

INSTITUTE FOR REGIONAL AND INTERNATIONAL STUDIES

**THE BALKANS TOWARDS THE END OF 2004:
THE STATE OF AFFAIRS AND PROSPECTS FOR THE
FUTURE**

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TIME IS OF THE ESSENCE

Several years ago a number of decisions concerning the multiple problems of the Balkans were put on hold, hoping that time will heal or the questions would find their answers. Through the years, the positive developments prevailed over the negative ones with the Balkans now largely stabilized, with the prerequisites of democracy established in all states and entities. Moreover, at the background of the turbulent events on global scale, which have been unfolding since the beginning of the millennium, the Balkans apparently are quite a peaceful place. A more realistic account, however, would find at least three problems with this state of affairs on the Balkans.

The first one is that the conflict-regulation frameworks, established within the last decade, badly need an update as they reflect the significantly different circumstances at the time they were created and/or they have fulfilled their purpose- these include the Dayton Peace Accord for Bosnia and Herzegovina, the UN Security Council Resolution 1244 for Kosovo, the agreement for the establishment of the state union of Serbia and Montenegro, the Ohrid Agreement for Macedonia.

The second problem comes with the expectations of the Balkan peoples for a better future, which they shape on the background of their prosperous neighbors in the larger part of the Old Continent. In this regard, the promise of rapid development has not been fulfilled.

Thirdly, it has become commonplace for the progress of a post-communist country to be measured according to its status vis-à-vis the European Union. The so-called “European integration” comes to embody progress in any regard – from personal security and freedom to high-standards of living. And here comes the third problem – the Western Balkan countries (with the exception of Croatia) – fail so far to convincingly move towards EU membership. What is worst, the EU enlargement cannot be taken for granted, and the window of opportunity may be lost as Europe is becoming more “enlargement weary” with so many would-be-candidates – from the Balkans and Turkey to Ukraine - at its doorsteps.

So far only Croatia has managed to secure its way out of the bad neighborhood. The reform processes in rest of the countries have as a whole stalled or are moving behind the expected rate. This is happening despite the fact the major crises have been stopped, despite that the dictators are gone and there is a democratic process going on in every state or entity and despite the massive foreign assistance and attention that have poured in the Western Balkans.

Is this a pessimistic or just really realistic point of view? Probably the latter holds true, given the fact that progress in the region is measured by “European criteria”, as the common political parlance use to be. A quick country-by-country overview would outline the problems that currently plague the Balkans.

The process of state disintegration is not over yet. Although it is very unlikely to experience a violent partition, it is clear that the process of state disintegration has another, also serious implication – until finally resolved in one way or another it will drain resources and potential away from constrictive reforms.

The first candidate in the line is the state union between Montenegro and Serbia. The somewhat awkward entity was created on the insistence of the European Union, considering that this would sustain the regional security status quo, achieved after the fall of Milosevic. The quarantine period is over, however, and at last two parts of this entity desire separation. The first one is Kosovo, which at least *de jure* – by virtue of UN Security Council Resolution 1244 is part of Yugoslavia, and respectively of Serbia-Montenegro (SCG) as its successor. Independence is the overarching goal of Kosovo Albanians’ politicians and population and the year 2005 has been set to review and eventually decide upon the status of the entity. Another scenario, favored by the Serb minority envisages yet another partition – of Kosovo itself – along ethnic lines.

The independence issue in Montenegro dates back to the last years of Milosevic’s rule, when the small republic under President Djukanovic decided to distance itself and took measures towards independence. The loose union between Serbia and Montenegro

was brokered by the EU for the benefit of regional stability, hoping that it can prevent or delay a chain reaction of secessions and partitions.

The SCG was established with only limited numbers of shared competences, channeled through a Council of Ministers with the five common ministries – Foreign Affairs, Defense, Internal and External Economic Relations, Human and Minority Rights. In February 2003 a Constitutional Charter of the SCG was adopted, but in reality the union never took off ground. Serbia and Montenegro have been developing divergent financial, economic and monetary systems, and recently the EU recognized this state of affairs by dividing Serbia and Montenegro in its dealings with them.

