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**THE ROLE OF GREECE IN THE BALKANS  
DURING THE NEXT TWENTY YEARS**

**BY**

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Hellenic Army

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USAWC STRATEGY RESEARCH PROJECT

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## ABSTRACT

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"In Greece long ago, Thucydides explained that honor, fear and interests are the causes of war. In Greece this century, these three factors often conspired to prevent peaceful relations between the Greeks and their neighbors. In Greece today, an opportunity exists to move beyond ancient animosities and to provide stability and leadership in the Balkans.

To its Balkan neighbors, Greece is undoubtedly seen as a beacon of strength in a region marked by weakness. Greece's economic vitality and military alliances, its political system and cultural potency, its historical linkages and democratic traditions, all are enviable advantages over its neighbors.

I look forward to future Greek efforts to mitigate ancient Balkan fears and to settle conflicting Balkan interests. I also look forward to a future when Greek honor is never a source of regional tensions, but always a source of regional solutions.

Greece must work to reduce its neighbors' fears, to recognize its neighbors' interests, and-by doing so-to demonstrate the value of its own honor."

Joseph S. Nye, Jr.  
Assistant Secretary of  
Defense for International  
Security Affairs in First  
Clinton Administration



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## INTRODUCTION

### **OBJECTIVE**

It is well known that for many decades the Balkan countries were under different social and political systems. However, even then, their populations and the governments were pursuing the maintenance of open communication channels and the development of a cooperation form which was facilitated by their geographical vicinity and common historical experiences grounded on the era between the two World Wars and even before this when the Balkan idea touched especially the people of those nations and engaged their governments.

Today, we are in a period full of tremendous changes, not only globally but in the European horizon as well. The Cold War period, which had formed a Europe with fixed boundaries, has irrevocably gone. The new nation states appearing in the European map introduce radical reforms both in their political and economic regimes. The prospect of the enlargement of NATO and the European Union and the building of a new architecture in the European defense organizations form a new perception about prosperity and security in the European area. Finally, the propulsion of regional cooperation policy offers a different dimension in the development of nations.



In this framework, the goal of this work is to give a clear, objective and systematic analysis of the role which Greece can play in the Balkans during the next twenty years.

In order to be able to determine this role precisely and entirely, we will set out the present situation as it has been formed after the radical changes that occurred with the collapse of the former Soviet Union. It is a fact that set free the countries of the former Eastern Bloc and paved their way to the West.

At the same time, we will examine additional factors that are very important for the future picture.

At last, since we come to the conclusions that derive from the objective and impartial criticism of the facts, we will make some suggestions. Suggestions are necessary, according to my opinion, so that Greece may become a "leader" in the Balkan Peninsula. This must be the goal of Greek foreign policy, regardless of governments, for the mid- and long-term future. This goal is ambitious but not impossible, especially at this moment when the "ground" is appropriate and free for the founding of the Greek plan. The realization of this plan will bring Greece onto a higher level within the bounds of international society.

## PRECONDITIONS

The prerequisites for preserving all the views we mention, and for materializing the inspired Greek plan, aimed at making Greece the leader of a Balkan sub-system within the framework of the wider Western system, are the following:

To preserve the present status quo of the Balkans boundaries that will safeguard mainly the stability and the peaceful co-existence of the people in the area. For example, an explosion in Kosovo would be a disaster, not only for Greek interests but for the whole of Europe as well.

The Greek participation in European Monetary Unification (EMU) and other international organizations as a fully integrated member, will strengthen Greek ability for negotiations. This fact is directly interwoven with the record of the Greek economy and its economic infiltration in the Balkan Peninsula.

The realization of NATO's and EU's proliferation, which has been announced to the countries of the Southeast Europe. This is a vital prerequisite since the Balkan countries will be prompted in harmony with the Western economic and political models and will hurry over the procedures.

## EXISTING SITUATION

### **NEW TRENDS IN THE BALKANS**

The end of the Cold War created two contradictory inclinations in the Balkans. The first inclination, which the Balkans share with the rest of the European countries of the former Warsaw Pact, is their strong desire to gain Western type political and economic systems and to be incorporated in the West. This inclination keeps pace with the targets of International Community, although the West hesitates to take over the cost of the rapid institutional incorporation of the undeveloped former communist economies in its armies.

The second inclination is the revival of the old nationalisms and intolerances which had been frozen during the communist period. This inclination smolders in all of the area under the former Soviet Union's influence. However, it was revealed in a strong way in the former Yugoslavia, leading the post-war Europe to a terrible bloody conflict. This is a Balkan particularity in connection with the rest of Eastern Europe (but not in connection with the south area of the former Soviet Union, where there were worse bloodsheds in Tajikistan, Nagorno, Karabakh, and Georgia).

This second inclination of ethnic conflict created a split between the Balkan forces and the international community. In the Balkans the fighting forced the leadership to follow

policies on the basis of "Realpolitik", as the direct ethnic interests of every Balkan force were involved. On the contrary, in the international community, the liberal system prevailed with an emphasis on settling disputes with peaceful procedures and collective security.

The two above inclinations don't have the same power in every Balkan country. A considerable part of the Balkans aspires the quick transition to the West and wishes not to get involved in fighting. The pressure of economic collapse deeply affects, for example, Bulgaria and Albania.

#### **THE OUT BREAK OF THE FIGHTING AND THE WEAKNESS OF THE WEST**

The inability of the international community to stop the outbreak of the Balkan crisis is a paradox, given the fact that the Yugoslavian crisis was the most predicted war in Europe after WW II. The commonest NATO scenario for a possible outbreak of WW III in Europe anticipated the Yugoslavian collapse as the opening of the crisis. More particularly, in November 1990, a CIA study leaked out in the International Press anticipated war in Yugoslavia in 18 months.

Unfortunately, in the crucial period from summer 1990 (election victories of the splinter parties in Croatia and Slovenia) to June 1991 (declaration of independence of these two democracies), the international community's attention was fixed somewhere else. The reunion of Germany, the Gulf War and the

developments in the Soviet Union absorbed the efforts of international diplomacy. Only the United States seemed to realize the impending crisis, although they refused strongly to undertake the handling of this problem and tried to shift it on to the European Union through the channels of diplomacy.

The E.U., however, wasn't politically and institutionally ready for this responsibility. The European effort for the creation of a common foreign and defense policy was still at the very beginning. The EU hadn't yet worked out a common policy and strategy towards Eastern Europe. Moreover, the EU hadn't developed (and it has not yet developed) common diplomatic and strategic mechanisms for the solution of such problems, the working out of the policy and its successful performance. To a large extent, European consultative mechanisms are spent on the duty of the alignment of the foreign policy of the nations-members, where there are complicated negotiations, so there isn't time to spare on the working out of a long-lasting common policy. The EU's six months system of alternating presidency adds to the difficulties concerning decisionmaking for the common foreign policy, as the Union's leadership doesn't accumulate experience. On the contrary, it is alternately handled by the inexperienced hands of small nations (during the outbreak of civil wars in Yugoslavia, the EU's leadership was in Luxembourg's hands).

The Yugoslavia crisis was the first great challenge for the common European policy. The EU started with uninspired and slow actions, which were unable to head off the outbreak of the crisis. In early 1991, the EU supported the existence of Yugoslavia in the form of a looser federation with democratic institutions and a market economy. This policy rested on the hope that it would satisfy Yugoslavia's component populations.

The first direct intervention took place in May 1991 with the delegation of Mr. Delor, President of the European Committee and Mr. Sander, Prime Minister of Luxembourg. The two EU representatives suggested economic support to the Yugoslavians and promised a fast track to joining the EU. In return, they asked for the peaceful solution of inner-Yugoslavian problems in the form of a democratic federation. However, the European suggestion had come too late-in Croatia, the armed conflicts had already started at a local level. The opportunity for the EU to buy off the Yugoslav peace with economic motives had already past.

The EU's next step was to raise the Yugoslav problem in the CSCE (now OSCE) meeting in Berlin in June 1991. This European movement didn't produce any results beside the declarations of the plenary session which caused anxieties about Yugoslavia's evolution.

The Balkan's future, to a large extent, is uncertain. It isn't clear which of the two tendencies will prevail in the end. For the time being, the spreading of ethnic intolerance has been restricted only to Kosovo territories. On the other hand, there is a great danger, that Balkan instability could spread fast with the extension of the political collapse and the fightings in areas where, up to now, there has been no war.

#### **KOSOVO <<THE POWDER KEG>>OF EUROPE**

The main threat for Greek leadership and economic suzerainty in the Balkans is a possible generalization of Balkan instability and conflict. Kosovo is, for the present, the Balkans' powder keg and Europe's as well. Open war in this special and sensitive area would cause a serious wound to Greek ambitions. As the main power in the region, Greece can influence the evolution and help prevent this catastrophic possibility.

Considering the population, Kosovo forms "prima facie" a more suitable prospective for independence than Bosnia and Croatia. The percentage of Serbs in this area is almost around 10% while the rest of the population is almost pure Albanic. However, there are no more assets. Serbia is willing to fight for Kosovo to the end—as Israel for Jerusalem.

In Kosovo itself, 1997-98 was an interval of political games and juxtapositions for the preparation of rupture with

Belgrade. All seems to indicate that this area will be the central point of control exercised against Yugoslavia in order to intensify the crisis and the enforcement of an international intermediation.

