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THE STABILITY PACT FOR SOUTH-EASTERN EUROPE – POTENTIAL, PROBLEMS, AND PERSPECITVE

by

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The thesis analyzes this conceptual political novelty, connecting comprehensively post-war reconstruction, regional cooperation and a long-term perspective of accession to the Euro-Atlantic institutions for the region. The thesis assesses the Pact's chances for success by focusing on its potential, problems, and perspectives.

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THE STABILITY PACT FOR SOUTH-EASTERN EUROPE – POTENTIAL, PROBLEMS, AND PERSPECTIVES

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As a consequence of the Kosovo war in 1999, the international community, and in particular the European Union, placed greater emphasis on conflict prevention, finally realizing that allowing crises to explode in the Balkans is more costly than taking initiatives for the construction of long-term peace and stability. In the immediate aftermath of the cessation of hostilities, the countries of the region and the international community have committed themselves to making a long-term effort in this direction. The new approach is elaborated in the "Stability Pact for South-Eastern Europe", which resembled the Helsinki Process in that democratization, human rights, economic development, and security are essential constituents of stability.

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EXECUTIVE SUMMARY

The European Union response to the post-1991 break up of Yugoslavia and the subsequent hostilities in the Balkans has been in several respects inadequately prepared, developed and mobilized. The absence of a global strategy for the Balkans has meant, in practice, that the European Union had to apply ad hoc and predominantly reactive policies. Neither a coherent, long-term policy of conflict prevention nor a decisive, clear-sighted engagement addressing the looming problems well before they erupt were ever designed. This past approach has proven itself disastrous.

As a consequence of the Kosovo war in 1999, the international community, and in particular the European Union, tried to place greater emphasis on conflict prevention, finally realizing that allowing crises to explode in the Balkans is much more costly – both in terms of life and money – than initiatives for the construction of long-term peace and stability. In the immediate aftermath of the cessation of hostilities, the international community and the countries of the region have committed themselves to making a long-term effort in this direction.

This new approach is elaborated in the "Stability Pact for South-Eastern Europe". The Pact is a huge operation aimed at stabilizing and, in the long run, integrating the whole of South-Eastern Europe into the Euro-Atlantic institutions through cooperation. The lure of integration into the European Union appears to be the most powerful tool available to Western policymakers to affect domestic politics in the Balkans countries. Founded on the success stories of European integration, the Stability Pact resembles the

CSCE-Process in that democratization, human rights, economic development, and security are essential constituents of stability, taking to the heart the lessons of multilateralism. What these lessons teach is that contractual relations and increased cooperation between states can create trust and stability.

The Pact's aims are to be reached through an enormously complex structure involving round tables on democracy and human rights, development, and regional security. Apart from the recipients, which include all states in the region, the Stability Pact involves dozens of European and other Western governments, a number of international organizations from the OSCE to the European Union, which has taken the lead.

At the moment there is no alternative to the conceptual political novelty of the Stability Pact, connecting comprehensively post-war reconstruction, regional cooperation, and the long-term perspective of accession to the Euro-Atlantic institutions for the region. The concept deems to be feasible and viable. First results are promising and encouraging. However, it goes without saying two years after its inception, the final jury is still out on the Pact and its success depends on a number of factors:

The effort to create viable democratic states and self-sustaining development throughout South-Eastern Europe, and to anchor the region solidly in the interlocking framework of Western institutions, will no doubt require tremendous commitment, huge resources, and a great deal of stamina. The danger is that neither will be sufficiently developed to turn the Stability Pact into a strategy of effective prevention.

Furthermore a regional stability framework has no chance of being effective unless the issue of state-building and good governance is addressed.

Moreover, the external influence can only be successful, if the desire among South-Eastern political and economic elite to join Europe prevails over nationalist agendas and corrupt practices. The Pact is doomed to fail, if there is no sincere and lasting determination among the governments of the region themselves to cooperate fully in this project, developing their own initiatives that lead to concrete agreements, thus showing there willingness to reconciliation, a "conditio-sine-qua-non" for peaceful and stable Balkans.

Finally, having taken the lead in reconstructing the Balkans, Europe has the chance to enhance the credibility of its aspiration to become an influential actor in international security politics. Successfully managing and implementing the Stability Pact the European Union might demonstrate in the realm of "security" its ability to provide "soft", but efficient security tools that cover, the full spectrum of conflict prevention, non-military crisis management, diplomatic negotiations, post-conflict economic reconstruction, peacekeeping, police forces and humanitarian aid. Moreover, this could enhance Europe's credibility as a reliable and effective partner for the United States.

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I. INTRODUCTION

As events have repeatedly demonstrated in these past ten years, South-Eastern Europe[1] remains the most unsettled part of the European continent. Since the break-up of the Yugoslavian federation in the early 1990s, this part of Europe has been a region of ethnic conflict, political turmoil, economic collapse, repression and war, and gross violations of human rights, including the mostly reported expatriation policy known as "population exchange" and "ethnic cleansing". By spring of 2001, one can reasonably hope that the violent upheavals that led to a great deal of bloodshed since 1991 are over – even though the potential for further conflict remains as recent events in Macedonia have shown, and the process of building a stable peace has a great distance to go.

By contrast, practically everything still has to be done in terms of rebuilding the region's shattered economics, setting up and anchoring democratic institutions and patterns of behavior, establishing or re-establishing economic, political and social/cultural inter-action across borders, and finally, securing the region's integration into wider European structures.

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[1] The term "the Balkans" used in this thesis includes Albania, Bosnia-Herzegovina, Croatia, The Former Yugoslav Republic of Macedonia (FYROM), and the Federal Republic of Yugoslavia (FRY) - Serbia and Montenegro, the term "South-Eastern Europe" includes "the Balkans" plus Bulgaria and Romania. Slovenia is not included because it appears to be on a faster track to European Union membership and is already stable, relatively prosperous, and more fully integrated into European markets.

While the United States inevitably took the lead in times of crisis, long-term tasks of reconstruction and democracy–building belong to the European Union.[2] There is no transatlantic disagreement on the matter that this task is foremost a European mission,[3] Europe is to "provide the lion's share of necessary resources".[4] This is only logical in the sense that South-East European countries are the European Union's close neighbors and have a calling, sooner or later to "join Europe". Europe is confronted with a historic challenge and mission. Andrew Pierre of the United States Institute of Peace argues,

> ... to work toward creating a stable, secure, and prosperous region in an arena which has known for too little of such conditions. In other words, the opportunity is to de-balkanize the Balkans ... . The European Union is the beacon to which the Balkan nations are drawn. Their desire to join should create the momentum for helping to complete the necessary economic and political reforms.[5]

As a consequence of the Kosovo war, the international community, and in particular Europe, tries to place greater emphasis on conflict prevention. At least two lessons have begun to dominate the Western capitals in the aftermath of the Kosova campaign.

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[2] During its Presidency of the European Union from January to June 1999, Germany initiated the Stability Pact as a Common Action of the Union which was later to be transformed into a Common Strategy.

[3] Then-U.S. President Clinton stated clearly that the U.S. would play a "more modest role" in the Pact. He offered a U.S. aid package worth $500 million for Balkan reconstruction, but much of this referred to the estimated effect of trade concessions. Cited in "This Time, Europe pays", *The International Herald Tribune*, 14 June 1999.

[4] White House Fact Sheet, "Stability Pact for South Eastern Europe", Security Issues Digest, No. 146, 30 July 1999, Available [Online]: [http://www.usa.grmbl.com/s199990730i.html], March 2001.

[5] Pierre, Andrew J., "De-Balkanizing the Balkans. Security and Stability in South-Eastern Europe", *The Officer*, p. 35, Washington D. C., December 1999.

At the meeting of foreign ministers in Cologne on 10 June 1999 German Foreign Minister Joschka Fischer declared:

> The previous policy of the international community vis-à-vis former Yugoslavia had two severe deficits: It concentrated on the consequences instead of on the sources of conflict, and it tackled each of the region's problems individually and separately without reference to the rest of Europe.[6]

Fischer expressed what has become common sense among Western leaders in the aftermath of the Kosovo crisis. The past approach of dealing with each Balkan trouble spot only piece-by-piece instead of envisaging the complexity of the whole issue has proven itself disastrous. The predominantly reactive "fire-fighting policy" of recent years in the Balkans concentrated on managing crisis after crisis, in Slovenia, Croatia, then Bosnia-Herzegovina, and eventually in the Kosovo. Neither a coherent, long-term policy of conflict prevention nor a decisive, clear-sighted engagement addressing the looming problems well before they erupt were ever designed.[7] This failure was mainly the result of serious differences among Western states over the correct evaluation of the developments in the region and the political consequences to be drawn from these

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[6] Speech of German Foreign Minister, Joschka Fischer, at the Conference of the Foreign Minister concerning the Stability Pact for South-Eastern Europe, Cologne, 10 June 1999, in *Internationale Politik*, Dokumentation-Dokumente zum Stabilitätspakt für Südosteuropa, pp. 130-2, 8/1999.