According to the agreement, establishing the SCG union, there is a three-year period after which the peoples of the two republics can hold a referendum to decide upon their fate. This three-year period expires and it is expected that in early 2006 the Montenegrins will have their referendum, which has determine their status. The country is firmly divided into pro-independence and unionists with a minor as a margin, but politically important predominance of the independence-minded politicians.

Within Serbia proper, there are two other regions – the Sandzac, Vojvodina and the Presevo valley – which have been under consideration by the expert community as likely candidates for either autonomy or independence.

Bosnia and Herzegovina was created in order to accommodate the interests of the three warring factions – the Serbs, the Bosnian Muslims and the Croats. The Dayton agreement of 1995 established a complex state structure consisting of Republika Srpska for the Serbs, and the Federation of BiH – a federation with another federation - for the Croats and Bosniaks. This state of affairs however is being hold together by international pressure, as the common state has little or no legitimacy with neither the Serbs nor Croats. The Serbs, with few exceptions, are looking towards Belgrade as their capital. The Croats themselves are massively immigrating to Croatia proper and even they reside within BiH they are acquiring Croatian citizenship. The centrifugal forces on behalf of Serbs and Croats are strong, and although it is highly unlikely that a break-up would be permitted by the international community, the inconclusive situation puts enormous strains on institution-building efforts.

Another ethnically mixed country living with the prospect of separation is the Republic of Macedonia. Since the short civil war, caused by Albanian separatists, partition along ethnic lines has been the biggest fear of the Macedonian majority. “Federation” is the “f-word” in Macedonian political life. This is somewhat paradoxical to an outside observer, given two facts: first, the Albanian populated areas are hardly under the central government control. Second, the demographic projections say that Albanians will be a majority in the decades to come, so any unitary solution, defended by Macedonians at all costs now, will play in Albanians favor in the years to come.

***THE NATIONAL QUESTIONS, THE RESILIENCY OF NATIONALISM AND THE
POLITICAL PROCESSES***

The Balkan tragedy of the 1990s will forever be associated with people like Milosevic, Tudjman and their likes who came to symbolize the ugly reality of the instrumental misuse of national allegiances for political ends. Some of these people are gone, some are in jail, some of them are on the run. The international community's new paradigm of humanitarian intervention makes sure that nationalism cannot easily acquire means for destruction and killing. Nationalism in the Balkans is far from dead though. Quite the opposite, nationalist minded parties and coalitions are on power in Croatia, Serbia, the Federation of BiH and Republika Srpska. There are outburst of nationalist activities in Kosovo and Macedonia.

Indeed, nationalism on the Balkans is not it used to be – after military interventions and massive assistance programs on behalf of the international community have contained violent mass-scale phenomena, like the ones witnessed in the 1990s.

The governments in the Western Balkans now are all democratic, given that they have won the popular vote in an election process and support the framework of basic rules and procedures, which qualify a country as democratic. The problem hence, is a matter of extent and standards.

Still nationalism is resilient enough to drain national energies and efforts away from constructive development. Politics and national agenda hardly move away from the “national questions” defined in ethno-political frameworks, and this holds the Western Balkan countries and nations back. Until the nationalistic demands dominate the political debate there are meager chances of normal, ideologically based parties to develop in the Western Balkans.

With the problem of popular - and populist – expectations arises the dilemma of the international community who are its preferred partners? Are these the moderate, reform-minded parties, which however cannot win a vote because viewed not-so-patriotic? Or are these nationalists of a milder brand, which anyway are better than the old crooks?