A possible crisis in Kosovo means the complete disturbance of the whole peninsula with all the nations getting involved. The crisis in Kosovo means redrawing of the boundaries, rejection of FYROM's role as a pocket absorbing the vibrations, and the resurgence of contests. If there is such an evolution in the future, then it is necessary for the people of Kosovo to be pushed to come to an agreement with Belgrade.

The Albanian leadership can't hold out against the Serbs will. The military balance is overwhelming unequal-shotguns against tanks and heavy artillery. The international community doesn't support Kosovo's independence. But even if it was supported, Bosnia's example is very discouraging. So the only way that Albanian leadership should follow, is to push for a peaceful return to the autonomy regime effective from 1974 to 1987. However, even this target is impossible in the near future, creating a danger that the leadership may lose control. In this case, Serbian riot control will be direct and overwhelming.



## **THE NEW SITUATION IN THE BALKANS**

The thirty-one months from 5 June 1989 to 31 December 1991 changed the political scenario all over the world. The internal collapse of one superpower and of its ideological system overthrew the postwar bipolar international system and created a historical paradox: the full domination of one side without war in a worldwide conflict. The countries of the East bloc, not only stopped threatening the West, they tried to be incorporated as soon as possible into the West's defensive and economic institutions and to adopt its political and economic system.

The end of the Cold War and the collapse of the Soviet federation have obliterated, for the present, the threat of a third World War with Europe in the center. The new international environment offers more security for the West's population than any other international conjuncture, at least for the last three generations. Although Western Europe after the Cold War is not threatened by an invasion or nuclear disaster, at least for the time being, it is in danger of becoming an oasis of security and prosperity in the middle of a desert of instability and regional conflicts. A similar evolution in the future is pregnant with serious dangers for the West. First, the regional conflicts have direct economic and social effects in the West, through the breakdown of economic dealings or through the influx of refugees. Second, a division of Europe

into a secure and prosperous West and an unstable and badly off perimeter, could lead the countries of the former Eastern bloc, to the rise of governments hostile to the West.

### **GREECE'S PERSPECTIVES**

In mid-1992, after some delay Greek policy started moving forward toward a leadership role in the Balkans. But the continuing lack of a realistic diagnosis of the regional international environment prevents the working out of a long term strategy, which will lead the nation to a satisfactory exploitation of this big opportunity and to face up to the real problems that is going to deal with. The initial Greek disorientation in the face of all the Balkan events hasn't been completely overcome yet.

The Greek perspectives will now be examined through the following specific factors, which will be further analyzed.

- a. The new allocation of power in the Balkans.
- b. The favorable front concerning the influence of the Great Powers.
- c. The big chance and the possible problems arising for Greece.

### **The New Allocation of Power In The Balkans**

The new allocation of power in the Balkans is one of the two elements that created the chance for Greece to get a leader post in this area. The Cold War changed this allocation

totally. The change is particularly interesting concerning the economy and other factors as well. The countries which had the bad luck to find themselves in the Eastern Federation during the division of the Balkans in 1944-46, are at a great disadvantage, compared with Greece, which was incorporated into the West.

A short comparative juxtaposition of the past versus the present shows the extent of change. In the period between the two World Wars, the Greek economy was about at the same level with the economies of its neighbors. The percentage of the manufactured product to the agricultural one was higher in Greece than in Bulgaria and Yugoslavia. But, at the same time, the Greek economy suffered from important comparative weaknesses.

WW II worsened the Greek position in comparison with its northern neighbors.

The terms have changed completely in the decade of the 1990s. An allocation analysis of the power shows Greece's overwhelming superiority.

a. **Economic Power.**

The Greek economy occupies a dominant position in the Balkans. The Greek GDP is almost equal with the total GDP of all the other Balkan countries except Turkey, that is Albania's, Romania's, Bulgaria's, and all the former Yugoslav democracies together.

Concerning its neighboring countries, Greek superiority is crushing.

In brief, eleven million Greeks border with fifteen million Bulgarians, Skopians and Albanians, who intoto don't produce even one fifth of Greek GDP. Thessaloniki alone produces goods equal with the total GDP of its three northern neighboring countries.

**b. Military Power.**

Albania and FYROM don't have important armed forces. Bulgaria has armed equipment of Soviet provenance, but for the spare parts and ammunitions, it has to pay, since 1991, in a hard currency, which it can't afford. The old Soviet help to Bulgaria has stopped without being replaced by other sources. Moreover, Bulgaria has to pay in hard currency for imported oil, with the result that it will not be able to use this good in considerable quantities for its armed forces.

Greece, in constrast, has NATO level forces. It accepts important aid from the U.S. every year. The modernization of its armed forces is going on steadily. Its defensive expenditures are higher than the whole GDP of FYROM and Albania together and correspond to half the GDP of Bulgaria.

**c. Homogeneity of the Population.**

Greece has the most homogeneous population in the Balkans, with minorities, which correspond, to 1.3% of the

population. Other Balkan countries do not approach this level of homogeneity. Bulgaria has a Moslem minority reaching 10% of its population. FYROM has minorities, which totally approach to 50% of its population. The minorities in Albania are at least 5% to 10% of its population.

Population homogeneity is one of the effective power factors in view of the elevation of nationalism, which has opened home fronts in many countries after the end of the Cold War. A typical example is the damage which Turkey has suffered from the Kurdish problem, both materially and legally from the international point of view. Greece is in less danger than any other Balkan country concerning this kind of home front, which in international policy can become the object of exploitation from opposing forces.

**d. International Supports.**

Greece is a member of the two most powerful and effective alliances in the world, NATO and the EU. All its neighbors are trying to achieve the same, but do not have serious chances in the near future.

Turkey is the only Balkan power that can be compared to Greece. Turkey's GDP is about 50% higher than the Greek one. The Turkish armed forces are totally bigger and more powerful than the Greek ones. However, Turkish abilities to influence

the Balkan area are more limited than the Greek ones for the following reasons:

First: Turkey has been involved not only in the Balkans but in other geographically faraway and heterogeneous regions, as well. Today it is withdrawing after the failures that were caused by Ozal's ambitious policy. The Turkish targets in the Middle East, in the southern area of the former Soviet Union and in the Balkans, led up to an exceeding of Turkish potentialities and failures in these three regions. Greece, in distinction to Turkey, is almost entirely focused on the Balkans (Cyprus is the great exception) and counterbalances her disadvantageous position concerning the GDP and armed forces.

Second: Turkey has focused its center of gravity on the Caucasus and Central Asia. For example, the Turkish funds (loans and aid) for the southern region of the former Soviet Union are scheduled to amount to one billion dollars while the corresponding funds for the Balkans are a small proportion of this amount.

Third: The Turkish potentiality to function, as a leading power in the Balkans is restricted because of the Turkish coincidence with the Moslem populations (since June 1992 because of the Bosnian crisis). In the southern Balkans all the countries except Albania have problems with the Moslem

minorities and look with strong distrust on Turkish influence. A typical example is Sofia's opposition to the Turkish blue helmets mission in Bosnia.

Fourth: Concerning economic infiltration, Turkey has the disadvantage of a less healthy private sector than the Greek one. In Bulgaria's case, which is the most favorable because of its closeness, the initial announcements of the Turkish government about economic cooperation, led to a short increase of financial dealings but without any considerable continuation. According to Bulgarian official declarations, Turkish financial aid to Bulgaria is disappointing. On the contrary, the Greek private sector achieved a continuous expansion in its presence in Bulgaria, many times greater than Turkey's.

Fifth: Turkey has the big internal scourge of the Kurdish problem, which Greece doesn't have and it is not going to.

Sixth: Turkey is not a member of the EU and it is not going to be in the near future. The more the EU role is increased in the European area, the more the Greek advantage is increased as a member in comparison with Turkey.

According to the combination of these factors, Turkey is comparatively weaker than Greece concerning competitive influence in the Balkans. Therefore, Greece is today the most powerful local factor in the Balkans.

## The Influence of the Great Powers

The end of the Balkans' division into two camps is the second main factor which creates the chance for a Greek leadership role in the Balkans. During the Cold War, Greece was cut off from its northern neighbors because of the geopolitical conditions. The Soviet Union wouldn't ever permit the extension of Greek influence on the communist regimes. We have to note that similar problems had existed before the Cold War, as well as when the Balkans were divided into zones of influence by the Great Powers.

For the first time in centuries, the Balkans in the present international juncture isn't an area of strong rivalries between the great powers. On the contrary, the Balkan Peninsula, as a geostrategic area, keeps a low position in the strategic plans of the great powers. The exception here is the implication of continuous Greek and Turkish rivalry concerning the communication lines in the Mediterranean. This is clear from the low position of the Balkan countries in the commitment of Western capitals in contrast with Central Europe's high strategic importance as it is in Germany's neighborhood.

The low priority of the Balkans towards the Western plans is evident since the West rejected to undertake the cost of a military intervention in the Yugoslav crisis. The at least least in the first stages contrast with Kuwait where important



interests are at stake (that is the worldwide oil supply), while there isn't anything comparable in the Balkans are striking. Of course, we don't support that the West is unconcerned with the facts in the Balkan area, on the contrary. Its interests, however, don't derive from its Balkan interests which are of little importance, but from a general effort for the installation of a new international order worldwide, based on Western values, which is threatened by regional failures such as in Yugoslavia.