[7] There exists one exception to the international failure to take preventive measures in the Yugoslavian wars of disintegration: Macedonia in 1992. In contrast to the international response in Croatia and in Bosnia the timely initiative by the OSCE and the UN is a common explanation for the successful prevention of outbreak of violence in Macedonia. Fears of the Balkan conflict spreading to the Yugoslav Republic of Macedonia led the international community to deploy a preventive interposition of troops to the border between Macedonia and Serbia. Previously, in 1991, the Macedonia President Kiro Gligorov appealed to the international community for a preventive force to be deployed to prevent the outbreak of violence in the republic. See Clément, Sophia, "Conflict Prevention in the Balkans: Case Studies of Kosovo and the FRY of Macedonia," Institute for Security Studies of Western European Union, Chaillot Paper 30, Paris 1997. Available [Online]: [http://www.weu.int/institute/chaillot/chai30e.htm], March 2001.

developments.[8] The United States and Europe found themselves often advocating different strategies to deal with the crisis.[9]

This policy was most notable in the period of 1995 to 1998 when the international community paid its utmost attention to the implementation of the so-called "Dayton Peace Agreement"; at the same time, the Kosovo crisis, as close observers warned unisono ("The situation in Kosovo, which is beyond the preventive stage, calls for rapid measures to suspend the conflict"[10]), was about to erupt, following the exclusion of the

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[8] See Riesman, David, "Western Responses to the Current Balkan War," in: Cushman, Thomas and Mestrovic, Stjpan, *This time We Knew – Western Responses to Genocide in Bosnia*, pp. 350-9, New York, 1996; and Report of the International Commission on the Balkans, *Unfinished Peace*, Chapter II: The War and the International Response, pp. 37-75, Washington, 1996. Eyal, Jonathan, *Europe and Yugoslavia: Lessons from a Failure*, The Royal United Services Institute for Defense Studies, London, 1993. To point out some inherent problems in dealing with such a crisis: the reluctance of any single power to take the lead, the fact that each member state had to reach an internal consensus on what to do, as well as to strike a consensus among the various states. This often resulted in lowest-common-denominator policies that proved inadequate.

[9] The sharp and protracted disagreements during 1992-95 between the United States and its major European Allies over how to deal with the conflicts in the former Yugoslavia, Bosnia in particular, suggest how readily crisis management and peace operations can become objects of discord. As a Dutch expert observed, "the transatlantic relationship reached an all-time low" in November 1994, with a European-American disagreement about intelligence sharing and the enforcement of the arms embargo on the Bosnian government. See, Wijk, Rob de, *NATO on the Brink of the New Millennium* , p. 111, London 1997. The U.S. and Europe found themselves often advocating different strategies to deal with the crisis. From the outset of the crisis, the U.S. was opposed to large-scale intervention, fearing that it could result in a long and bloody commitment. Washington was eager to endorse the European Community's decision to take the lead in the crisis, which the latter did from a sense of misplaced confidence. This confidence swiftly turned to frustration as the European states realized their impotence in the face of the warring protagonists. Later, the U.S. advocated a policy of lifting the arms embargo on the Bosnian Muslims, whilst simultaneously punishing the Bosnian Serbs with air attacks. This brought the Clinton Administration into confrontation with the British, French and other Europeans who already had troops safeguarding the supply of humanitarian aid in Bosnian, serving under the United Nations flag. As a result of their different approaches to the Balkan conflict, recrimination became a characteristic feature of the transatlantic relationship at this time. See Daalder, Ivo H., *Getting to Dayton – The Making of America's Bosnia Policy*, pp. 14-18, 31-34, 61-64, 164, Washington, 2000.

[10] Clément, Sophia, *Conflict Prevention in the Balkans: Case Studies of Kosovo and the FRY of Macedonia*, p. 29.

Kosovo issue in Dayton[11] and the radicalization of the hitherto peaceful resistance of the Kosovo-Albanians.[12] Additionally, the international approach towards the Balkans has mainly been piecemeal and country-oriented following the geographic direction that Milosevic chose to take.

Thus, the transnational patterns of many problems in the region were hardly tackled: the manifold border and minority issues, the problem of returning refugee, the region-wide security concerns and the socio-economic interdependencies, for example, in terms of infrastructure.

The Kosovo conflict has been an eye-opener. It amply demonstrated the inextricably Euro-Atlantic nature of the enormous challenges shared by South-Eastern Europe and, therefore, the necessity to tackle these issues with a integrative approach.

There is no denying that achieving political and social stability and sustainable development will take years for most countries. Nor will progress towards these goals be smooth or automatic. Recent conflicts and ethnic tensions among the South-Eastern countries have opened rifts that will not be easily healed. It will take time to achieve the intra-regional cooperation and trust necessary for peace and stability. These factors suggest that both concerned countries and the international community in general need to make an extraordinary effort to create the necessary conditions. In the immediate

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[11] Kosovo was not mentioned in the Dayton Accords. Kosovo was the ultimate price the West paid to get Milosevic to the bargaining table: It was left off the agenda. Had it not, the West calculated, Milosevic would not have come to Dayton. See Daalder, Ivo H., *Getting to Dayton – The Making of America's Bosnia Policy.*

[12] See Caplan, Richard: "International diplomacy and the crisis in Kosovo," in: *International Affairs*,, pp. 745-761, Vol 74, No. 4, 1998.

aftermath of the cessation of hostilities in Kosovo, the international community and the countries of the region have committed themselves nurtured by a common feeling of urgency to making a determined long-term effort in this direction following the aforementioned rationale to stabilize South-Eastern Europe and to draw this region nearer to the European mainstream perceiving the region as a whole.[13]

This holistic approach is the basis for the "Stability Pact for South-Eastern Europe", which combines two crucial incentives with all political, economic and military levers at hand:

A real, even if for some only long-term perspective of accession to the Euro-Atlantic institutions, the new "Stabilization and Association Process" of the European Union, which centers around the new instrument of the "Stabilization and Association Agreements" tailor – made for the countries of the Balkans, and financial funding for bi- or multilateral intra-regional initiatives to promote democratic reforms and civil society building, achieve sustainable economic growth and enhance security to reverse the process of disintegration. In the World Bank's wording,

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[13] Emil Mintchev points out that such a regional approach guided the Congress of Berlin in 1878, reaching agreement on borders and multiethnic tolerance. See Mintchev, Emil, „Friedensordnung nach dem Kosovo-Krieg. Eine integrative Strategie für den Balkan", in: *Internationale Politik*, Vol. 54, No. 5, p. 58, May 1999.

> the underlying logic of the Stability Pact is that the effort of the countries of Southeast Europe at improving intra-regional cooperation and economic reform would be boosted by strong support of the international community. This support would have two basic components. First, the international community would provide a clear and credible commitment to the integration of the SEE countries into European and global structures. The second commitment of the Stability Pact partner must be to provide coordinated support, both technical and financial, to the countries of the SEE region.[14]

This thesis analyzes the international community's, in particular the European Union's, approach to achieve peace, stability and prosperity in South-Eastern Europe in the focus of the overall question:

What are the potential, problems, and perspectives of the Stability Pact for South-Eastern Europe?

This thesis suggests that at the moment there is no alternative to the conceptual political novelty of the Stability Pact, connecting comprehensively post-war reconstruction, regional cooperation, and a long-term European future. The concept deems to be feasible and viable. First results are promising and encouraging, meanwhile some achievements have been reached. However, it goes without saying some twenty months after its inception, the final jury is still out on the Pact. A lot depends on how the countries of the region will breath life in it. The Pact is doomed to fail if there is no sincere and lasting determination among the governments of the region themselves to co-operate fully in this project, developing their own initiatives and ideas that lead to

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[14] The World Bank, "The road to stability and prosperity in Southeast-Europe: A regional strategy paper", 1 March 2000, p. 12.

Available [Online]: [http://www.seerecon.org/KeyDocuments/KeyOfficialDokuments.htm], May 2001.

concrete agreements, thus showing their willingness to reconciliation, a "conditio-sine-qua-non" for peaceful and stable Balkans. Additionally, a lot depends on the European Union's ability – and lasting willingness, endurance and patience - to sustain a long-term commitment to help establish a European future for the Balkans.

Chapter II suggests that Europe and the Balkans are at a crossroads. Timely and comprehensive measures have to be taken to offset the negative impact of the Kosovo conflict.

The philosophy and the procedures of the Stability Pact have a historic precedent: the "Conference on Security and Cooperation in Europe" (CSCE)–Process at the beginning of the 1970s. Chapter III examines the reasons this model was chosen taking into account the international community's experience of reconstructing Bosnia-Herzegovina since the Dayton Accords.

Chapter IV investigates the special role of the European Union in the Balkans addressing the following questions: What are the main challenges facing the European Union's Balkan policy? What are the main instruments of European Union's engagement in the Balkans? What are the short– and long-term prospects of the Union's regional role?, and what problems are to be expected?

Chapter V analyzes the working of the Stability Pact explaining its organizational structure and framework. Moreover, this chapter addresses the questions: What has the Pact actually accomplished, and what obstacles have prevented or hindered progress?

Chapter VI summarizes the main findings and arguments of this thesis and provides an outlook for the ultimate success of the Stability Pact and a lasting peace in the region.

A. SIGNIFICANCE

The importance of creating stability in South-Eastern Europe is critical. The region has been the locus of numerous wars during the past two centuries. Two have just recently occurred, first in Bosnia and then in Kosovo. Turmoil in this area reverberates far beyond the immediate region. Thus, at the beginning of the 21st century, a prime objective of the international community and the European Union particularly, is the restoration of security and stability in South-Eastern Europe. Europe has reached a cross-roads. At stake is not only the future of Kosovo and the rest of the region, but also its capacity to manage such situations. Any decision made now determines whether "Europe" manages to spread stability, peace and democracy to the whole of Europe extending the new European peace order also to troubled South-Eastern Europe – or whether Europe will experience a painful "déjà vu" of European history starting the new century as the last one both started and ended – with tragedies in the Balkans that dragged the whole of Europe into conflict and turmoil.