In principle, moderate parties are the West's favorites, but for the international community, there are at least four reasons why they consent to partnering with moderate nationalists. The first reason is that any politician with a more conciliatory position will commit a political suicide, being perceived as a traitor. Second, the international community, even in the protectorates of BiH and Kosovo, cannot bypass or roll back democratic elections. Third, in some case, nationalists are easier to control, because of their compromising old ties or actions.

Four, there should be a realist balancing between the need for moderate, reconciliatory politics – which is likely to hurt a given politician domestically - and the need for supporting particular (democratic) policy options.

Croatia is the example of a country, which proved it could subdue nationalist feelings when necessary in return for EU-accession reforms. Despite that the ruling party is the HDZ – the notorious party of President Tudjman with its offspring mastering the Croatian community in Bosnia and Herzegovina. The HDZ however managed to offer a tamed version of nationalism for the sake of the long-term benefit of EU membership – a sort of “Europeanized” nationalism. Moreover, the president of the country Stipe Mesic exerts a balancing influence vis-à-vis the government of Ivo Sanader.

The indicator of this behavior has been the readiness of the country to cooperate with the International Criminal Tribunal for Yugoslavia (ICTY) and the ICTY’s attorney general has reportedly been satisfied with Croatia. Moreover, Croatia has managed to sever links with the nationalistic leaders of the Croatian community in BiH, which has operated all these years thanks to the support from the Croatian government of Tudjman and his cronies.

Of course, Croatia’s progress cannot be attributed only to breaking up with the past – or more correctly, not allowing the negative legacies to interfere with the problems of the day – but it is really the precondition. Croatia managed to secure its relations with the North Atlantic Treaty Organization and, together with the other countries of the so-called Adriatic Group is considered a likely candidate for the next round of enlargement.

Just recently, the European Council of 2004 the European Union demonstrated that it is watching closely Croatia’s behavior by tying together her compliance with the ICTY and the setting of a date for membership talks.

Serbia is the country with a major importance in the Balkans, the internal developments related to developments in virtually all of its neighbors. Serbia is also the country, which was expected to deliver reforms and advance at a much quicker pace than it did in reality. After the assassination of Prime Minister Djindjic, the reforms lost momentum and Serbia lost valuable time. The 2003 elections (RE-RUN of elections) produced mixed results and a handful of parties entered parliament. The Milosevic’s party got 8% of the vote. The Serbian Radical Party received 28% of the vote, including a share of the some 450,000 lost votes of the small parties which couldn’t pass the 5% threshold.

A minority government was formed, led by former President Kostunica and backed by a coalition of smaller parties. Kostunica, was previously known in two capacities – as a political enemy of Milosevic, but also as a nationalist-minded politician. Hailed several years ago as the hero who won against Milosevic, he did not live up to the expectations that he can pull up painful reforms, leaving the national question second to more immediate concerns. For not complying with the ICTY demands, the European Commission has paused the feasibility study, intended to give green light to Serbia’s Stabilization and Association Agreement with the European Union.

The presidential elections were fiercely contended between nationalist parties and the pro-Western Boris Tadic, who was known for starting real reforms as a union’s minister of defense, finally won the elections. Boris Tadic is now praised as a consensus-

builder, who is working on improving relations with the neighbors and who supports cooperation with the ICTY.

The national question is still a major part of the political discourse in Serbia. The issue of Kosovo is nonetheless a flammable issue as indicated by December 2004 protests in Serbia against the election of Ramush Haradinai as prime minister of Kosovo. Kosovo was also part of Prime Minister Kostunica's inauguration address, where he ruled out independence for Kosovo. In that regard, Belgrade envisages an autonomous status for Kosovo, with autonomous status enjoyed by the Serb community, implying also territorial autonomy. That is effectively a cantonization or partition of the region. The Kosovo status is also dealt with in the Belgrade agreement of 2002, regulating the relation within the new union of Serbia and Montenegro. It says that in case Montenegro withdraws from the union, then Serbia will be the successor to the union in regard to international documents. This referring to the Federal Republic of Yugoslavia and especially UN Security Council Resolution 1244, which defines Kosovo as part of Yugoslavia. Also, the Constitutional Charter of the Serbia-Montenegro union of 2003 refers to Kosovo and Metohija as a constituent part of Serbia, which is under UN supervision in accordance with Resolution 1244.