The common target of the Western powers in the Balkans, as in the rest of Eastern Europe which has the highest priority, is the normal transition of the former communist countries into the Western political and economic system, and the strengthening of the liberal rules of international relationships in this traditionally unstable area of Europe as well. The relevant secondary disagreements--in the framework of the Yugoslav crisis--between the Western powers don't concern this common target. What is at issue are the correct approach and the allocation of the cost of its realization since the United States tried to shift the cost of the Balkan affairs conduct on the EU.

The recently voiced notion in Greece that the Western powers compete with each other for "zones of influence" in the Balkans, is out of the question because there are no indications

to certify the supposed rivalry between them for a "new Balkan sharing." If we study in detail the actions of the Western powers in the Balkans, we will observe the close relationship between the different Western services in the promotion of the common Western tasks.

The main factor for the low strategic importance of the Balkans is the weakening of Russia. Since the end of the 18<sup>th</sup> century up to this day, one of the strongest targets of the Western powers was to prevent the Russian's descent to the Mediterranean. After the collapse of the Warsaw Pact and the Soviet Union, Russia abandoned its grounds in the Balkans and stopped aspiring to suzerainty in the area.

The result is a historically unusual freedom of the Balkan countries from the disagreements and the rivalries of the great powers. Particularly, the former communist countries aspire to be incorporated in the West, without bounds on behalf of Russia. Their problem is Western hesitation to incorporate weak economies. Instead of being divided in zones of influence, the Balkans for the first time can work as a united regional area.

It is important to note that the historically unusual lack of rivalry between the great powers in the Balkans will not last for a long time. Russia has already started to extend its influence and its control on the democracies of the former Soviet Union. It is possible to reassert itself as a strong

factor in other regions which were under its suzerainty. In the Balkans, Russia has a longer tradition of active diplomatic and military presence than in the Central Europe. The Russians appearance in the Balkans area as a rival of Western influence will subvert the Greek chance for assuming a leadership position there.

### **The Greek Chance - Possible Problems**

For the working out of the Greek foreign policy, two factors have to be understood. The first one is the Greek ruling position in the regional allocation of power. The second factor, as important as the first one, is that the Balkans, at the moment, are not divided into zones of influence and rivalry between the great powers. This second factor makes the action of Greek foreign policy an urgent need in order to undertake Balkan leadership. Its advantageous position in the Balkan allocation of power will last at least for some decades. The lack of rivalry of the great powers in that area may last less.

The years 1998-99 mark the Balkans transition to forms of regional cooperation with an outstanding Greek role, particularly after Turkey's rejection by the EU. The temporary situation that made the Balkans cut off from the European Organizations such as EU, NATO, makes the Greek position especially important within the scope of Balkan development.

The increase of Greece's degree of influence in the European establishment has been completely understood by the other Balkan countries and it is only for Greece itself to assume the duties of a leadership role. The Balkan economic area confronts a steep march toward market integration, but that's why today is the most critical period for the development of all those interests which foresee progress in the region.

For the first time Greek foreign policy has to exceed its standards and assume the responsibilities that derive from Greece's geopolitical position. In this remarkable period of the Greek state, we must add the development of a stable improved march of the operations in the East, without the past wait-and-see policy, but setting the trend in view of the long term advantages which will follow.

#### **E.U. AND THE BALKANS**

Regional economic cooperation in the Balkans appears not to be a matter of immediate priority for the E.U. Even cooperation in Southeastern Europe seems not to worry Brussels.

The E.U.'s behavior towards regional economic cooperation results from Europe's strategic development on the basis of maximum profits in minimum expenditures. On this premise, the E.U. clearly contributes to the Balkans development but in no case it is going to assume the heavy burden of this reconstruction, especially after the negative experience of

Eastern Germany. So the E.U. forwards the most developed economies of the Visegrad states (except Slovakia) in the procedure of integration while expecting the Balkan economies to adapt themselves to European standards. However, the fiscal shortages of these economies combined with slow privatization and of course with the slow development of the contemporary state administration, are opposed to the E.U.'s tasks. Especially in the Balkans and even more in the states with liberal governments, there is a broad consensus that regional cooperation could possibly put them out of consideration for E.U. membership, with a corollary to keep a distance from decisive actions. In action, the inertia of the governments concerning regional cooperation creates the impression in these countries of a mechanistic reconstruction of their economies with foreign aid.

The commitment to keeping distance concerning future accession in the E.U., doesn't only result from an indefinable feeling of fear, but from a carefully planned program for the exploitation of specific wealth producing elements on the aforementioned countries developed by the Union's leading economic forces. Typical examples could be found in all the Balkan countries under transition. On every occasion, the E.U. formally hasn't, up to now, stood for or against Balkan economic cooperation in the framework of Europe, while occasionally

different wishes about the Greek role in the Balkans have been rejected.

Nevertheless, the E.U. is still the main supporting pillar of the Balkan countries' reconstruction because of:

1. The USA's policy for transposition of at least partial reconstruction responsibility of the former Warsaw Pact countries and especially the Balkans to the E.U.

2. Greece's—a peninsula country—membership to the E.U.

3. All the efforts that the European Bank of Reconstruction and Development (EBRD) has made.

In February 1998, the Foreign Ministers of France and Germany decided, in all matters, the French-German engagement in the Balkans. Bosnia, Kosovo, Euro-Turkish relations, Greek-Turkish tensions and the Cypriot problem will form the scope of issues where Paris and Bonn will attempt common stabilizing policies based upon preventive diplomacy. Although the Balkans seemed to be on the fringe in the priorities of the two great European forces, they gained the distinction of first priority in the French-German political cooperation agreement.

Given the open contrast between France and Germany on Euro-Turkish relations, this cooperation in the Balkans was significant for the following main reasons:

- The destabilization which may result from the blazing up of many of South-Eastern Europe's hot spots, from Kosovo to Cyprus. While the big European issues are still open-EMU, expansion, constitutional reforms—it would be better for a precautionary diplomacy to release the "15" from a repetition of open European contrasts which followed the explosion of the Yugoslav crisis in 1991.

- The French-German balances, where the two members disagree sharply in certain areas from the management of the EURO up to the issue of expansion. It's possible that the Balkans and Greek-Turkish tensions can help to create a consensus on this issue, posed as a sign of French-German unity demonstration.

- The formal and significant sign of interest in an area which after the Dayton agreement is supposed to be in the American arbitration sphere.

It is likely that Bonn's and Paris' Balkan awakening is due to a combination on all three versions.

If the French-German coalition looks set to pay some dividends, it will have a direct impact on Greek foreign policy. All the tensions, which in many ways suggest priorities, will have a European point of reference. It is about a prospect, which if it comes true will disprove in a way, the image of

Greece, a full E.U.'s member, that for its crucial problems is referred only in the American arbitration and covering.

### **COOPERATION INITIATIVES**

The regional cooperation initiatives which are on the increase in the Southeastern Europe are divided into two categories: the first one deals with "local" factors and the second one deals with "external" factors having a direct influence on the area.

In particular the first category includes the following:

1. The Black Sea Cooperation
2. The InterBalkan Conference in Crete
3. The Danube Cooperation
4. The Southeastern Europe Cooperation Initiatives (SECI).

The second category includes the following:

1. The Central Europe countries initiative.
2. The Multilateral Cooperation of the Southeastern Europe countries.
3. The Visegrad's group countries.

Among these initiatives, the Black Sea Cooperation and SECI appear the strongest ones, while the E.U.'s Mediterranean policy can be added in the second category. The strangest fact is that the Black Sea Cooperation is promoted directly and the SECI indirectly, by the U.S.A., while in practice the E.U. doesn't



support any of the aforementioned initiatives. Practically the initiatives work to the advantage of extra European interests based on the development of provisional contrasts creating bridgeheads in the area.

### **The Conference in Crete**

The recent Balkan leaders' conference in Crete was the result of an effort by the Greek state to develop an approach to the peninsula's problems and at the same time to show off itself as E.U.'s natural leader in the area. But, in the first Balkan Summit (Albania, Bulgaria, Romania, FYROM, FRY, and Greece) nothing important was discussed; rather, trivial issues prevailed. Despite a partial failure concerning the stated goals, success can be found in two factors; the first is the very realization of a Balkan Conference and the second its potential continuation and institutionalism. The need for an institutional approach by the Balkan countries is absolute, real and urgent up to the point where the role of the area will be upgraded through the procedures of energy transit to and from Western Europe. At the same moment that Greece praises, for the first time, its geopolitical role in the area in combination with its Balkan roots, the E.U. at a minimum remains indifferent and Bulgaria and Romania remain at a distance from the action. Both of these countries, in action, are "at a loose end" and vulnerable to the influence of a great European power. At the

Crete conference, the E.U.'s inaction stopped Romania's and Bourgaria's hopes to participate and promote their positions or ideas, in contrast with the Albanians, Yugoslavs or Slavo-Macedonians, who, away from international organizations, were more pragmatic. The Crete conference also annoyed some members, especially in the European area. And they were annoyed because the need for a regional agreement in the framework of a wider European integration with Greece playing the main role became clear. But besides all these obstacles, the Crete conference has to be institutionalized even if it is ineffective, if only to go on as a living process between the countries in the Balkan Peninsula.