The issue has additional political significance because it is the success of reconstruction that will or will not inter alia justify the NATO operation "Allied Force" in Yugoslavia. The future European security structure will be strongly influenced by the experience of collaboration and the results in rebuilding South-Eastern Europe. If these

collaborative efforts fail, the alternative is only too obvious: a region of failed states and long-term protectorates largely dependent on foreign assistance. Failure will almost certainly lead to a renewal of ethnic conflict, as well as large-scale and potentially uncontrollable movements of population out of the region, as already seen. Therefore, especially from a European perspective, to analyze this long-term strategy and assess its chances for success or failure is not a routine evaluation exercise.

II. EUROPE AND THE BALKANS AT A CROSS-ROADS

"Balkan wars" marked both the beginning and the end of the twentieth century.

In 1908-1914, crises in the Balkans changed the face of Europe irreversibly and so did the 1999 Kosovo war. At the beginning of the century, the Balkans provided a powder keg carving dividing lines across the continent.[15] After World War II, the political will in Paris and Bonn to end great power rivalry became the corner stone for economic integration in Western Europe. The breakdown of the Iron Curtain – replacing the "high risk, high stability" era by a "low risk, low stability" one[16] - erased the East-West dividing line, but eventually created a new division, between Europe and the Balkans. The last ten years of post Cold War history have been marked by a parallelism of two completely diverging trends in Europe: the arduous and at the same time promising process of transforming the countries of Central and Eastern Europe that were cut off for decades from the political, economic, and cultural life in Europe, followed by

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[15] The conviction among the ruling groups of the great powers at that time in Europe that the prevention or at least the containment of war was essential to the preservation of the domestic and international order from which they derived their positions of power – an agreement to avoid recourse to violence in the pursuit of national objectives in Europe – remained in force until the summer of 1914. It dissolved at that time, because two of the European powers – Austria-Hungary and Russia – had come to consider the region of Southern Europe where their ambitions collided – the Balkan peninsula – so vital to their national interests as to justify the risk of a general war, and because their two powerful allies – Germany and France, respectively – had developed powerful reasons of their own to favor a military showdown. It was in those years that the image of the Balkans as the "powder-keg" and "backyard" of Europe became firmly established in the mindset of the contemporaries, equating the term "balkanization" with crisis and trouble. See Robbins, Keith, *The First World War*, pp. 1-15, Oxford, 1984 and Craig, Gordon A. and George, Alexander L., *Force and Statecraft – Diplomatic Problems Of Our Time*, pp. 35-41, New York, 1995.

[16] Dynay, Pal, "How Will the European Union Meet the 21st Century or In What Shape will the 21st Century Find the European Union", p. 3. Available [Online]: [http://www.gcsp.ch/e/research/Yale1998/Dunay.htm], January 2001.

a successive opening of the Euro-Atlantic institutions, thus creating a pan – European peace order that bodes well for the future of the continent.

However, exactly the same time-span was predominated in another part of Europe, the Balkans, by what no-one in post Cold War Europe could ever imagine again: the violent dissolution of former Yugoslavia.

In the very early 1990s, most experts would have agreed that most of the republics of former Yugoslavia had the best prospects of more rapid transformation, as they benefited from human capital and market-required skills, a relatively decentralized economic system based on "labor management",[17] substantial cultural and economic interaction with the West and the exposure to Western labor markets of hundred of thousands of "Gastarbeiter" (foreign laborers, working abroad people). In addition, Croatia and Slovenia had a relatively high per capita income.[18] That there were considerable economic gaps inside the Federation is true, but those divisions could not modify the general economic landscape and the prospects for the republics at least not for the northern republics of the Federation.

Tito's strong grip on power helped keep the Federation together during the Cold

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[17] For a presentation of the Yugoslav system of self-management (the behavior of collectively-owned firms), see Gienaris, Nicholas v., *Geopolitical and Economic Changes in the Balkan Countries*, p. 96-7, Westport, 1996.

[18] Ibid, p. 101-2.

War era.[19] But Tito's death released "suppressed" political dynamics inside the Federation that went beyond the succession issue and ensuing constitutional implications by unleashing national grievances. These events, together with the growing economic crisis of the 1980s,[20] the growing dispute between the rich republics (Slovenia and Croatia) and the rest of the Federation as to the redistributive policies of the federal Government in Belgrade, and rising nationalism, created the prerequisites for the ensuing violent conflicts with a quarter million dead, billions of dollars in destruction, and approximately 4.4 million of displaced persons destabilizing a whole region.[21] The wars in Croatia, Bosnia, and Kosovo resulted in the displacement of an estimated 2.4 million

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[19] In the era of "Titoism" – which extended for several years beyond the lifespan of its creator – Yugoslavia nationalities policy had various components to "solve" the national question: the system recognized the ethnic particularity and full equality of all nationality groups and embodied the right of cultural–linguistic self-determination. The system itself was organized as a federation with extensive decentralization and the right of political self-determination. Ethnic tensions were defused through self-management, a system for defusing social issues at the lowest level. Religious organizations were advised to obtain from outspoken involvement on behalf of particular nationality groups. Dual consciousness was affirmed – ethnic consciousness and Yugoslavia consciousness. And, separatism and "unitarism" were considered two forms of the same perilous deviation. Tito's nationalities policy thus combined radical decentralization and generous guarantees to the ethnic cultures with a terror of nationalism that often found expression in shrill denunciations of "neofascist nationalism". The operating assumption of Tito's policy was that any exclusivist nationalist sentiment was "anti-self-management", that means, that any revival of excessive ethnic pride was by definition anticommunist and potentially prosecessionist. Tito's nationalities policy, thus, tackled the roots of internal discord in a multifaceted way and developed a comprehensive program of socialization to Yugoslavia socialist norms. Self-management was often depicted as the necessary precondition for the attainment of equality among the nationality groups and ethnic harmony in general. For comprehensive accounts on components and practice of Yugoslavia nationalities policy after World War II see: Cohen, Lenard J., *Broken Bonds – The Disintegration of Yugoslavia*, pp. 27-38, Boulder, 1993; Lampe, John R., *Yugoslavia as History*, pp. 293-320, Cambridge, 1996; Bennett Christopher, *Yugoslavia's Bloody Collapse – Causes, Course and Consequences*, pp. 51-60, New York, 1995.

[20] For an analysis of the Yugoslav economic crisis of the 1980s, see Lydall, H., *Yugoslavia in Crisis*, Oxford, 1989.

[21] See among other sources on the origins of the conflict in the former Yugoslavia: Zimmermann, Warren, *Origins of a Catastrophe*, New York, 1999; Kaplan, Robert D., *Balkan Ghosts: A Journey through History*, London 1993; Malcolm, Noel, *Bosnia: A Short History*, London, 1994; Burg, Steven L. and Shoup, Paul S., *The War in Bosnia-Herzegovina, Ethnic Conflict and International Intervention*, London, 1999; Owen, David, *Balkan Odyssey*, London, 1995.

refugees and 2 million internally displaced persons[22] having created an international refugee crisis not seen in Europe since the aftermath of World War II. The largest population flows were associated with the war in Bosnia, during which an estimated 2.3 million people became displaced.[23] By the end of the war in Croatia, an estimated 300,000 Croatian-Serbs had become refugees. During the Kosovo conflict an estimated one million Kosovars, primarily ethnic Albanians, either fled or were forced out of their homes by Yugoslav security forces; about 800,000 of them left Yugoslavia. About 60,000 people, largely Serbs, fled the province before the start of NATO air strikes against Yugoslavia.[24]

What factors have contributed to an environment that made such conflicts possible:

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[22] See United States General Accounting Office, Briefing Report to the Chairman, Committee on Armed Services, House of Representatives, *Balkans Security – Current and Projected Factors Affecting Regional Stability*, p. 19, Washington, April 2000. According to the authors of the report these figures are based on data from the U.N. High Commissioner for Refugees.

[23] During the war, most of the one million people who became displaced within Bosnia had moved to areas controlled by their own ethnic groups; as a result, most areas of the country, with the exception of Central Bosnia, were populated and controlled by a predominant ethnic group at the end of the war.

[24] An estimated 200,000 Serbs lived in Kosovo at that time.

One explanation can be linked with the quest for self-identity.[25] It should be said, however, that the quest for self-identity is a phenomenon, which encompasses most of the post-communist world, for totalitarianism suppressed the longings for self-identity whether it was national, religious, or ethnic.[26] One should also acknowledge that in Yugoslavia inter-ethnic and religious conflicts preceded the advent of communism.[27]

It can also be submitted that the origins of the violent separation are to be found in the intensifying economic antagonisms among Yugoslav republics brought about by the economic crisis of the eighties, and malign rising nationalism.[28] Ethnic cleansing became a means for "pursuing" self-identity.[29] The violent separation could not but reinforce mutual animosities and increase the propensity for reciprocal recrimination.