Kosovo is undoubtedly the entity, which future status preoccupies the international factors involved in the Balkans and put strains on internal political developments in neighboring countries.

As a result of the NATO military operation in 1999 and negotiations with Yugoslav authorities, the UN Security Council Resolution 1244 made Kosovo effectively an international protectorate. A division of international labor was devised - a military contingent of KFOR under NATO auspices takes care for hard-security and UNMIK under UN auspices is engaged in running the entity's affairs. Working under the Constitutional Framework for Provisional Self-government from 2001, the task of this interim administration was also to establish provisional democratic self-governing institutions. The government of Kosovo is the PSIG (Provisional Institutions of Self-Government) with the UNMIK administration slowly transferring powers to the PSIG. Still, in accordance to the protectorate status, the Special Representative of the UN Secretary General (SRSG) has the authority to intervene when the local government of PISG is not delivering. In terms of building a local democratic process, the international community tried a bottom up approach by starting with local elections and continuing with general ones.

The overarching goal of the international community is to achieve a stable, democratic and multi-ethnic Kosovo. Kosovo indeed made progress towards democratization and institution building with one - but major - deficit: the Kosovar Albanians are building a state only for themselves.

The other minorities - Turks, Roma, Gorans and especially Serbs - are either fleeing the region or living in enclaves, guarded by KFOR. The Kosovo Serbs are about 7% of the population and are living under siege, with barely covering the minimum of

subsistence. It is clear that there is no tolerance whatsoever, the gap between the communities is too deep, and they will be cleansed the moment there are no international peacekeepers.

The violence in March 2004 demonstrated that the situation is far more grave than expected and there are small to non-existent chances for a really multi-ethnic Kosovo without security imposed by outside forces. The other highly negative indication was the fact that rioters' anger was directed as to the Serb minority and its symbols as well as to the international presence of UNMIK and KFOR. It is definitely a sign of the decreasing legitimacy the international community has with the local Albanians. The events also caught mainstream politicians off guard. They were unable to react adequately even at the obvious sigh that the riots, which might have started spontaneously, were later orchestrated.

The reasons provided as explanations to the volatile situation in Kosovo are multiple. One of them is definitely the grave economic situation. The lively building sites all over the region have struck any visitor to Prishtina. However, reports by international financial institutions say that the post-conflict construction boom is heading to an end. Within the environment of sharp decline in foreign assistance, stagnated private consumption, poor banking sector and industry, there are slim prospects for a descent job. With the exception of employment growth only in the civil service – reportedly a fifth of the total employment rate – the alternative is the subsistence agriculture or the criminalized economy.

The poor economic conditions add to the social and political dysfunctions to create a volatile mix that both affects the internal situation as well as “exports” problems to the immediate neighborhood and further to Europe and even the US through organized crime activities. Also, the broader Albanian question – that is the status of Albanian communities throughout the Balkans – is intimately linked to the situation in Kosovo.

Kosovo's status has been the reason, recalled most often, as the key to resolving the entity's problems. Between 1974 and 1989 Kosovo enjoyed a considerable autonomy, almost equal with those of the constituent republics. That's why there are some voices that in the case of Kosovo could apply the recommendations of the so-called Badinter commission of 1991-1992 on the dissolution of Yugoslavia, which stipulated the right of independence to the different republics.