#### **Black Sea Economic Cooperation (BSEC)**

Over time the cooperation of the Black Sea countries is failing while its importance is declining because of the delayed opening of its bank in Thessaloniki. The refusal or weakness of most of the eleven member countries (Albania, Bulgaria, Romania, Turkey, Russia, Ukraine, Georgia, Armenia, Moldavia, Azerbaijan and Greece) to finance the Bank has frozen this initiative. But its real role is extremely useful in regional development cooperation, especially given the oil companies interest in the cooperation area. Additionally, the cooperation is extremely useful as long as it joins, at least in theory, conflicting interests while it promotes the few common exploitation points

of the area. Finally, this cooperation is significant because of the Black Sea's prospectives in energy's transportation from Russia and in the merchandise passage from and to the Russian market via the Danube. Perhaps its significance is the reason why some countries members gradually keep a distance according to the international community's behavior in contrast to the cooperation. As has been clearer, the development of oil interests apparently demands the decrease of any potential rallying of the local interests. This, as a result, will minimize the possibility of the cost being increased in case of serious claims. A likely increase of the risk, due to local interests promotion, might in the future increase the cost of energy for the whole European market, while it would add some problems in trade transportation development. Perhaps this is the reason why the E.U. keeps a distance from BSEC cooperation. In every case cooperation must build its promotion as long as the states are involved both in Russian energy distribution and in the trade transportation of this area. To be upgraded is perhaps the only possible solution for the allocation of interests around the Black Sea which, in the past, has been the arena of strong contrasts because of the monopolization effort from external and local interests.

## **ECONOMIC SITUATION IN THE BALKANS**

For some time to come the economic situation of the Balkan states appears to be good, considering everything about the transition period. The political situation is probably prone to a balance after the 1997 elections and the restoration of governments which were well tried in the past (Albania and Serbia). During 1999 a solution is expected to be given for the development of commercial and political bilateral relations and for a possible BSEC enlargement.

These expectations will be unrealized as long as the Balkan economies are depended on external factors which, in turn, are conditioned by the international financial organizations and the multinational chemical companies. In 1999 the Balkans must make one more step toward the development of a regional market structure as a precondition for their faster integration in the E.U. In practice this moment is not so hopeful since bilateral relations are being hard hit, but this is necessary. In any case, 1999 must be a year of economic affiliation development and the creation of common solutions in transports, telecommunications and energy.

### **Albania**

After Fatos Nano's easily achieved predominance and the creation of a coalition of the social democratic parties during the last elections, the political and economic situation in

Albania is expected to develop normally without excesses and chantings of slogans. The Albanian government looks determined to complete the privatization which started in 1996, a fact which will contribute to the reconstruction of production and services. This procedure will affect positively the work distribution in the home market for the unemployment, which is the main problem of the economy.

Under Fatos Nano the liberal bank system, which today can't bring anything as it is frequently covered by the parallel money market, is expected to continue. In this regard, the contribution of the Greek banks in Tirana would be significant. Three Greek banks have already been in action in the Albanian market regardless of their disengagement grade (Pireaus's, National and Commercial Credit).

In 1998, Albania's economic development in GDP growth was perhaps no higher than 1997's but this doesn't mean a diminishing growth rate because this slakening results from the internal branch and sector work distribution. The point in Albania's economic development must be focused on the middle class and services, a fact which will affect the overall GDP's construction in the medium term. With regard to business risk, it will go on as long as the poverty of the agricultural areas results in the growth of criminality and the strengthening of illegal trade and transportation.

## Bulgaria

The Bulgarians, and especially the economically weaker strata, will never forget the years 1997 and 1998. The Leva's drop will go on until a balance is restored on a real basis with the hard currencies. The Bulgarian merchants aim at this kind of devaluation. In 1999, the Bulgarian market, guided by IMT (International Monetary Treasury) will remain in an emergency state, though since 1997-98 significant progress has occurred in productive power, especially in services. The bank sector will not be strongly improved facing both compulsory integration and the liquidity, which in practice is unreal. The remarked political instability is another important point having a direct impact on the market. And yet nobody has seen the still expected catalytic intervention of Bulgaria's president. On the contrary, he opens the doors of his country outwards without meeting the necessary response, which he estimated to have, especially on behalf of Turkey.

As corollary, both the Bulgarian market and the economy show increasingly the business risk in contrast with the rest of Balkan countries. This business risk is based on the construction of a new economic model and it can be reduced only after a major privatization.

Thus, on the other hand the present government has decided to promote the privatization of Bulgarian production and

important services units as well. This direction is a result of IMT's hard currency policy, which is strongly engaged with declining expenditures in the public sector. So during 1999, Bulgaria will encounter important development opportunities, both in production and in services. At the outset, the opportunistic movements will not yield past results since IMT is awaiting for irregularities and for counterpart alteration measures.

#### **Federal Republic of Yugoslavia (FRY)**

The GDP's fall and the increased participation of the parallel economy, pose problems for today's Serbian economy. The extent of the parallel economy has already reached 40% of national product and it's still growing. That is, there are two kinds of economies, the formal and the parallel. The inversion of the facts is difficult but still not impossible since there will be a national financing or any other inflow of capitals.

According to the Banque Nationale de Paris (BNP), the large parallel economy has decreased since 1993 when it touched 55% of GDP but it stays increased compared with 1991 where it reached 31% of GDP. According to the same data, the main points of the Serbian precrisis situation are the following four:

- low productivity
- high debts
- expanded deficit in balance of payments

- increased deficit in balance of trade.

These data create confusion in the economy, worsening the whole situation. It is important, however, to note a paradox here that the Serbian economy based on formal data doesn't create any suspicion about the real situation of the country. Moreover, it appears that inflation is under control while the exchange rates has kept steady for more than two years.

The situation may get worse facing the imports increase, which cover the inertia of the productive units. The worsening has, additionally, to do with the parallel economy volume and the monetary balance. The government, however, keeping in touch with this economic situation, has already adopted a drastic cut in demands while there are other cuts in the social sector and services as well.

It is known that shortly before the elections the salaries of the nonproductive public sector and the pensions were paid with 49% of the money from the sale of the state telecommunications company, with the result of the opposition's declaration that Greece supports Milosevi.

The most peculiar event is that the Balkans are obsessed by the maintenance of an over valued currency at all costs. This peculiarity has resulted in two Bulgarian and one Albanian crisis while Serbia's is on the way. The only currency of the



Balkan economies in transition that adjusts freely is the Romanian lei.

The only long-term possible solution for avoiding the crisis, even at the last moment, is the deregulation of the market and exchange. Of course, privatization is going to fire any evolutions. The slow privatization is a prerequisite but it cannot take place today for the same reason that it hasn't materialized in any Balkan country in transition. The reason is that the state property hasn't been formed due to the ruling class's weakness and inability to lead.

#### **Former Yugoslav Republic of Macedonia (FYROM)**

We can see a similar image of hiding potential oncoming crisis in FYROM, where all data (GDP, deficits, production, and unemployment) were negative in 1998, while they typically responded to the IMF's standards. In 1998 the economy will be dependent on the attraction of foreign investments. In 1999, if the country isn't able to find foreign capital, it will reach the self-preservation limits keeping all the other standard factors.

In any case, this country's market must approach the Greek market, especially in Northern Greece, since the opposite side is hesitant. In 1999, if the FYROM market is going to face

negatively the Greek investments such as the generation of electricity, then perhaps the approach will be late beyond the limits. In 1998, we saw the first signs of the trade development as a corollary to the interstate preferable arrangements with the other countries of the former United Yugoslavia.

### Romania

The change of Romania's political scenery has resulted in considerable changes in the economy where in 1998-99 the release of privatization and trade development are expected without today's bureaucratic blockings.

The development of privatization will contribute in the reanimation of the market and the expansion of services generally in the distribution networks and retail shops. The privatization development will benefit the banks, as well, which during all the last years have kept inoperative capital piling up.

The privatization wealth will not be the result of the procedure incomes, but mainly of the reanimation of production and the import of new products. In this procedure there are enough dangers which come from the new government's inexperience in state conduct. These expected mistakes should be familiar, however, to the new powers since Petre Roman, the former prime minister, is the main kingpin of this change.

The two-year period governing under a new government has not really brought much progress in fact. It was a wound that the E.U. refused to include Romania in the first influx of the countries for joining the Union.

### **Turkey**

One of 1997's unexpected facts was Turkey's recent rejection by the E.U. The positive point of this rejection isn't the Greek-Turkish differences but the E.U.'s principle observance, even at the last moment, even if it came from the temporary keen antagonist relations between the U.S. and Germany.

The Turkish rejection from the European process in action means strengthening of the centrifugal trends in the E.U. which are supported by the U.S.A. On the other hand, the rejection enabled Turkey to state internationally its policy of aggressiveness, an event which created a precedent in Balkan development interests.

Anyway, the Turkish unconditional surrender can't be expected by international law as long as the army is the adjusting factor of the country and operates with clear American support.