So, ten years after the "reunification of Europe", the disintegration of Yugoslavia has revived Southeastern Europe's traditional reputation as a region of

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[25] In 1991, according to respected censuses, the percentage of Slovenians in Slovenia was 87.8, Serbs in Serbia, 65.8, Macedonians in Macedonia, 64.6, and Montenegrins in Montenegro, 61.8. The participation of ethnic communities within Bosnia-Herzegovina was: Muslims 43.7 percent, Serbs 31.3 percent and Croats 17.3 percent. See Carter, F. W. and Norris, H. T., *The Changing Shape of the Balkans*, p. 109, Boulder, 1996. The multi-ethnic state of Yugoslavia disintegrated into five separate entities, all but one emerged violently. Only the conflict in Slovenia was brief and relatively minor, mostly because its desire for independence from Yugoslavia was by an ethnically homogenous population and because of the few Serbs living in Slovenia.

[26] For the Yugoslavia case, see: Judah, Tim, *The Serbs – History, Myth and the Destruction of Yugoslavia*, pp. 135-167, New Haven and London, 2000.

[27] Ibid., pp. 113-134.

[28] One can speculate if a velvet revolution could have taken place or the Federation could have stayed together although in a much looser form, if western countries in dealing with the Ante Markovic government had granted him the required aid. See Judah, Tim, *The Serbs – History, Myth and the Destruction of Yugoslavia*, p. 260.

[29] Cviic, Christopher, "Yugoslavia: The Unmaking of a Federation," in: Stephen, Larrabee, *The Volatile Powder Keg*, p. 111, Lanham 1996.

intractable ethnic conflicts, failing states and reform deficits. The attempt at "remaking the Balkans"[30] on religious, cultural, and ethnic grounds caused fragmentation of South-Eastern, with most Balkan states experiencing economic, social and political crises, with little chance of following Central East European countries and joining the process of European integration in the foreseeable future.

German Foreign Minister Joschka Fischer stated at the Petersberg Conference on 27 May 1999:

> Ten years after the end of the Cold War Europe has once again two faces. On the one hand we have the success story of European integration, the Europe of human rights and of equality, of peace, democracy and welfare. However, at the same time the Europe of nationalism of the past, of tyranny and brutal suppression of human rights that we already deemed to have overcome has been revived, in Vukovar, in Srebrenica, in Racak and in the many nameless places of horror.[31]

It was after a period of "relative neglect"[32] (the attention had been diverted from this region inter alia by the European focus on internal deepening and enlargement into Central and Eastern Europe) and, in particular, the war in Kosovo, which finally brought international attention back to the Balkans. In 1999 the international community announced a fundamental policy shift in its approach to the region being compelled to re-assess its approach towards Serbia and the region as a whole. Apparently in Kosovo,

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[30] Civiic, Christopher, *Remaking the Balkans*, London, 1991.

[31] Speech of German Foreign Minister, Joschka Fischer, at the Petersberg conference on 27 May 1999. Available [Online]: [http://www.auswaertiges-amt.de/www/de/aussenpolitik/ausgabe_archiv], February 2001.

[32] Oudenaren, John van, *Uniting Europe - European Integration and the Post-cold War World*, p. 302, Lanham, 2000.

Europe's credibility, its capacity to act and its resources were challenged to the utmost limits, more importantly the real stakes involved were not only political, but also "civilizational":

- the mockery of the most precious values upon which the Euro-Atlantic community has established its stability, prosperity and moral authority by a regime practicing ethnic cleansing as a deliberate political strategy in the outgoing 20th century.[33] As Patrick Moore of the Open Media Research Institute has put the issue:

> It is true, as in any war, that no one side consisted entirely of angels. But what made Serbian atrocities different from these committed by others was that they represented not an incidental development in the conflict, but a deliberate instrument of policy. The rapes, expulsions, burnings, lootings, and massacres were a conscious and calculated means of setting up a Greater Serbia.[34]

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[33] For "patterns" of ethnic cleansing, the way it was carried out, and what methods, depending on special "variables", were chosen, see: Cheryl Bernard, "Bosnia: Was it inevitable?," in: Khalilzad, Zalmay M., *Lessons from Bosnia*, pp. 18-22, Rand Santa Monica, 1995.

[34] Cushman, Thomas and Mestrovic, Stejepan, *This Time We Knew – Western Response to Genocide in Bosnia*, p. 17, New York, 1996.

- the destabilization of an entire region with incalculable consequences for the whole of Europe[35]
- the enormous costs to contain and stop a war machine like the one of the Milosevic regime[36]

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[35] To point out some direct and visible economic consequences of the Kosovo war: All the South-Eastern European countries have reported large negative impacts on their foreign trade and payments including the direct loss of export revenue and the indirect effects of reduced imports, disrupted contracts, etc.. According to an independent group of Yugoslav economists, Group17, the total economic damage caused by the war in Yugoslavia is estimated at around $ 30 billion; in addition, within Kosovo there is little reason to doubt that the destruction of the country's capital stock is very extensive; neighboring countries (Albania, Bosnia-Herzegovina, Bulgaria, Croatia, Hungary, Romania, The Former Yugoslav Republic of Macedonia) have lost markets as well as traditional suppliers in Yugoslavia; the transport links to and from the southeastern part of Europe, especially the bridges crossing the Danube and the railway network have been severely impaired and in effect almost decoupled some of the region economically from Western Europe; the loss of the Danube as a waterway has a pan–European negative impact as it is causing costly interruptions in shipments for all the riparian countries as well as some in the Black Sea region. The costs of alternative routes of transportation are many times higher than the usual costs. The IMF has estimated the incremental effects of the conflict on six South-Eastern European countries in 1999 at some $ 1.1-$1.7 billion. See Economic Commission of Europe and United Nations, *Economic Survey of Europe, 1999 No. 2*, New York and Geneva, 1999, for a comprehensive account.

[36] Cost of the NATO bombing: $ 4 billion according to an estimate of the "Bulletin of the Atomic Scientists." This corresponds with the estimate of the Center on Strategic and Budgetary Assessments: The overall U.S. cost of Operation Allied Forces is estimated at $2 billion to $3 billion, with expenditures dominated by the costs of aircraft flights, ordnance, and transportation to and from the region. The costs for non – U.S. NATO allies are estimated at $1 billion. See Daalder, Ivo H. and O' Hanlon, Michael E., *Winning Ugly – NATO's War to Save Kosovo*, p. 238, Washington, 2000.

- the fear of a renewed and increasing surge of refugees from the Balkans into the European Union[37]
- the enormous logistical and financial challenge to supply about one million refugees[38] and displaced persons with food and shelter in the region[39]

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[37] To illustrate this crucial issue with figures for Germany making the argument that the asylum problem highlights the close linkage between instability in the Balkans and European security being a critical domestic issue for every country in Europe: In the 1990s Germany became the most important destination for refugees and asylum seekers in Europe. In 1992, the rise in the number of short term asylum seekers to over 400,000 led to a constitutional amendment, which resulted in a temporary decrease in this number to under 200,000 per annum. In their stead, the number of refugees, primarily from the former Yugoslavia, grew significantly. On December 31, 1995, 1.6 million refugees and asylum seekers were living in the Federal Republic, including 330,000 civil war refugees from Bosnia-Herzegovina. No other European country offered nearly so many people shelter. The city of Hamburg housed more refugees than all of Great Britain. In July 1998, according to the United Nations High Commissioner for Human Rights, over 200,000 Albanians in Kosovo were in flight as a result of Serbian oppression. But not only Germany has been faced with a large influx of refugees. Italy, Greece, Turkey and Hungary also have been confronted with large waves of refugees resulting from the upheavals in Balkans, which compounds the extensive economic and social problems already confronting these countries. See Friedrich, Wolfgang-Uwe, "Kosovo and the Evolution of German Foreign Policy in the Balkans," in: Friedrich, Wolfgang-Uwe, *The Legacy of Kosovo: German Politics and Policies in the Balkans*, pp. 3-4, Washington, 2000.

[38] At war's end there were 800,000 – 1 million refugees according to UNHCR as of 2000. Of these, more than 400,000 were in Albania, more than 300,000 in Macedonia, 22,000 in Bosnia, and 75,000 outside the immediate region. Some 70,000 Kosovars fled to Montenegro, officially making them not refugees but internally displaced. See UN High Commissioner for Refugees, "The Kosovo Refugee Crisis: An Independent Evaluation of UNHCR's Emergency Preparedness and Response," Available [Online]: [www.unhcr.ch/evaluate/kosovo/ch1.htm], March 2001. The displacement of such a large number of people has caused considerable strains on the economies of Albania and The Former Yugoslav Republic of Macedonia, the two main host countries. The economies of these countries are fragile and susceptible to disturbance, and the influx of refugees alone has been a major economic shock for them. See Economic Commission for Europe, *Economic Survey of Europe, 1999 No 2*, p. 13.

[39] Cost to return refugees to Kosovo: $ 442 million according UNHCR Funding Overview 1999 as of 17 November 1999, Available [Online]: [http//www.unhcr.ch/fdrs/weekover.htm], February 2001.

- the ensuing burdens of peace-keeping and post-war reconstruction that will last for many years.[40]

The international community - and especially the European Union in its actual state - can barely manage another crisis of this proportion in the coming years.