Kosovo today enjoys an enigmatic status, whereby the document regulating this – Resolution 1244 of 1999 – assigns Kosovo to the Federal Republic of Yugoslavia. It does not make it clear though whether it is within Serbia or somehow part of the federal state on par with the constituent republics of Serbia and Montenegro. With Yugoslavia replaced by the state union of Serbia and Montenegro, Kosovo is again in limbo position. It is obvious that Kosovo Albanians will not accept any solution that places them in one state with Serbia. It is also obvious that Belgrade will pursue its interests through currently supporting a *de facto* partition along ethnic lines. It is clear too, that the international community will not tolerate ethnically clean, Albanian Kosovo, after it had intervened heavily to stop namely a similar Serb policy five years ago.

Therefore, it was clear that the three centers - Belgrade, Prishtina and the international factors – would try to gain an upper hand by creating facts on the ground. The international community, as the party with obvious advantage has declared its condition: the “standards before status” formula, announced in 2002. Hence, Kosovo’s independence or any change in their status for that matter – as their primary political goal – is dependent upon international community’s judgment.

On the Albanian side, there are three major problems with these preconditions. The first one is that the even the conditions were to be met, the final destination is still unknown, e.g. they are not sure at all that the status will be independence. The second one is that at least originally, there was no timeframe attached to the plan, so hypothetically the process could go on forever. Thirdly, given the facts on the ground, it is certain for anyone involved that the conditions will not be met any time soon.

The standards that have to be met include criteria in the following areas: rule of law; functioning democratic institutions; freedom of movement; sustainable returns and rights of minorities; the economy; property rights; dialogue with Belgrade; and the Kosovo Protection Corps. As the defined, the major goal to achieve is a truly multi-ethnic, stable and democratic Kosovo, which is approaching European standards.

In 2003, the Kosovo Standards Implementation Plan (KSIP) was developed and endorsed by the UN Security Council. This comprehensive action plan set goals, activities and defines responsibilities to the different international and local bodies for carrying out these goals, with the ultimate aim of executing the standards for Kosovo.

The main goals set within the KSIP are the rule of law (as the primary goal in view of the March violence), representative and democratic institutions, return of internally displaced persons, effective protection of minority rights, free travel. The plan identifies the division of labor between the different actors, e.g. divided basically between UNMIK and mostly the PISG – in some cases such as the rule of law it is a primary competence of UNMIK, in most other cases there will be collaboration between the two bodies. It is also envisaged that an assessment will be carried out by the UN, in consultation of the Contact Group and the European Union.

On the initiative of the United States, a tentative status review date was set for mid-2005. Although the USA have not ruled out any outcome for the final status, it is yet to be seen whether 2005 will be the defining year for the Kosovar Albanians.

On the one hand, independence status is the obvious outcome. Impatience has been gathering with the Albanian community, because the inconclusive status carries with it unrecognized passports, unresolved property rights, lack of opportunities for investment and employment, etc. Given the all but inevitable break-up of the Serbia-Montenegro union in 2006, Kosovo cannot retain its current status within this entity. Status within Serbia proper can be ruled out on practical and moral grounds.

However, when this impatience over the status issue culminated into the March 2004 riots, it did not play well on the international scene with tens of Serbs killed, wounded, houses, historical and religious sites destructed. It was counterproductive by

demonstrating that the majority of the population has no intention to abide by the rules of the international community.

On the other hand, independence given now, will mean a majority rule, with little to no respect for minority rights, doubtful rule of law, with barely functioning institutions and economy, will remove the generating instability will detonate the time-bomb of Kosovo.

The discussions for the future status of Kosovo are dependent not only on Western powers considerations, but also on two other players. The first unknown is Russia. Given that the status of Kosovo is regulated by an UN Security Council's resolution, any changes have to be made through another Security Council resolution – and Russia can easily use its veto power to stop a yes-vote.

Belgrade is arguably the capital with the highest stakes in Kosovo, as for symbolic (the mythology around Kosovo) as well as for practical, political reasons. On the first place, there is the small, but politically significant Serb minority. Secondly, the Kosovo issue will be high on the Serbian internal politics agenda. It will stay there for the foreseeable future and it has the potential to harm any Serb politician who is considered weak on the subject. Thirdly, Kosovo's issue is closely related to the problem with the Albanian minority in the adjacent Presevo valley.