Perhaps the next wound of the Cyprus integration would be the most crucial for the course of the potential cooperation in the Balkans and by extension in the Aegean. In every occasion,

Turkish defeat on the key points isn't a victory for Europeans integration even if the declarations approach the boiling point.

The Islamists' fall in Turkey is another significant event, which permits partial optimism for the Turkish future, referring to its real intentions in the Balkans.

### Economic Relations

Despite the fact that during 1997 three of the most important countries for Greek exports were found in the hub of political disturbances (Albania, Bulgaria, and Romania) the export of Greek products in the Balkan area and in the Black Sea area, without including Russia, amounted to 1.4 bn USD and in 1998 exceeded 2 bn USD.

The Turkish market however is the great surprise. During 1997, Greek exports in Turkey kept the score in the history of commercial dealings between the two countries (450 million USD compared with the 354 million USD of 1996). Although the 1998 indicators are still not exact, they depict that the Greek export in this country has exceeded 500 million USD.

A matter of great importance is the recognition that the rise of Greek exports in the Turkish market not only is impressive, but it will be difficult to stop having an impact on Greek-Turkish diplomatic relations. Their progress from 1989 up to now is impressive.

In 1997-98 among the new countries of the former United Yugoslavia the best customer of Greek products was FYROM. The value of Greek exports went from 232 and 300 million USD, equivalent to the years 1996 and 1997, and exceeded 400 million USD last year. In 1997, new Yugoslavia followed with 220 million dollars. Greek exports in Croatia, Slovenia, and Bosnia reached a low level.

#### **THE RUSSIAN PLANS FOR THE BALKANS**

It is important here to have a better picture of the role Russia plays in the Balkans and in the wider area, which it is relevant to the Balkan interests. A Russian "invasion" in the area wouldn't be a surprise since Russia always had an influence on this area and sometimes interfered directly. Besides this, Russia is connected with this area with strong historic ties, especially the Slavic tribes.

Furthermore, NATO's expansion to the former communist countries of the Warsaw Pact causes considerable disquiet in Moscow. It is characteristic that in the December 1993 Russian elections, President Yeltsin under domestic pressure and after the nationalists' election success, warned the West that NATO's expansion to the East would cause "a political and military destabilization".

Russia thinks that the Mediterranean's connection with the Black Sea is a channel, which has helped in the past many of its

enemies to invade the "southern underbelly". There are many examples for this as the former Crimean Khans, the Ottomans, the 1853-56 War, the West's intervention in 1918-21 and the 1941-45 period. Today the outflanking of the Russian forces is possible as they lack the control of several Black Sea countries. It bears mentioning that for Russian policy and its armed forces the Black Sea is supposed to be an integral Mediterranean part. The current fleet power of the Black Sea is extremely reduced while 60% of the ships are old-fashioned technology. The decrease of Russian power in the Black Sea creates insecurity given the tension in the area. The commotion in the countries of the former Soviet Union creates domestic problems in Russia.

Russia always showed a great interest, from a political perspective, about the Mediterranean. But today Moscow finds out its power decreases in inverse proportion with the rise in influence of the USA and Western Europe.

This situation was worsened during the Yugoslav disintegration and the war in Bosnia. Given Russia's permanent interest in the Balkans and the Russian people's tendency to support the Slavs of the area, Moscow's anxiety for losing its power for intervention in the area is quite understandable. Moreover, Moscow wishes to have some control in the Middle East, which is a source of problems and keeps in touch with the Russian soft underbelly.

On this premise Russia wishes to lessen the tension between Greece and Turkey, while the installation issue of S-300 in Cyprus seemed to concern Moscow as long as the Cyprus defense would be increased. Perhaps it isn't an accidental event that thousands of Russian offshore companies run in Cyprus with strong interests.

The Mediterranean is for Russia a transit route for worldwide shipping through the harbors of the Black Sea. It isn't accidental that 25% of Russian exports are being pushed through the Black Sea and the Mediterranean in extension. Even today in view of Russian natural gas export and oil exports from Novrosiisk, the Black Sea's and, in extension, the Mediterranean's economic interests are rapidly increasing. The present period is extremely crucial for Russian interests, because the development of energy networks is the best solution for the development and restructuring of production. So Russia will never permit its interests to be affected by a potential intervention effort and the reduction of its power, especially in its soft underbelly.

BSEC is of great interest for Russia. Russia benefits from this cooperation because a pocket of relief could be created through regional development against European market pressure. BSEC is Russia's kingpin pressure towards specific interests which will be developed in the Black Sea, having as a goal oil

exploitation. Naturally the existence of an essential regional cooperation could be used as a kingpin for Russian entrance into the Mediterranean cooperation formats, while at the same time a progress like this could secure commercial interests on a multilateral and not bilateral basis.

### **GREEK INTERESTS**

Focusing on the above, the Greek national interest seems to lie in the promotion of the Balkan embodiment under a Greek leadership in the West, and under conditions of stability and peace (that is the support of the first trend on the above segregation). The reason is that Greece has a leader position in terms of the power factors allocation in the Balkans, as the Greek GDP is equivalent to the total GDP of all the Balkan countries except Turkey's; that is, the total GDP of Bulgaria, Romania, Albania and of all the former Yugoslav states together. This power factor allocation offers a great opportunity for Greece to promote a united Balkan subsystem in the context of the West under Greek leadership and economic suzerainty (with the exception perhaps of Croatia and Slovenia being in the area of other powers as Germany, Austria and Italy with which they have religious and historical links).

Turkey isn't able to form an efficient competitor to Greece's effort for leadership in the Balkans despite its total superiority compared to Greece's GDP and military power. The



reason is that Turkey was involved in three eterogenic and geographically scattered areas in the southern region of the former Soviet Union where it puts its center of gravity in the Middle East and the Balkans—so as to have exceeded its powers and to have led to a fallback.

### THE EMERGING PARAMETERS AND THEIR INFLUENCE ON THE BALKAN AREA

#### **THE NEW IDEALISM**

For all its general weaknesses, liberal idealism, which is the Western Great Powers vision faced special difficulties concerning the Eastern European countries integration in this system.

The general direction in the West's effort for the realization of the plan in the Eastern Europe and in the Balkans were provided:

- Promotion of democracy
- Promotion of a free economy with the integration of the eastern economies in the western international system.
- Integration of the eastern states in the collective security system, based on the international treaties, by which the international organizations (NATO, CSCE) were created.

Through this plan, the Western Powers thought that the eastern countries' transition from communism to democracy and to the economy market would take place under normal conditions, that is without worldwide or internal peace and stability being threatened. However, this effort faced up to two closely related difficulties:

a. Communism as a ruling ideology was replaced in many Eastern European areas by nationalism instead of liberalism.

b. With the emergency of the eastern nationalisms, it was impossible for the principle of self-determination to be compromised with the principle of borders inviolate.

The problem is that both of these principles are essential for liberal idealism.

#### **REGIONAL POWERS**

The more the understanding is stabilized in the West that the international community can't impose its idealistic principles worldwide, the more the realistic rapprochement for the use of "regional powers", as stabilizing factors per region is confirmed. Such regional powers are supported by the West, not only as anti-Soviet strongholds per area, but as stabilizing factors, which substitute the direct activation of the international community.

Both Greece and Turkey were called out to play this role after the end of the Cold War era, the first one in the Balkans

and the second in the Middle East and Central Asia. At the beginning Greece refused and preferred to focus its foreign policy on the odd issue of FYROM's name, a fact which brought it in collision with both of its northern neighbors and the West, as Greek behavior was criticized as destabilizing for FYROM with possible wider consequences. At last since 1993-94 the Greek foreign policy started to focus on a leading, economic and political role in the Balkans.

On the contrary, Turkey started energetically. It managed to play an active role in the Gulf War and in the following international pressures against Iraq. Then it created the BSEC. In Central Asia, it was touted as a western model of a worldly Moslem country, in contrast with the theocratical Iran. Its role as a stabilizing factor however, was disturbed by the rise of nationalist sentiment, which was caused by the Moslems massacre in Bosnia and the strong anti-Serbian policy which followed. Moreover, Turkish policy was proved to be of limited potentialities, compared with its ambitions for economy infiltration in Central Asia.

In any case, the West counts on Turkey as an important ally in a stabilizing effort for the wider Middle East area and especially in Central Asia. Of course this factor will continue to lie heavy on the West's scales against an international

imperative for resolving the Cypriot issue based on the values the West itself has appealed to.

#### **GREEK POLICY AND BASIC PARAMETERS**

After the end of the Cold War, Greece was in an extremely advantageous position in the Balkans. It is the most economically developed, populated and homogeneous country in the Balkans. It belongs both to NATO and the E.U. Its northern neighbors were economically weakened and defensively uncovered, while their new external orientations turned to the West, where Greece had already had strong ties. Turkey was the only serious opponent and danger. In 1991, the USA, realizing this situation, considered Greece as a future leader power in the Balkans area and intended to support its role.

However, these developments instead of bringing the dawn of Greek leadership in the Balkans, were undermined since 1991 and later, as the national position and influence of the country was weakened. In part, this unfavorable result was caused by factors out of Greek control. Partially, however, it was a product of Greek choices.