Finally, the Euro-Atlantic community had to realize and to accept that Europe as a whole has a stake in the Balkans because there is a considerable risk that unless timely and comprehensive measures (supported by adequate resources) are taken to offset the negative impact of the Kosovo conflict, some of these countries – and probably Europe as a whole - will soon be facing a new round of severe crises.

Crises sometimes happen in order to be turning points in history, serving as eye-openers to stimulate a fundamental reversal of behavior. In retrospect, historians might view the date of 10 June 1999 as such a turning point in history, embodying both tragedy and hope. It was on this very day that the United Nations Security Council issued Resolution No. 1244,[41] which finally put an end to the war in Kosovo; and on the same day a Conference of Foreign Ministers in Cologne endorsed the Stability Pact.[42] The

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[40] According to estimates the cost to rebuild the Balkans is $ 60-80 billion. See Yanis Tsorbatzoglou, "Stabilisation und Wirtschaftswachstum auf dem Balkan," in: *Politische Studien*, p. 57, Heft 372, 51. Jahrgang, Juli/August 2000.

[41] As outlined by this resolution, the mandate included preserving the cease-fire, demilitarization the KLA, creating a secure environment for refugees and the internally displaced to return to their homes, ensuring public safety, and providing support for the international civil presence. Resolution No. 1244 is available [Online]: [http://www.dgap/IP/ip007/doku007.htm].

[42] The first document that officially mentions the Stability Pact for South-Eastern Europe was this international conference in Cologne on 10 June 1999. The participants were the 15 foreign ministers of the European Union, together with those from the nine countries of the region, the Russian Federation and the USA.

following months were spent giving the Pact the necessary political momentum: The "Group of Eight (G8)[43]" approved the Pact on 20 June 1999, and on 30 July the Stability Pact for South-Eastern Europe was officially launched at a summit in Sarajevo assembling representatives from 28 countries[44] (29 including FRY[45]) and 16 international institutions and organizations.[46] This demonstrated the resolve of the international community to make the Pact a lasting success and marked the start of a new phase in international Balkan politics.

President Gligorov of Macedonia grasped this ambivalent reality quite well when he appealed to his fellow Heads of State and Government during the Sarajevo summit:

> This crisis gave us a chance. It is up to us to take advantage of it, to be brave and determined enough and to turn this chance into a success.[47]

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[43] The world's seven leading industrial nations (USA, Japan, Germany, United Kingdom, France, Italy, Canada) plus Russia.

[44] The participant countries include the European Union, Albania, Bosnia-Herzegovina, Bulgaria, Canada, Croatia, Hungary, Japan, Romania, Russia, Slovenia, Macedonia, Turkey, the United States.

[45] Montenegro participated in the Sarajevo Conference with observer status; while FRY was the sole country included in the Stability Pact with no input whatsoever into the formulation or adoption of its identified solution. The FRY was "suspended" from the Pact and the EU's Stabilization and Association Process pending its fulfillment of the international community's conditions on Kosovo, as well as progress on democratization and treatment of minorities. However, 26 October 2000, FRY was formally admitted to the Pact.

[46] The role of the international institutions and organizations is to facilitate the implementation of the Stability Pact. Organizations which endorsed the Pact: United Nations, OSCE, Council of Europe, European Commission, NATO, OECD, WEU, IMF, World Bank, European Investment Bank, European Bank for Reconstruction and Development. This can be viewed as a considerable consensus among the most important international actors on the main features of the Stability Pact.

[47] Address of His Excellency Kiro Gligorov at the Sarajevo Summit for the Stability Pact for Southeastern Europe on July 29, 1999. Stability Pact Homepage (2001), Available [Online]: [http://stabilitypact.org], March 2001.

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III. THE PHILOSOPHY OF THE STABILITY PACT – A HISTORIC PRECEDENT AND „LESSONS LEARNED" FROM BOSNIA

A. THE "HELSINKI-PROCESS" – A HISTORIC PRECENDENT

The philosophy and the procedures of the Stability Pact have a historic precedent as German Foreign Minister Fischer[48] referred to several times:[49]

The "Conference on Security and Cooperation in Europe" (CSCE) – process and the Helsinki Charter of 1975, which in the eyes of many observers and of the German Foreign Service[50] did a lot to gradually alleviate and than eventually to overcome the

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[48] There seems to be a confusion of terminology in some publications. The Stability Pact initiative has to be separated from the so-called "Fischer-Plan" that was first presented on 9/10 April 1999 by the Political Director of the German Foreign Ministry in Dresden to his counter parts of the "G8", and finally became the basis of the G8 consensus that opened the gate for the UN Security Council Resolution on 10 June 1999. The "Fischer Plan" focused solely on a solution for Kosovo in six steps in order to get Russia "back into the boat" and reach a resolution of the UN Security Council. It was not designed for the whole region.

[49] See i. e. Speech of German Foreign Minister, Joschka Fischer, at the conference of the Foreign Ministers concerning the Stability Pact for South-Eastern Europe, Cologne, 10 June 1999, in *Internationale Politik*, Dokumentation – Dokumente zum Stabilitätspakt für Südosteuropa, Vol. 54, No. 8, p. 131, August 1999.

[50] In January 1999, the new German government took over the European Union Presidency and decided to make the Balkan policy one of its top priorities during the Presidency. Thus, the staff of the Foreign Ministry generated the idea of a Stability Pact for South-Eastern Europe leading to concrete, immediate action. It should be noted that the initiative had several advantages for the Fischer staff. It fit well into the overall approach on international security of the new German government as laid down in the coalition treaty, stressing the commitment to multilateralism and the need to strengthen conflict prevention in order to avoid further conflict management operations. It offered to the new government an opportunity to gain profile and initiative domestically as well as internationally in a popular, undisputed field. And it allowed the German government in the following six months to set the pace for the Pact, thus giving it a strong impetus right form the beginning. See Maull, Hans W., "Germany and the Use of Force: Still a "Civilian Power"?" *Survival*, Vol. 42, No. 2, pp. 56-80, Summer 2000.

artificial division of Europe in 1989/1990/1991.[51]

Launched in 1975 after three years of intensive negotiations involving the United States, Canada and all the European states except Albania,[52] the CSCE subsequently established itself as a distinct novelty on the international scene.[53] In the early 1970s it was conceived – mostly in Western Europe - that only a concept of long-term cooperation with Central and Eastern Europe on a broad range of topics could bring about the democratic transformation that the Western countries aimed for the region.

1. East and West Objectives

During the two decades of East-West diplomacy since the Soviets advocated the idea of a European security conference, individual states and alliances had refined their ideas of what they wanted the Conference to achieve.

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[51] It can be argued that the ground for progress in the relaxation of tension in Europe was laid even earlier by the new German "Ostpolitik" in early 1970: In the "Ostverträge (Eastern treaties)" with the Soviet Union, Poland, the GDR and Czechoslovakia, West-Germany supported the renunciation-of-force principle; acknowledged the existing border in Europe, specially the Oder-Neisse line as the Western boundary of Poland; established semidiplomatic relations with the DGR; and accepted a Four-Power solution for Berlin. In this respect, the German Ostpolitik, with its middle-European perspective and its all-European approach, contributed to promote a new vision of Europe across existing lines of tension and separation. The results of the Helsinki Accords resembled the results of the Eastern Treaties: they confirmed the political and territorial status quo in Europe while calling for measures that would ease the division of the continent. See Frey, Eric G., *Division and Détente – The Germanies and Their Alliance*, pp. 59-74, New York, 1987; Hancock, Donald M. and Welsh, Helga A., *German Unification – Process and Outcomes*, pp. 38-51, Boulder, 1994.

[52] Its members initially included 35 states - encompassing all states of Europe (minus Albania) plus the United States and Canada. It was reorganized and renamed the Organization for Security and Cooperation in Europe (OSCE) in 1994 at the Budapest summit; see Tiersky, Ronald, *Europe Today-National Politics, European Integration, and European Security*, pp. 372-3, Lanham, 1999.

[53] For a valuable account by a U.S. participant in the negotiations, see Maresca, John J., *To Helsinki: The Conference on Security and Cooperation in Europe, 1973-1975*, Durham, 1987. Maresca's book includes the full text of the Helsinki Final Act as an appendix.

The Soviet Union "perceiving the opportunity to achieve very specific and desirable ends in their interest"[54] wanted to gain influence in Western Europe through a security structure outside the Warsaw Pact and NATO. The USSR also wanted to legitimize the political status quo and the frontiers of Central and Eastern Europe, which had been in part created by Soviet wartime and postwar expansion. A third Soviet interest was to create a framework to control East-West contacts, which could contain such political experiments in Eastern Europe as those which provoked the Soviet invasion of Czechoslovakia in 1968. There was unrest in Poland in 1970 and Romania started to conduct a semi–independent foreign policy – negating the "commonly approved Breshnev-doctrine" of socialist unilateralism. A strong East European desire existed for economic and technological advances that the Soviet Union with its stagnant economy was decreasingly able to meet. Yet Moscow realized leaving such a desire unmet might cause further unrest. Moscow sought to constrain the process by conforming it within a "CSCE framework" – that is by limiting Eastern Europe's increased contacts with the West to those possible under the Conference. Accordingly, the Soviet Helsinki proposal was heavy on economic and technological exchange within a pan-European framework.[55]

After initial "limited importance attached to the Conference by the United States and the limited benefits American leadership expected from it",[56] the chief US interest in

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[54] Craig, Gordon A. and George, Alexander L., *Force and Statecraft – Diplomatic Problems of Our Time*, pp. 173-4, New York, 1995.