The need for direct negotiations between Prishtina and Belgrade was recognized and EU-facilitated talks started in the third quarter of 2003. These talks however evade the status issue, focused entirely on practical problems that are likely to find a solution; with four groups of problems included initially: Energy, Missing Persons, Returns, Transportation and Telecommunications. The March 2004 events interrupted the talks and the appointment of Ramush Haradinaj as Kosovo's prime minister in late 2004 additionally worsened the situation as he is indicted for war crimes by a Serbian court.

Of all the Kosovo's neighbors, Macedonia is the weakest link, highly vulnerable to the waves of instability coming from the north. Having been touted as an "oasis of peace" during the 1990s, the new millennium for Macedonia started with the military activities on behalf of Albanian guerillas. Since then (2000), the armed grouping was transformed into a political movement that won the Albanian vote and is currently a minor coalition partner together with the Social Democratic Union of Macedonia. The cooption of the rebels into the political class however proved to be only a temporary solution. The problem with this move is that it de facto legitimized the use of force as a political mechanism. Henceforth, it opened the opportunity for any armed grouping of the Albanian community to follow a similar scenario: take arms, declare itself defender of Albanian minority interests, gain popularity with the minority and claim position in the political system.

These low-intensity armed activities in Macedonia never stopped in fact after 2000, and even at the time of writing this material at the end of 2004 there is another group operating in Kondovo that has claims to the government. As already said, this not only a security issue – it also undermines the credibility of the state as a whole to deliver its most important functions and de-legitimizes the democratic system of governance, which Macedonia is seeking to consolidate. Also, it is detrimental to Macedonia's

overarching goals of EU and NATO integration as these organizations need first and foremost effectively functioning states.

In the autumn of 2004, Macedonia once again made its way on the international agenda. The main reason for this anxiety was the announcement of a referendum on the new bill on territorial re-organization and decentralization of the state. The call for a referendum was initially launched by the so-called “World Macedonian Congress”, a noisy but not so significant organization of the Macedonian diaspora. This initiative though would never arouse such emotions were not for the opposition parties, which decided that it is in their interest to get involved. The pro-referendum coalition - established with the goal of mobilizing public support for rebuffing the new bill - was by no means a disciplined block. Besides the already mentioned World Macedonian Congress, the opposition parties that joined it were the main opposition group of VMRO-DPMNE, the new party of the former Prime Minister Georgievski VMRO-NP (People’s Party), as well as a coalition of the “Third Way” (it has nothing to do with Blairism) formed by remnants of the Democratic Alternative party. Later on it was joined by the new contender dubbed “Civic Initiative for Macedonia” established by prominent Macedonian intellectuals and financed by a Macedonian major businessman.

The main cause that led to scheduling the referendum is the intention to enforce a new law on decentralization of the state and what is more important – intention for territorial re-organization. The latter envisaged not only reducing the number of municipalities but also merging some of them, whereby making the Albanians a majority in now Macedonian majority towns. Allegedly, in this way the ruling SDSM provided tangible concessions to its Albanian coalition partner DUI of Ali Ahmeti. In practical terms, the re-organization envisages to attach rural communities, inhabited by Albanians, to Macedonian-dominated the towns of Struga and Kichevo, thus making the Albanians majorities there and “handing” them the control.

The referendum, though, faced the unanimous disapproval of the international community as it viewed it as a threat to the implementation of the Ohrid Agreement, brokered in 2001 to end hostilities. The international actors felt obliged to denounce the referendum, as they have been the protectors of the Framework Agreement. The argument is that introducing these laws have been provided for in the Ohrid Agreement and is out of question to reverse the laws. NATO and especially the EU have vested enormous energy and reputation to mitigate the 2001 conflict –the fledging EU common foreign and security policy cited this test case to prove its prospects for success.