The Greek reaction to the Yugoslav collapse was unilaterally negative and psychologically insecure. At first Greece considered that it would gain nothing by the Yugoslav partition and on the contrary it would appear to be the loser.

This was because Greece didn't look forward to any direct national benefits against Yugoslavia, as Albania and Bulgaria do (and the rest of Yugoslavia's neighbors except Romania).

On the other side, it is in Greece's interest to border on a larger number of weakened countries rather than on a small number of strong ones. Simply because the Greece's comparative power in the Balkan area is getting bigger. More particularly, Greece can deprive Bulgaria of its domination in FYROM and claim this state under its own influence with Serbia's consensus. But, such a perspective is still far away from Greece's horizons.

The reason for the Greek insecurity must be centered on the Greeks fears about the "Macedonian Issue". Greek attention very quickly was focused on the supposed problem, which would create international recognition for FYROM as Macedonia. If FYROM had a completely different name, the whole Greek approach to the Yugoslav crisis would be different. Because of FYROM, in the fall of 1991, Greece tried unsuccessfully to stop the evolution of the E.U.'s position towards the acceptance of Yugoslavia's collapse. In this way, Greece came into close cooperation with Serbia.

It is worth noting here that Greek fear about this name issue dramatically contrasted with Bulgarian confidence. The 1956 Bulgarian census counted 187,800 Macedonians (since then

they never appeared during the census as a category), which means that Bulgaria and not Greece, has more serious reasons to be afraid of "Macedonian" independence (if Macedonians rise up in Bulgaria, then a breaking away is possible). For Greece, there isn't such a danger ("Slavo-Macedonians" are minimal in Greece). Bulgaria, however promoted its old plans, effectively for annexation of the FYROM area. On the contrary, Greece reacted with an extreme insecurity, losing the opportunity to have FYROM under its control and at the same time, presenting itself internationally as illogical. The comparison is unfortunate if anyone thinks of Greek relative economic and military superiority, in international institutions (the E.U., NATO).

The Greek feelings of insecurity were increased after the Greek-Bulgarian axis collapsed and a parallel Bulgarian-Turkish rapprochement. It bears mentioning however that this Bulgarian policy change hadn't any anti-Greek motives, but it was necessary for the Bulgarian policy towards FYROM and against Serbia (cover of the Bulgarian rear towards Turkey). Since then Bulgaria has tried to keep the same distance with Athens and Ankara.

Since the beginning of 1992, the FYROM name issue had been the top problem of the Greek foreign policy. The findings of the "Batender" committee were a strong shock, which took up

Greece's endless struggle to make the Union change its mind. However, the E.U. policy concerning Yugoslav matters, imposed FYROM recognition, since FYROM seemed to have more prospects to be a viable state than Bosnia-Herzegovina. The difference of views between Greece and E.U. partners led to a crisis. In Greece, the internal mobilization in support of a firm position on the name issue grew stronger and stronger. In the E.U., the pressures for FYROM recognition grew steadily, as no one feels sympathetic towards the Greek national fears for a future danger, just because of the name issue.

At the beginning of 1992, the feeling of Greek isolation increased when Bulgaria recognized FYROM. The Turkish recognition was taken as a proof that FYROM would be a future Trojan Horse. Greece's increasing national isolation led inevitably to closer relations with Serbia, the only local ally.

Unfortunately, the unilateral dedication to the name issue obscured the greater picture. In the Balkan reconfiguration underway, Greece was in a disadvantageous position. The most important opportunity for a spectacular increase in influence was in FYROM's area, where the Greeks could create an essential protectorate, without disturbing their friendly behavior towards the Serbs.

In turn, the friendly behavior towards Serbs was isolating Greece from Albania and from the splinter former Yugoslav

Democracies, creating an increasing Turkish influence. Turkey increased its supports on all Greece's northern borders because of the Greek policy. It is important to note that there are both disadvantages and essential future advantages in a friendly behavior towards Serbs, as Serbia will be probably one of the most important Balkan powers in the future. But a friendly policy towards Serbs is only possible with Greek support and guardianship on FYROM, avoiding its control from possible enemy forces.

During the Yugoslav crisis, the worst loss for Greece was perhaps its demystification in the area. In no phase of the crisis did Greece react as a regional representative of the two most successful "unities" of the world and as a member of the economically developed and politically sovereign countries. On the contrary, Greece relegated itself to the level of the rest of the Balkan countries, that is to the most underdeveloped and fluid European region. The huge moral advantage that Greece had at the end of the Cold War, making the USA consider her as a prospective local leader, was spent on a vain nominal conflict.

#### **KOSOVO AS A FUTURE ADJUSTING FACTOR**

##### **Background**

Kosovo is undoubtedly one of the "new types" and most difficult problems on an international level. At this point the traditional principle of not taking part in a state's domestic



affairs is in conflict with increased Western sensibilities, when the cruel and massive violence substitute dialogue in international relations with minority and ethnic units. This is the reason why a direct and viable solution doesn't profile on the horizon. And that's why the most possible outcome is that the international community, including Greece, will be forced to coexist with Kosovo's problem for many years. In this frame, there is enough space for launching renewed diplomatic efforts (especially from Greece) aiming directly at reducing the tensions, in turn with application of measures, which will result in a more fixed base of negotiation and arrangement between the involved parts.

This issue is explosive for Balkan stability, because first and foremost it isn't limited to Kosovo. Practically it is about the great "Albanian Issue," which deals with the appearance of a great, politically awakening mass of Albanians, outside of the borders of their mother country. These areas are geographically adjoined with Albania, raising questions about the viability of the present boundaries, involving countries of the wider area and making the problem an international one.

The significance of the Albanian issue is obvious for Greece, although it appears that it hasn't been realized completely and in due time it must lead into all the necessary movements concerning timing of precautionary diplomacy.

Greece, under the burden of many and crucial regional and European fronts and with less weapons than the French-German initiative, displayed some mobility (the Nano's-Milosevic's meeting), but without developing a specific plan for a step-by-step solution until the Greek Foreign Minister's visit in Belgrad. Besides tactical management of the direct issue by reducing tensions, Greece must think through its total policy towards the Albanian issue generally (in the face of its very good relations with Tirana), which includes the possible descent of desperate refugees to the south and first of all, the connection of the above matters with FYROM's instability perspective.

### Kosovo's Explosion

At this point it is important to note the possible implications of a "fragile" Kosovo's explosion in the area.

Serbia: After Kosovo, Sanjak, Voivodina and mainly Montenegro will probably follow. If this crisis isn't faced according to Serbia's wishes, the consequences may be negative for them.

Albania: Kosovo's armed explosion means a return to chaos, retrogression of reconstruction, and internal convulsion, which may result in a civil war, as the present measured policy may not be preserved.

Skopje: One third of the population are Albanians and most of them Kosovars. FYROM is afraid of the explosion and of the given solution as well. Because if the given solution establishes a precedent of internal order and the overturning of borders, it will make FYROM's Albanians ask for foreign intervention.

Bulgaria: It has two targets. The first one is for Serbia not to be strengthened. But it wants desperately for FYROM not to disintegrate or be influenced by Belgrad again. That's why it follows a very careful but active policy as well, concerning Skopje's support compared with the Albanians.

Turkey: It will not keep the present measured policy, because, first of all, the Albanian lobby is powerful in Turkey. Moreover, there is the religious factor, which will appear if thinking out a Kosovo's solution arrives too late. In other words, we shall have a new Bosnia.

## **OPPORTUNITIES AND THREATS FOR GREECE**

### **Background**

If Greek policy achieves a leader position in the Balkans, Greece's potentiality to ward off and counter-balance the Turkish threat will get increased in Thrace, the Aegean Sea and in Cyprus in the long run, as well. The objective conditions are more favorable for the Greek foreign policy than they were for more than seven decades. Unfortunately the Greek political

leadership didn't grasp the offered opportunity in a timely manner. Instead of pursuing an ambitious and realistic policy aimed at Greek aspirations for a ruling position in the area, the Greek leadership reacted with fear for the new instability in the Balkans. The main ethnic effort was focused on the Greek argument with FYROM and against countless more important potential targets and visions.

### **Opportunities**

The great opportunity for Greece in the new international environment is to create a unified Balkan economic and political subsystem in the framework of a general Western system. Such an effort coincides with the needs and the targets of its neighboring countries, who are trying to be integrated into the West. Moreover, it will be strongly supported by the E.U. and USA as this promotes common goals in the Balkans, that is, the normal transition of the former communistic countries into the Western system.

Greece's ability to play a leadership role in the Balkans results from the allocation of power and this is very obvious in the economic area.

When the economic balance of power is "regal," that is, when there is an economic power that overrides all others, then the tendency will be opportunity for an open system of free economic exchanges to prevail.

The reasons why a "regal" balance of power is especially favorable for the prosperity of free exchange are the following: First, both the "leader" and the weak powers gain economic advantages. Second, the "leader" gains political advantage too as his dependence from the international exchanges is less than the equivalent small economies. So the "leader" acquires the political advantage of an asymmetrical dependence relation, while the small economies can't avoid this asymmetrical dependence. Third, the existence of a "leader" economy ensures the offer of crucial services for the functioning of an open economic system (e.g., financial possibilities for the whole system, capital purchasing). A "leader" economy can provide such services beyond its boundaries in weaker economies.