[55] See Mastny, Vojtech, *Helsinki, Human Rights, And European Security – Analysis and Documentation*, pp. 12-4, Durham, 1986, especially "The Soviet Emphasis on Basket Two" and "The Disputed Economic Leverage".

[56] Craig, Gordon A. and George, Alexander L., *Force and Statecraft – Diplomatic Problems of Our Time*, p. 172.

the Conference was to see that it supported mutual force reductions and strategic arms limitations. The Helsinki Conference was seen by then-Secretary of State Kissinger as part of a network of negotiations between the United States and USSR in which he was prepared to trade a strong US position in the Conference for Soviet concessions in areas that he considered more important.

Western Europe held a different and much deeper interest in the CSCE. West Europeans wanted to begin to remove the barriers that divided Europe and to unify the continent once again. The unification factor was especially strong in the Federal Republic of Germany, which was from the outset the European NATO member most committed to the Helsinki Process.[57] The West Europeans recognized the importance of the freer movement of people, ideas, and information as a means for increasing contacts across the barriers, and, thus, wanted to add to the original Soviet agenda, which was primarily political and economic.

The East Europeans satellite states had the biggest stake of all in the Conference. Their hard-line governments and, especially, their people saw Helsinki as a way to escape the Cold War and to gain their hard-line governments and, especially, their people saw Helsinki as a way to escape the Cold War and to gain twofold advantage in a circle-like process: more flexibility vis-à-vis the USSR because of more and increased relations with

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[57] West Germany repeatedly noted that the "peaceful change" of existing frontiers was not ruled out by any of its various "Ostpolitik" treaties with Warsaw Pact states or by the Helsinki Final Act, and that German reunification and national self-determination were still legally feasible.

the Western nations and more flexibility vis-à-vis the West because of more independence from the USSR.[58]

Although the neutral and non-aligned European states mostly shared the principles and concepts of other West Europeans, they had certain objectives of their own at the Conference. Having been left out of the Mutual and Balanced Force Reduction (MBFR) talks between the nations forming the two military alliances beginning in Vienna 1973, their first concern was adequate security content of the Conference. They also sought a successful meeting with binding follow-up provisions assuring them a continuing voice in pan-European affairs[59] – "not only representation but active participation".[60] The neutral and non-aligned states deserve great credit for their conciliatory role in advancing the essential compromises on human rights and freer movement which made final agreement possible.

2. The Final Act

The negotiation of the Final Act of the CSCE lasted some 30 months. Once the Western states had agreed to the principle of inviolability of frontiers, the Soviets not long afterwards yielded on human contacts and promised freer movement of people and information, including family reunification.

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[58] See Mastry, Vojtech, *Helsinki, Human Rights and European Security – Analysis and Documentation*, pp. 15-6, here: *The Effects on Eastern Europe.*

[59] See Maresca, John J., *To Helsinki: The Conference on Security and Cooperation in Europe, 1973-1975*, p. 25.

[60] Craig, Gordon A. and George, Alexander L., *Force and Statecraft – Diplomatic Problems of Our Time*, p.176, New York, 1995.

On August 1, 1975, when the leaders of 35 states had put their names to the Final Act, they had consented to two resolutions. The first committed the signatories to implement its provisions "unilaterally, bilaterally and multilaterally". The second committed them to continue the multilateral process by proceeding with a "thorough exchange of views" on the Final Act's implementation through meetings among their representatives for this purpose.

The vast scope of the Final Act ranged from principles on sovereign equality and peaceful settlement of disputes to guidelines on teaching methods and encouraging the study of foreign languages. Its provisions fell into three baskets.

Basket I[61] contained ten generally-accepted principles of interstate behavior drawn from United Nations declarations, including the inviolability of frontiers, respect for human rights, peaceful settlement of disputes, cooperation among states, nonintervention in internal affairs and refrainment from the threat or use of force. With respect to the inviolability of frontiers and the territory of states, "frontiers can be changed in accordance with international law, by peaceful means, and by agreement".[62] To thwart any possible claim of precedence among the ten principles – for example, that non-intervention in internal affairs (Principle VI) belongs ahead of respect for human rights (Principle VII) – the Final Act stated that all the principles are of "primary significance", giving each of the ten equal weight and importance. Similarly, the provisions of the Final Act were indivisible. No one section of the Act was to be

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[61] See Maresca, John J., *To Helsinki: The Conference on Security and Cooperation in Europe, 1973-1975*, pp. 250-61.

[62] Ibid., p. 251.

emphasized at the expense of another and conversely, no area was to be ignored or relegated to a lower status. The Helsinki Process was thus intended to even achieve progress among the three baskets toward its political–military, economics, and humanitarian goals.

The first basket also included confidence–building measures to promote European security. These included prior notification of major military maneuvers exceeding a total of 25,000 troops and other military maneuvers, prior notification of major military movements, and the exchange of observers.[63]

To "promote economic and social progress" and to reinforce the "peace and security" of Europe, the second basket set forth detailed guidelines and concrete recommendations for commercial, industrial, trade, scientific, technological, and environmental cooperation.

Basket II described in rich detail the kinds of economic cooperation advocated among the states.[64] Recognizing "the growing role of international trade as one of the most importance factors in economic growth and social progress",[65] the states were encouraged to facilitate business contacts, improve the quality and increase the supply of economic and commercial information, and devote more attention to the knowledge and techniques required for effective marketing. Projects of common interest cited within a new framework of industrial cooperation were these among others:[66]

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[63] Ibid., p. 257.

[64] Ibid., pp. 261-282.

[65] Ibid., p. 262.

[66] Ibid., p. 269.

- Exchanges of electrical energy within Europe
- Cooperation in research for new sources of energy
- Development of road networks and cooperation aimed at establishing a coherent navigable network in Europe

The harmonization of standards and arbitration under "a mutually acceptable set of arbitration rules"[67] were stated as second basket goals as well. A lengthy section on science and technology set forth specific possibilities for improving cooperation among the states in such areas as agriculture, energy, new technologies, space and environmental research. The development of transport, promotion of tourism, and economic and social aspects of migrant labor were additional areas recommended for co-operation.

Cooperation in the four areas described in the third basket[68] – human contacts, information, culture, and education – would contribute to the "strengthening of peace and understanding among peoples".

All of these ambitious objectives were to be pursued "irrespective" of the "political, economic, and social systems" of the 35 participating states. In regard to human contacts, the states "make it their aim to facilitate freer movement and contacts, individually and collectively, whether privately or officially, among persons, institutions and organizations", including "contacts and regular meetings on the basis of family ties, reunification of families, marriage between citizens of different states ...".[69]

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[67] Ibid., p. 270.

[68] Basket Three, in contrast to the other two, was exclusively a Western proposal. Ibid., pp. 284-303.

[69] Ibid., p. 284.

Objectives for cooperation and exchanges in the field of culture were the following:[70]

- Develop the mutual exchange of information with a view to a better knowledge of respective cultural achievements
- Promote access for all to respective culture achievements
- Seek new fields and forms of cultural cooperation
- Cooperation in the field of education would be fostered by expanding institutional links in education and science.

3. Why a Historic Precedent?

What factors stand out in the Helsinki Process, which have contributed to its evident success, thus making it a precedent for the Stability Pact?

The prospect that the aforementioned ambitious objectives – as stated in the Final Act – could be pursued successfully over time was enhanced by the genius of the Final Act, which recognized that true security depends upon balanced progress in security, human rights, and economic cooperation. It expressed not merely objectives and principles to achieve this balance, but developed a program of practical steps for turning "visions" into reality. It established a new standard toward which the states should strive and against which to measure their behavior. Western participants perceived that a long time would pass before all nations met that standard, but the effort, in and of itself, was perceptively leading to more secure peace, greater individual freedom, and an increased commerce.

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[70] Ibid., pp. 294-6.

More concretely, the Helsinki Process has had significant effects in the field of human rights.[71] Human rights, a long-standing taboo in East-West relations, became a legitimate subject of dialogue and, gradually, of cooperation. By linking the respect of human rights to the development of peace, security, co-operation and friendly intergovernmental relations, the CSCE ruled that any participating country systematically violating the fundamental liberties of its own citizens could not be internationally trusted and should even be considered as a potential threat to the other CSCE states. In other words, that foreign policy has to be assessed against the background of domestic policy.[72] Proceeding from the premise that peace in the absence of effective respect of human rights should be equated to sheer violence and that international relations do include a fundamental "human dimension", the CSCE also ruled that its own relevant commitments were matters of direct and legitimate concern to all states. The implementation of this policy proved effective in solving many pending bilateral humanitarian issues (related to family contacts, family reunification, etc.).

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[71] Final Act principles such as freedom of thought and the freer and wider dissemination of information (Basket III) probably played a much greater role in weakening the Communist regimes of the Warsaw Pact than Kissinger and other Western officials who helped to negotiate the Final Act had expected. For a detailed discussion, see Maresca, John J., *To Helsinki: The Conference on Security and Cooperation in Europe, 1973-1975*, especially pp. 46, 121, and 156-60.

[72] One of the most far reaching effects of the Final Act was its impact on dissident groups in the USSR and Eastern Europe. Several movements, such as the Charter '77 group in Czechoslovakia, were directly inspired by Helsinki; others, particularly the Solidarity labor movement in Poland, were based in part on rights approved in the Final Act. See Mastny, Vojtech. *The Helsinki Process and the Reintegration of Europe*, pp. 23-4, New York, 1992.