The supporters of the referendum however claim they have the right arguments to uphold their cause. They insist that *first*: the governing coalition has developed the bill secretly, without consulting the opposition and the public, thus running against the principles of the very Ohrid Framework Agreement; and *second*: the referendum itself is quite a democratic means for deciding upon political issues and therefore they have every legitimacy for holding the referendum.

Along with the legalistic arguments for holding the referendum, there are number of serious reasons why the initiative gained momentum. One of it – a major one – is that the primary promoters of the referendum captured popular fears for the loss of identity.

A young nation, which just recently got its own independent state, the Macedonians are especially vulnerable to any steps that challenge their identity – be the very name of the state (disputed by the Greeks), history or language. That is why they are especially sensitive to their statehood, which they see as communal markers, “institutionalizing” their identity. They keep firmly to the “unitary” character of the state and any talks about federalization are taboo.

One of the dominant claims is that the Macedonians “do not have another state in reserve” as the Albanians do in the case of the Republic of Albania and Kosovo. Adding to these popular fears is the claim that the proposed “ethnic” re-mapping of republic coincides with the WWII map of Macedonia, when its northern and north-western parts were under the rule of Axis-allied Albania. There are two suspicions: that the Macedonian Albanians will gain *de facto* autonomy through the new decentralization and territorial re-organization bill and will eventually join Greater Albania as soon as they have the opportunity to do so. These suspicions are nurtured by the fact that the Albanian-dominated municipalities – especially after the armed activities in 2001 – enjoy *de facto* autonomy with little or no control by the central government, including the payments of utility bills, police control, etc.

The November 2004 referendum did not gain enough “yes” votes, but it succeeded in one thing – it allegedly delayed Macedonia’s EU-related reforms for several months at least as all governmental efforts and societal attention were focused on the referendum issue.

Nonetheless, it’s been another turbulent political year in the country. Following the tragic death of moderate President Trajkovski in February 2004, new presidential elections were carried out, to be won by the then-Prime Minister Branko Crvenkovski of the Socialism Democratic Union. Although the referendum in late 2004 did not succeed, implying a support for governmental policies, Prime Minister Hari Kostov resigned shortly afterwards, but on another grounds. His main reason for leaving the position revealed the frictions between the coalition partners. In short, he couldn’t tolerate the patronage practices of the Albanian Democratic Union for Integration. It must have been really bad, as in the Balkans and in Macedonia in particular this is the usual way things go.

Nonetheless, Macedonia received the questionnaire from the European Commission, which is its first step for qualifying for a EU candidate status. With the failure of the referendum, the way is open to finishing the implementation of the Ohrid Agreement, going on with decentralization reforms and holding local elections.

In Bosnia and Herzegovina, nationalist parties and feelings still dominate political and societal developments – from party building to education patterns. Given these centrifugal forces that can easily tear the country apart, it is no wonder that it is still effectively governed by an international administration, with the Office of the High Representative having the authority to overrule any decision, law or appointment made by local authorities. The nationalist parties – of the three main communities - managed to consolidate their position after the last elections. These parties are obviously providing support to each other by exploiting ethnic allegiances and fears of their constituencies.

Nonetheless, every community recognizes that the Dayton Peace Accord, which is the constituting document of the state, should be altered. Despite the consensus on the issue, there are different opinions on how to proceed with this, based on two assumptions: the first one is purely based on ethno-political motives, the second one on rational choice and moral grounds.

Along these lines, there are three options for the development of BiH. The first option is just hypothetical for being too radical, and includes the secession of Republika Srpska and/or the Croat populated territories sometime in the future. The second option, which in Republika Srpska is seen as second best to unification with Serbia, is keeping the status quo and furthering the process of autonomization of the entities.

The third option relies on moral and rational grounds and envisages a gradual strengthening of the central state common institutions through entrusting them with more competencies. Rational, in terms of making the common state viable, simplification of the constitutional and governmental set up, reducing aid dependence etc. Moral, in the sense that if the common state is to be allowed to break up, this would mean victory of the nationalists who fought the war in 1992-1995.