The current allocation of economic power in the Balkans is extremely "regal" as Greece's GDP is higher than all the other countries except Turkey, which, according to the aforementioned reasons, can't function as a preeminently Balkan power. Thus, Greece can promote a system of free economic exchanges under its domination, in the Balkan subsystem.

From a practical point of view, this is obvious since Greece has accomplished favorable bilateral economic agreements with Bulgaria, Romania, and Albania, and from its impressive economic infiltration in these countries. It is worth noting that its economic infiltration in the Balkans competes and often

exceeds the great Western Powers' infiltration and much more Turkey's. It is additionally obvious from the fact that the BSEC's bank will be settled in Thessaloniki instead of Constantinople, which was Ankara's wish. Mr. Mano's (the Greek former Minister of National Economy) decision to create a Balkan merchandise Stock Exchange in Thessaloniki is equally typical.

Through the Greek history long term point of view, the promotion of Balkan stability and free markets is a historic opportunity for the Greeks' return into the sovereign economic position they had in the Balkans during the 19<sup>th</sup> century. During the post war the Greek economy, especially in Northern Greece, suffered from the great disadvantage of being isolated from its normal Balkan inland, where Greek trade traditionally focused over centuries. However in the framework of Balkan stability and free markets, the Greek people will be able to regain their old economic domination in the wider area. Thessaloniki's, Igoumenitsa's, Kavala's and Alexandroupoli's harbours will be able to become Balkan Rotterdams, as they will be strongly supported by European aid, in contrast with the other Balkan countries' harbours. The Greek services, mainly in capital purchasing, will be able to serve a broader area than their national one.

The Greek economy will be greatly strengthened by the creation of a fixed, liberal economic system in the Balkans.

The new international environment offers Greece the historic opportunity to change the Greek nation's catastrophic shrinkage, which was caused by rising nationalisms in the Balkans, the Black Sea and the Eastern Mediterranean during the last one hundred and fifty years. For five generations the Greek nation in this wider area of Rumania, Bulgaria, Russia, Turkey (1922 and 1955), Egypt (1956) and northern Cyprus (1974) went only through concessions. But now it has the unique opportunity to play its old role as an economically leading factor.

Greek domination in the Balkans will keep pace with its political leadership in the area. Greece, however, beyond its economic superiority, has additional specific reasons for playing a political leadership role in the Balkans, just as is the case with its participation to NATO, the E.U. and the WEU.

The Western powers actively support the Greek efforts for an open economic subsystem under Greek leadership in the Balkans. Concerning the E.U., two typical examples are the European financing for the "Egnatia" highway construction and the financing of the new merchandise Stock Exchange in Thessaloniki from the European "Interreg" program.

The USA has shown a great interest, as was made clear by its Ambassador, Mr. Nile's declarations in Thessaloniki in 1994, where he characterized the city as "a gate for the Balkans and the Black Sea as well".

American support for a Greek leadership role in the Balkans has evolved clearly and especially in the American capital. Mr. Darel Johnson, responsible for policy in Europe and NATO, in the USA's OSD declared the following in a written statement to the Congress: "It is amazing that many eyes in the international community are looking at Greece because not only has it assumed the E.U.'s presidency, but for the probably much more important fact, that it constitutes a beacon of democratic stability reforms, which can be copied by the neighboring countries in the disturbed Balkans. Indeed, Greece may play a positive role for supporting the political and economic revolution, that sweeps the Balkan area."

### Threats

The most important threat for Greece is for the Balkans to sink into instability and into Yugoslav-type bloodshed with consequence for the whole peninsula to be marginalized in a European framework. A regional evolution of this kind includes three risks:

- First, for the Greek economy to suffer a crucial blow (breakdown of economic dealings with its Balkan inland, influxes of refugees, the Balkan's and Greece's alienation from international investors) at the moment of the great effort for accomplishing the goals for the European monetary union.



- Second, for Greece to be relegated as a part of a problematic area not deserving European integration.

- Third, for Greece to get involved in dangerous experiences that may threaten its security.

Greek policy can avoid this threat, although the Balkan evolutions don't depend only on Greek policy. But Greece as the strongest local actor, can carry great influence on Balkan events.

Unfortunately, the Greek political leadership was disoriented from the beginning of the Balkan changes.

The most important explanation was that the Balkan changes were threatening Greece. The former Balkan division into influence and control zones of the two superpowers was considered as a better one, despite the fact that Greece had been isolated from its natural inland and had been deprived of any possible leadership role in the area, a role much more suitable for her from the regional power allocation point of view.

Greek fears for the changes in the Balkans were focused on two suggested risks. The first one was the "threat" against Greece's territorial integrity from Skopje's irredentism. The diagnosis of such a threat would fit the 1947 Balkan power allocation. The meaning of this threat however is ridiculous, concerning today's allocation. FYROM's GDP is less than 3% of

the Greek one. Moreover, the "Slavo-Macedonian" minority in Greece almost doesn't exist. Bulgaria, having a significant "Slavo-Macedonian" minority, showed less fear despite the fact that it is incomparably weaker than Greece in today's power allocation.

In mid-1992 "Pineiro's" package (satisfaction of demands concerning the wiping out of the unredeemed elements in Skopje's constitution and symbols, combined with a compromise name solution) had offered a decent way to close the "irredentism" and the final FYROM's name issue, so as to be able to concentrate on the first goal of Greek leadership in the Balkans. The issue has led to an ethnic emphasis in the country, because of domestic political exploitations. So Pineiro's opportunity had gone and Greece was bound by positions uncongenial to compromise solution. The result was that Greece was delayed in the accomplishing its first goal of leadership in the Balkans.

The second supposed risk is the "Moslem arch". This alleged "threat" should not exist, or at least should function, for Greece and against Turkey. And that is because a sober review of the Greek-Turkish comparative situation in the Balkans, proves that Greece is winning in this section, because the Moslem population in the Balkans are extremely eterogenic and don't form a closely united friendly front towards Turkey.

More broadly, Turkey does not have the possibility to exercise a decisive influence on the Balkans, although Greek behavior towards Skopje offered a chance to Turkey.

It is important to note here that a possible Greek inertia towards the former communist countries' effort to be integrated into Europe, is the only possibility for the extension of Turkish influence in the Balkans. If the Greeks take on an active and composed effort for Balkans leadership, Turkey will not be able to contend with them. For example, when Mr. Samaras was minister of Greek Foreign affairs, Turkish influence in the Balkans reached its high-point, while Greece at the same time was consciously sacrificing Balkan leadership, because of the argument with Skopje (for example, a freeze on Greek-Bulgarian ties, when the latter recognized Skopje in early 1992). Mainly since 1994 Greece's cooler foreign policy expelled the Turkish influence to a large extent (BSEC has rejected Constantinople and chosen Thessaloniki as the base of its proposed bank).

It seems obvious that between the two aforementioned threats, the most essential is the first one, that is the explosion of disputes in Kosovo and FYROM.

At present, Greece is lucky that the volcanoes of Kosovo's and FYROM's ethnic intolerance have not erupted, despite the fact that Greek foreign policy toward Skopje was encouraging the opposite result. This was a short-sighted stand and it nearly

sacrificed the best national prospect that has appeared in Greece since the Venizelos era.

From an economic point of view, a collapse of FYROM would encourage the loss of Thessaloniki's direct Balkan inland. Moreover, because of Albania's and Bulgaria's ambitions on this area, its collapse would probably lead into an involvement of these two countries. We have to remember that there were four disputes during this century between Bulgaria and Serbia for control of this area (during the first decade with the guerillas, during the second Balkan War and during the two World Wars). In this case, Serbia's involvement would be considered as almost certain and until now she has really proved her intensions to maintain Serbian national interests with armed means.

For the time being, such a nightmarish evolution has been avoided, in favor of President Gligorov's successful manipulations which have largely counteracted the threat for Skopje's stability from the Albanians and the "Macedonians" of this democracy. Today, it may be a paradox for the Greek public, but ultimately Mr. Gligorov makes up one of the main supports for Greek leadership and economic suzerainty in the southern Balkans.

In February 1994, the Greek government took a great risk, when it imposed the economic embargo against this democracy. On

one side the preamble was that this drastic step would probably unblock the dispute between Greece and Skopje and reactivate international diplomacy, aiming to solve this problem. On the other hand, Greece risked this democracy's collapse, an evolution that would eliminate any hope for their leadership in the Balkans. It's impossible, of course, for a power to be at the head of a "Lebanised" area, collapsing through an escalation of national intolerance and disputes, especially if it is considered to be responsible for such a generalization and extension of the Balkan disaster by both its neighbors and its western partners. In addition, the embargo decision was taken so abruptly that the responsables ignored the legal side, which isolated the Greeks from the E.U.

### CONCLUSIONS

An objective diagnosis of the opportunities and the threats that emerge from the Balkan area must be grounded to the power factor allocation, and compared with the national juncture (concerning the Great Powers' influence). Based on such an objective and sober diagnosis, territorial threats don't emerge from the Greek northern boundaries. On the contrary, the new Balkan environment offers great opportunity for Greek leadership and suzerainty in the area. The only threat is possible general

Balkan instability, the nightmarish realization of which Greek foreign policy itself tended for a time to promote.