Not less significant has been the contribution of the Helsinki Process to certain aspects of military security – by means of Confidence-Building Measures (CBMs).[73] The effective and generally non-controversial implementation of CBMs aiming at reducing the dangers of armed conflict and of misunderstanding or miscalculation of military activities which could give rise to apprehension enhanced transparency and ascertained the peaceful character of routine military activities in Europe, and, over time generated a pattern of unprecedented co-operation in such a sensitive field.[74] The CSCE also has to be credited for its on-site inspection regime which anticipated the subsequent (and more intensive) "Intermediate-range Nuclear Forces" (INF)[75] and "Conventional Forces in

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[73] Unlike arms control measures, CBMs do not aim at the actual reduction of armaments. Rather, they are designed to regulate the operations of military forces and to provide reassurance about military intentions. In particular, they seek to reduce the possibility of an accidental confrontation through misperception and miscalculation, failure of communication, as well as to diminish the danger of surprise attack. See Byers, R.B., *Confidence-Building Measures and International Security*, pp. 1-2, New York, 1987.

[74] According to the judgment of some experts the military provisions of the Final Act were rather modest and limited in scope. However, in the CSCE follow-up meetings in Belgrade as well as in other forums, effective proposals were made to broaden the scope of the CBMs. For a comprehensive account see Berg, Rolf and Rotfeld, Adam-Daniel, *Building Security in Europe – Confidence–Building Measures and the CSCE*, New York, 1986.

[75] The 1987 Intermediate-range Nuclear Forces Treaty eliminated U.S. and Soviet land-based missiles with ranges between 500 and 5,500 kilometers. It represented a striking triumph for the West, and a vindication of the promise inherent in the North Atlantic Council's dual-track decision of 1979. American and European firmness over deploying the cruise and Pershing II missiles in Western Europe led initially to a confrontation with the Soviets in 1983, when its delegates walked out of the arms talk in Geneva. But it ultimately led to an agreement that removed both the newly deployed American missiles and the Soviet SS-4 and SS-5 as well as the SS-20 missiles. An elaborate system of verification followed over the next thirteen years. See Risse-Kappen, Thomas, *Cooperation Among Democracies – The European Influence on U.S. Foreign Policy*, pp. 188-193, Princeton, 1995.

Europe" (CFE)[76] regimes.

The Act's intention of inducing positive change in European security and cooperation stemmed from the idea of equality expressed in Principle IX, "Cooperation among States to promote mutual understanding and confidence, friendly and good-neighborly relations among themselves, international peace, security and justice".[77] Acceptance of the principle of sovereign equality altered the pattern of East-West dialogue. Up to the time of the Conference, East-West negotiations had been conducted largely between the Warsaw Pact and NATO. The delegates agreed the Helsinki Process would take place outside the alliances. In theory at least, the smallest state would have as much to say in the outcome of negotiations as the largest, and a neutral state as much as an aligned one.

The equality principle led to two important procedural rules of the Conference and the Helsinki Process: consensus voting and rotating chairmanships. The consensus rule meant that the big powers were not subjected to majority decisions with which they disagreed and smaller countries would participate more fully in the proceedings since they knew their consent would be necessary in final decisions. The delegates recognized that a decision reached by consensus had more moral force than one taken by majority

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[76] The 1990 CFE Treaty involves all the then Warsaw Pact countries, including now the Soviet successor states with forces or territory in the treaty's area of application, except for the Baltic States, which chose not to participate. Once they achieved their independence in 1991 the Treaty's requirements have been amended extensively since its conclusion, in large part because of the collapse of the Warsaw Pact and the Soviet Union and due to the changes in the politico-military landscape especially in the regions of the so-called "flank zones" of the CFE-Treaty.

[77] See Maresca, John J., *To Helsinki: The Conference on Security and Cooperation in Europe, 1973-1975*, p. 254-5.

vote making the decision–making process to be as important as the decisions themselves.[78] Because the Final Act was established by consensus, the participating states which signed it were bound by a mutual obligation, if not legal, a moral and political one, to fulfill all its provisions.

> This rule of consensus, and the unwritten code of ethics surrounding it, was one of the most important and interesting features of the Conference. While perhaps inefficient and anachronistic, it worked reasonably well in the relatively civilized negotiating milieu of the CSCE.[79]

The most important procedural rule, after the consensus rule, was the principle of rotating chairmanships in the plenary assemblies and working groups. This arrangement gave every state an equal part in charring all the sessions, it "seemed to reflect best the idea of the equality of all participants".[80] The same principle ensured all working groups were "open-ended" with free access for every state. The Helsinki Process thus excluded formal committees whose membership was confined to selected states.

The resolve of the Helsinki delegates "to continue the multilateral process initiated by the Conference" was perhaps the most significant decision of all at the Conference. The delegates realized that the Conference was a constructive part of the process of improving security and developing cooperation in Europe, which necessarily would be a long-term one. Therefore, with foresight, they included in the Final Act

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[78] As important as the consensus rule has been as a cohesive force in the Helsinki Process, it had its drawbacks as well. The rule restricted decisions to the lowest common denominator of acceptance and gave decisive power to smaller states to influence the outcome of negotiations.

[79] See Maresca, John J., *To Helsinki: The Conference on Security and Cooperation in Europe, 1973-1975*, p. 14-5.

[80] Ibid., p. 15.

appropriate provisions for "Follow-up to the Conference". These provisions called for meetings among representatives for a "thorough exchange of views both on the implementation of the provisions of the Final Act and of tasks defined by the Conference".[81]

All in all the Helsinki agreement can be viewed as unique and innovative in several respects: At a time when most negotiations and security organizations adopted a peacemeal approach to security, the CSEE endorsed a comprehensive view. The linkage between different elements of security would prove to be one of the greatest assets of the CSCE. As a permanent document, it established a framework for guiding relations between the participating states in all fields, and a new process of dialogue and consultation. It additionally provided East-West actors – whose relationships were characterized by alternating phases of extreme tension and ambiguous détente – with three important assets:

- a flexible, nearly continuous series of forums for dialogue on a wide range of issues, a "permanent channel of communication"[82] displaying "a degree of flexibility unprecedented in multilateral diplomacy",[83]

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[81] Ibid., pp. 304-5.

[82] Korey, William, *Human Rights and The Helsinki Accord*, p. 56, New York, 1983.

[83] Maresca, John J., *To Helsinki: The Conference on Security and Cooperation in Europe, 1973-1975*, p. 25.

- a "normative code of conduct"[84] (for inter-State and intra-State relations) on the basis of which states were committed to conform their mutual relations as well as their general international relations, and finally,
- a comprehensive long-term program of cooperation covering all (but actual military) dimensions of security, "to strengthen confidence among them and thus contribute to increasing stability and security in Europe".[85]

> The Helsinki process is important because it highlights other and less violent and destructive means for shaping political relations on the continent of Europe, pointing beyond confrontation to a more "normal" and mixed order of cooperation and contained conflict.[86]

Thus it filled a vacuum and addressed a deficiency in East-West relations which had existed since the beginning of the Cold War and even before. Moreover, the CSCE was catalyst for fostering security and cooperation in Europe and overcoming the ideological based division of Europe in the 1970s and 1980s.

4. Towards a new era of regional cooperation in South-Eastern Europe?

The CSCE "concept of transformation" through an open-ended process of increasing negotiating, consent-seeking and co-operation has now been applied to the needs of South-Eastern Europe. Since the Helsinki Agreement was signed in 1975, the policy of human rights played a crucial role in preparing the collapse of communism. A

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[84] Mastny, Vojtech, *The Helsinki Process and the Reintegration of Europe*, p. 5.

[85] Ibid., pp. 304-5.

[86] Mastry, Vojtech, *Helsinki, Human Rights, and European Security – Analysis and Documentation*, p. 348.

similar approach has to be developed towards nationalism and politics based on ethnicity. The Stability Pact relies on regional cooperation as one of the most important instruments for changing deeply rooted habits in the region and bringing peace and stability. The Balkan countries could, by working and discussing together on a permanent basis, establish broad contacts and become used to concrete cooperation.

German Foreign Minister Joschka Fischer explains the principles underlying the agreement, as well as the objective the Pact seeks to achieve:

> The Pact is analogous to the Helsinki Final Act in its structures and mechanisms. The object is to initiate a long-term process of dialogue and stabilization, which should lead to a coherent arrangement of bilateral and multilateral agreements for the improvement of good-neighborly relations, as has been successfully achieved in Central and Eastern Europe.[87]

There is a considerable openness as well as a direction of where the Stability Pact will lead. It is equally designed as a process unfolding over time with the mechanisms of the Stability Pact also corresponding to the mechanisms of the Helsinki Charter.[88]

Additionally, the CSCE-process as a model for a regional and cooperative program has been chosen because this dimension is highly relevant to the condition of South-Eastern Europe today. There is widespread recognition that South-Eastern Europe's regional problems require regional solutions, and, therefore, cooperation among the given countries in all fields is necessary. However, regional cooperation is generally

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[87] Fischer, Joschka "Stability Pact Seeks to Promote Recovery and Prevent Future Instability in South-Eastern Europe", *Public Management Forum*, p. 8, Vol. V, No. 4, July/August 1999.