Given that this is the strategy of the international community, option number three is most likely to happen. Also, from a practical point of view this is the most rational choice: why have different armies, police, customs, and border control agencies which underperform in any respect, when they can have common, but effective ones.

THE REMAINING CHALLENGES AND PROSPECTS

The Balkans hardly pose any hard security challenges, but it still has the potential to generate instability – either through turbulent state disintegration or by exporting organized crime – further into Europe and even across the Atlantic.

Currently, organized crime ranks first among the security problems the Balkans pose to the countries in the region and to the outside world. The Balkan crime has become truly a transatlantic phenomenon and the FBI has established respectively the BOC Initiative (Balkan Organized Crime) to address these activities – as within the region as well as its extensions in the US. According to FBI reports, the Albanian groups are leading in this regard, extending from North-Western Europe to the United States, where they have succeeded to establish partnership with La Cosa Nostra families.

For the countries in the region, the main problem with organized crime is that it corrupts the political processes and undermines democracy and rule of law – highly evident for example with the demonstrative assassination of Zoran Djindjic by a “coalition” of Serbian mafia and Milosevic’s cronies. This case is also indicative of the dangerous mix of criminals and nationalists, reinforcing their activities – or in most cases, just changing their masks.

The often-troublesome political processes in the Western Balkans are underpinned – still – by the inability to form and consolidate “normal” parties, which does not resort to nationalistic rhetoric or practices, and which does not depend to shadowy or openly criminal structures to sustain their activities.

In terms of prospects for the future, there are good news and bad news about the Western Balkans at the end of 2004. The good news is that the Balkan countries are already talking European accession and not conflict management. It is also a very positive news that at the Thessaloniki summit of 2003 the European Union spoke of the “European perspective” of the Western Balkans. In subsequent documents, like the Neighborhood Policy of the EU, the Western Balkans are considered likely candidates in the future. Even Kosovo, despite its inconclusive status, is included into the system of Stabilization and Association Agreements through a Stabilization and Association Process Tracking Mechanism (STM). And in a very practical terms, the Commission transferred responsibility for the Balkans from the External Relations to the Enlargement Directorate.

The bad news is that with the exception of Croatia, the chances of any other Western Balkan country to seriously contemplate membership in the short to mid-term are getting slimmer with the increase in “enlargement fatigue” of the Union. Even Macedonia, which has been considered next after Croatia, did not fare well enough in reforms under the coalition governance of the Social Democratic Union of Macedonia and the Democratic Union for Integration of the Albanians.

There are several misconceptions among Western Balkans’ policy makers and the general public about EU accession, which prevent the process of being taken with all its seriousness:

First, for a long time EU accession has been advocated as an instrument for conflict management. EU membership has been perceived as the answer to the regional malaises: fragmentation, instability of borders, ethnic claims. In reality, the fifth enlargement of the Union has demonstrated that state stability and effective institutional functioning are the preconditions and not outcomes *per se* of membership.

Second, many Western Balkan countries do not realize that European enlargement is not a fact of life or a natural process that is bound to happen. There is the misperception that “Europe can wait” until the Balkan countries finally settle for serious reforms. In practice, with the complications accompanying Turkey’s application, the policy window of enlargement is quickly closing. Third, living with the memories of their relative advantages fifteen years ago, Western Balkans societies tend to think they can easily catch up, given that “even” Bulgaria and Romania did it. It’s not that simple, as Bulgaria and Romania worked really hard to achieve full membership in 2007.

Given that the European Union is taking more and more share of the “trusteeship” over the Western Balkans, it is up to Balkan societies to emulate the development of Central Europe – or the “Eastern Balkans” for that matter. This would happen, when they really give a signal to Europe that nor nationalist instincts of the past do dictate political or social choices, neither do shadowy criminal structures.

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