction Brigade (SEECONBRIG)

The idea for establishing the Southeastern Europe Construction Brigade was adopted at the second Southeastern European Deputy Defense Ministerial in 1999. The purpose of SEECONBRIG is to support the postwar reconstruction and development of the region.

EXPECTATIONS FOR NEW SECURITY SYSTEM FOR SEE

After the culmination of the Kosovo crisis and the international intervention for preserving peace and stability in Southeastern Europe, the international community as well as the countries from the region will have to consider new concepts and strategies for building a new military strategic environment in the

region. This requires a relatively new approach for finding an effective security system.

The main principles of the organization of such a system, already mentioned, are based on enhancing regional military cooperation by developing bilateral and multilateral relations; supporting the transformation of countries in the region from consumers of security to generators of security by developing appropriate military and institutional resources for facing military and non-military threats to national and regional security.

The new military strategic environment in SEE requires a redefinition and specific application of existing security concepts:

- collective security, enforced by NATO member countries, is not a reliable option for the countries in the region, which should first develop their own security resources;

- regional security is seen by local governments as a factor of major importance to national security. At the same time regional security in SEE was recognized by NATO as one of the most important external factors for the security in the Euro-Atlantic area;

- the concept of cooperative security projected by NATO comes as a result of enhancing regional security by turning it into a strategic framework of economic, political and defense cooperation. National security objectives can be directed towards shared goals of maintaining stability and security in the common area. Countries can develop mutual protection against external threats while supporting stability and development in the common area.

The effectiveness of the new security system for SEE will be based on several pillars:

- further development of military-political cooperation, establishing a network of crisis management and conflict prevention mechanisms and institutions;

- coordination and exchange of information on defense plans and field military activities between the countries from the

region;

– development of mutual training of military personnel and officer exchange programs and enhancement of bilateral and multilateral military initiatives.

The successful development of military-political relations between SEE states towards initiating a common security system is also subject to the perceptions and readiness of officers and troops from different countries to work in cooperation with their colleagues towards a common goal—peace and security in the region.