A crisis in the Balkans would cause an increased wave of new refugees towards the neighboring countries, having direct impact on both Greece and the Greek minorities which live in these countries. It is obvious that in such a small country as Greece, the latitude for accepting more refugees has already been exhausted and that's why Greece has asked its neighbors' cooperation to face this situation.

For all this, the evolution in the Balkan peninsula has a strong influence on Greece and that's why she has to do her best to strengthen and preserve friendly relations and cooperation with all Balkan peoples. On many occasions these relations have been significantly improved and on others they have reached good enough standards. Greece's extremely high economic level, compared with its northern neighbors, its strong democratic institutions, its membership in the Atlantic Alliance and in the regional European organizations, play a decisive role in this effort, creating a stabilizing factor in this area.

The Greek political leadership has to reconsider the most important priorities of its foreign policy. Greek ethnic involvement engages the political leadership to exploit the great opportunity offered for Greece after the Cold War. Fortunately, for the time being, the general collapse of Balkan

peace and stabilization hasn't materialized, despite Greek policy's opposing efforts. As the Greek people will be the bigger winners of Balkan stability, they must focus their foreign policy on the strengthening, rather than on the subversion of this stability.

The future implications for Europe, Greece and the Balkans will be considerable. In the end the Greeks have to be the pioneers in this effort and lay strong foundations for a peaceful Europe of peoples and for a European policy in the Balkans, offering them great expectations for a better destiny.

Developing the given points, the present Greek role is to help the prospective Balkan countries to be best prepared. This help could consist of the rendering of "Community's know-how", exploiting the Greek comparative advantage of Community experience. An experience, which is necessary for those prospective countries, being in a great need, such as Rumania and Bulgaria.

### **SUGGESTIONS**

The highest priority for Greek foreign policy in the Balkans is the creation of a united Balkan subsystem under Greece's leadership. This goal will bring benefits both to its national economy (the economic activation of its normal inland

is a real developed policy), geopolitical position and strategic security as well. The international Greek position will be decisively upgraded not only regionally, but also both in an E.U.framework and generally in the Western alliance. Moreover, it will be the safest base for the reversal of today's unfavorable balance of Greece against Turkey. Eventually only a strong and upgraded Greece, holding the leader position can hope to reverse the unfavorable situation in Cyprus in the future. A "small and honest" Greece, isolated and plunged into introversion and xenophobia, has no hope.

This creation of a united Balkan subsystem under Greek leadership must be promoted on three levels:

1. Economic infiltration.

Greece, after its public and particularly its private infiltration in the Balkans and its strengthening of domestic infrastructure, must focus its next steps on the following sectors:

- Improve its infrastructure and connections with the Balkans. The Greek Achilles Heel is the underdeveloped situation of telecommunications (the last three years there have seen improvements, but they are not enough), which excludes Greece's promotion as the center of the big multinational companies which will under present circumstances prefer Austria or north Italy. This concerns the key branches of international



services (banks, insurances, new information technology), dependant on a modern telecommunication level, now under way in Greece.

- Simplify its bureaucratic processes in international exchanges. Today the multiform and inflexible governmental institution increases the cost-of Greek international exchanges, because of the administrative restrictions and delays. This mainly applies to the functioning of the customs offices, embassies and consulates (commercial attache') and the Greek bank system. The rationalization of governmental institution on these sectors and its orientation towards a Balkan infiltration promotion, will contribute significantly to its success.

## 2. Political stability and cooperation.

Greece is able to promote stability and political cooperation in the Balkans. A necessary precondition, however, is for the controversy between Greece and FYROM to be resolved, for this has relegated Greece from the role of Balkan referee and leader to a litigant. The resolution of the name issue must come with a compromise that will ensure her stability. Greek persistence on this sentimentally charged target, that is for a name without any derivatives of the term "Macedonia", is a huge risk, concerning not only this democracy's stability, but also stability in the Balkans generally and as a consequence it is a historical mistake.

Focusing on the Yugoslav issue, Greece's main goal is to prevent the extension of the political collapse to the south (Kosovo and Skopje). Greek foreign policy must smooth down the unstable relations between Belgrad, Tirana, Skopje, and Sophia.

3. The Balkans integration with the West.

With regard to Serbia, Greek policy must avoid being identified with every Serbian action. On one hand, the Greek goal should be a former Yugoslav peace, which could ensure its vital interests, and on the other, Serbia's gradual disengagement from its extreme ethnic positions.

Greece must play a leading part in Balkan countries accession into NATO and the E.U. It is important to note the proportion of Greece to Germany, a country with the same problems and ambitions in its neighboring areas of the former communist Europe. Greek policy can learn a lot from German policy in Central Europe.

From the Greek point of view, the Balkan countries' accession into Western institutions is as urgent as the Visegrad countries' accession for Germany. Since Greece is, like Germany, a country on the first Western line, she will lose if she finds herself isolated again from her natural inland and faced with a hostile military coalition.

If the Balkans stay away from the first round of the Eastern countries' integration into the E.U. and NATO, it is

possible their western orientation will be shaken by the appearance of an alternative gravity pole, that is of an expansionist Russia. Russia's swing towards ethnicism and expansionism is rather possible, if we look through the overall course of Russian history. It is doubtful that the increasingly introverted USA will show the intention or the potentiality to stop a new pro-Russian orientation of the Balkans in such a likely Russian evolution. Thus, Greek foreign policy has to aim at the Balkans' connection with Visegrad countries, concerning their gradual integration into the E.U. and NATO.

It is clear that Greece must help so that the area stops being characterized as Europe's "power-keg" and becomes a zone of peace, security and stability. Greece must become a reliable regional partner for Europe's future, who will enforce not only democratic structures, but the social and economic development of the Balkan peninsula, as well.

At the outset, if the Greek nation doesn't play this role, Turkey will willingly do so, as it doesn't miss such chances to appear as the only leading power.

Concerning the international power factors allocation, Greek policy in the Balkans in the suggested direction may result in Greece's leadership in a united Balkan area and in the banishment of Turkey's influence. The main negative factor is the Greek leaderships' disorientation and as a consequence, that

of Greek public opinion, because of the excessive importance, which was given to the FYROM name issue and the supposed "Moslem arch".

This disorientation pointed out two combined Greek incapacities in organizing an effective national strategy. The first one is the trend of xenophobe insecurities and fears, which results from the national failures in 1922 and 1974. Otherwise the terrible lack of confidence, which has evolved in Greece after the end of the Cold War and while the national Greek position had been stronger than it was seven decades ago, is inexplicable. The second incapacity is the petty political exploitation of those insecurities and fears for the accomplishing of party and personal politic benefits. The demagogy and populism infiltrated in the foreign policy area as well, bring about devastating results.

Possibly the nonexistence of a power center transcending party strife and focused on national interests may be one of the reasons of these fluctuations.

For all these alarming findings, the encouraging sign is that from mid-1993 and later, the Greek governments followed a policy of economic infiltration in the Balkans. The fact that the two ruling parties of this period began to follow the same policy, offers proof that the strong Greek position in the Balkans has already been realized by the political powers. This

realization however hasn't been completed yet. The faster the Greeks get over this fear of the suggested Moslem arch's threat and the supposed threat against Greek Macedonia (from a country which is much weaker concerning Greece than Mexico concerning the USA), the more effective they can realize their suzerainty in the Balkans.

Since Greeks traditionally have proved to be peaceful, then obviously they believe in regional cooperation as a modern way of rapprochement of the different problems in an area. Because not only can it help in the peoples' and states' strengthening of ties but it can be a decisive factor for the promotion of European integration and the shaping of new approach to security and international balance, which results from the rapid and radical reforms in the international and European scenery. It has also been proved here that Greek potentialities to promote this new parameter of international relations in the area are significant. She has to exploit the strategic potentialities, resulting from her E.U. membership and the comparative advantage of her developed social and political structure.

This is a way for Greece to increase her influence and her international prestige, both in the area and in the overall European frameworks. This is a historic demand of our era. If

the Greeks don't follow this, fortune will take long to smile on them again.

### EPILOGUE

This is a way for a peaceful and progressive coexistence of the Balkan peoples. However, a common and not a partial course of action for the common good is required, otherwise if it prevails it will not last long.

Nevertheless, it isn't the only one. The expounded way presupposes Turkish displacement from the Balkans.

Another similar way, perhaps stronger, towards the same source of action, could be cooperation with Turkey, the other regional power. This cooperation may be only in the Balkans, or with additional coordinated movements of the two nations (Greece and Turkey) in different areas, e.g., for Greece in the Balkans and for Turkey in Asia. But this requires policy, ethnic and international will, and perceptiveness on both sides. This requires vision, planning, sober confrontation, a desire for cooperation and not ethnic religious fanaticisms by all sides, and especially by the two regional powers. Additionally, however, this requires strong safety valves to avoid any future exploitation by any side. It would strengthen both of them and

would solve many (if not all) problems. Besides, Greece needs a strong Turkey and vice versa. Then which is this way?

There is no space for further analysis. But the same way expounded in this study, with the addition of the Turkish factor, would be used towards the same course of action, having the same (or better) results for the benefit of all.

It appears however this to be beyond our time!

It may be late to come!

It may never come!

Who knows?

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