[88] Further and deeper analysis about that in chapter 5.

weak in South-Eastern Europe.[89] This is not just a result of the violent breakup of the former Yugoslavia; it is of long-standing and reflects the region's economic backwardness, the weak trade and other economic links among the countries of the region, and their political marginalization from the main trends of post Cold War integration in Central Europe.[90] Although most countries in the region are seeking to strengthen their ties with the European Union[91] and NATO, increased regional cooperation could, nevertheless, prove essential for helping to boost the economic recovery of the countries in the region and to improve their general security not only from armed conflict but also from the risks of crime (especially drugs and arms trafficking), illegal immigration, transboundary environmental threats and so on. Establishing a broad security dialogue among the regional states – analogues to the Basket I confidence–building measures – could enhance transparency and predictability in the field of military security, in order to ensure consistent high levels of these assets throughout the region. Cross-border cooperation in opening borders and i. e. improving regional transport infrastructures can, in a context of increasing confidence, help to

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[89] See Zarkovic Bookman, Milica, *Economic Decline and Nationalism in the Balkans*, pp. 73-87, New York, 1994, here in particular: Chapter 3 – "Manifestations of the Balkans Economic Crisis".

[90] Milica Uvalic makes the case that it was the lack of regional cooperation that has seriously undermined peace and stability in the region contributing among other things to the armed conflict. Since the mid-1970s, rising regional autarky and fragmentation characterized the Yugoslavia market. The disintegration of Yugoslavia led to the creation of five separate countries, so that quite contrary to the general trend of trade liberalization elsewhere, the newly created states introduced restrictions on trade with their former partners, thus accelerating the process of separation. The already marginal links between countries of the former Yugoslavia and other regional countries have in no way been strengthened, while trade links among Albania, Bulgaria and Romania have become even weaker during the last decade. See Uvalic, Milica, "Regional Cooperation in Southeast Europe", Journal of Southeast European and Black Sea Studies, Vol. 1, pp. 55-75, London, Spring 2001.

[91] Over the past decade, the EU has emerged as the most important trading partner for the large majority of South-East European countries substituting traditional trading partners. Ibid., p. 58.

significantly lower tension in the region – as the CSCE process did in Central Europe – and increase its attractiveness as a location for foreign investment. In this sense Janusz Bugajski, Director "Center For Strategic & International Studies – East European Studies" proposes such an approach by developing bilateral and multilateral initiatives:

> **Bilateral Relations:** A broad range of bilateral relations can be developed in the Balkans that will forestall the most negative scenarios. Although these may not eliminate all sources of conflict, they will ensure a steady improvement in the region's overall security. There are several initiatives through which interstate relations could be enhanced. In addition to formal interstate concordats, political relations can be strengthened through a range of institutions – parliamentary, political party, local government, and the NGO sector.
>
> More emphasis can be placed on building economic networks that enhance the reform process. Joint programs could be pursued to promote trans-border entrepreneurship and investment and to benefit from resources made available through the South-East Europe Stability Pact. Bilateral programs can be pursued in various areas: cultural exchanges, educational and informational programs, inter-regional ventures in infrastructure and environment, NGO networking, media linkages, and inter-city twining. Such initiatives will reinforce inter-state and inter-societal cooperation across the region. Although not all sources of conflict will be precluded, any lingering disputes will more likely focus on solvable economic questions instead of intractable territorial issues.
>
> **Trilateral and Multilateral Initiates:** The Balkan counties can take a more active role in promoting regional stability and assisting their neighbors in furthering the security agenda. In a positive recent development, several Balkan neighbors signed an agreement to establish a Multinational Peace Force for Southeastern Europe. Such a force should be steadily developed and engaged to become interoperable with NATO in a range of Alliance missions.[92]

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[92] Bugajski, Janusz, "The Euro-Atlantic Context of the Balkan Crisis", p. 3, Available [Online]: [http://www.csis.org/ee/research/sp991130Balkans.html], May 2001.

B. "LESSONS LEARNED" FROM BOSNIA

1. Background

The war in Bosnia-Herzegovina was fought from 1992 through 1995 among Bosnia's three major ethnic/religious groups – Bosniaks, Serbs and Croats, the latter two being support by Serbia and Croatia, respectively. During the war, Bosnian Serbs and Croats sought to partition Serbia by establishing ethnically-pure states, while Bosniaks claimed to support a unified, multiethnic Bosnia.[93] United Nations and other international mediators' attempts throughout the war to stop the fighting were generally unsuccessful, until the U.S.–led negotiations in 1995 culminated in a ceasefire in October 1995 and the Dayton Agreement in December. The "General Framework Agreement for Peace in Bosnia-Herzegovina"[94] and its supporting annexes (known as the Dayton Agreement) provided the structure and mandates for an international operation intended to promote an enduring peace in Bosnia and stability in the region.[95]

The Dayton Agreement declared Bosnia to be a single, multiethnic state consisting of two entities that were created during the war:

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[93] These states, Republika Srpska and Herceg-Bosnia, were never recognized by the international community, whereas Bosnia-Herzegovina was granted diplomatic recognition in 1992 and was a member of the United Nations.

[94] Accords can be accessed at Available [Online]: [http://www.ohr.int/gfa/gfa-an10.htm], March 2001.

[95] For an updated review, specifically the progress made, see United States General Accounting Office, Report to the Chairman, Committee on Foreign Relations, U.S. Senate, *Bosnia Peace Operation – Pace of Implementing Dayton Accelerated as International Involvement Increased*, Washington, D. C., June 1998; for a comprehensive, annex by annex, account of significant flaws, non-compliance and non-implementation see International Crisis Group, "Is Dayton Failing?: Bosnia Four Years after the Peace Agreement", ICG Balkans Report N. 80, Sarajevo, 28 October 1999, Available [Online]: [http://www.intl-crisis-group.org/projects/Balkans/bosniareports/A400058_28101999.pdf], March 2001.

(1) the Bosnian Serb Republic, known as Republika Srpska; and (2) the Federation, an entity that joins together Bosniak – and Bosnian Croat – controlled areas of Bosnia.[96] Most areas within Bosnia, with the exception of central Bosnia, are populated and controlled by a predominant ethnic groups as a result of population movements during the war.

In signing the Dayton Agreement, the parties agreed to implement numerous security, political, and economic measures.[97] To assist the parties in their efforts, the agreement established military and civilian components of the Bosnian peace operation. On the military side of the operation, the North Atlantic Treaty Organization (NATO) authorized two military forces[98] that had the authority to use force to separate and control the three militaries in Bosnia and to ensure that they maintain the cease-fire. The NATO-led forces also supported the operation's civilian aspects when requested and if resources allowed.[99]

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[96] U.S. mediation resulted in the establishment of the Federation in March 1994. Prior to this, the Bosniak and Bosnian Croat armies were fighting each other in central Bosnia. The Federation agreement led to a cease-fire between these two armies that held until the end of the war. See Daalder, Ivo H., *Getting to Dayton – The Making of America's Bosnia Policy,* pp. 27, 65-6.

[97] The parties to the agreement are the political leaders of Bosnia's three ethnic groups, Croatia and the Federal Republic of Yugoslavia. Ibid., p. 119, 161.

[98] First the Implementation Force (IFOR) and later the Stabilization Force (SFOR).

[99] Ibid., p. 148. For a comprehensive report on SFOR's support for the Civil Aspects of the Dayton Agreement since Mid-1997 see United States General Accounting Office, Report to the Chairman, Committee on Foreign Relations, U.S. Senate, *Bosnia Peace Operation – Mission, Structure, and Transition Strategy of NATO's Stabilization Force*, pp. 4-7, Washington, D. C., October 1998.

On the operation's civilian side, the Office of the High Representative was established to assist the parties in implementing the agreement and to coordinate international assistance efforts.[100]

The goals of the Dayton Agreement for the economy of Bosnia-Herzegovina include economic reconstruction, building national government, Federation economic institutions, and promoting the transition from a command economy to a market economy.[101] To support these goals, the government of Bosnia, with the assistance of the international community, designed a 3-to 4-year, $ 5.1 billion assistance program known as the "Priority Reconstruction Program". This program gave the international community a framework for the economic reconstruction and integration of Bosnia. The nearly $ 4 billion in assistance provided from January 1996 through December 1999 by such as major donors the World Bank, the European Commission, the European Bank for Reconstruction and Development, and the United States included reconstruction projects, technical assistance, or business development leans.[102]

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[100] Other organizations participating in the operation include the United Nations, with the International Police Task Force; the Organization for Security and Cooperation in Europe; and the United Nations High Commissioner for Refugees (UNHCR).

[101] See The World Bank, *Bosnia and Herzegovina – Toward Economic Recovery*, pp. 4-7, Washington, D. C., June 1996.

[102] See The World Bank, *Bosnia and Herzegovina – From Recovery to Sustainable Growth*, pp. 6-8, Washington, D. C., June 1997. The donor assistance program provides broad financial and technical support to ensure sustainable employment and growth. The program's goals included preventing "bottlenecks in all areas of infrastructure" (Ibid., p. 6) and providing basic services in health, education and housing; and rapidly establishing institutions for economic management, with an emphasis on the development of a private sector and the transition to a market economy.

2. A Dead–End to Reform and Reconstruction

This massive internationally-funded post-war reconstruction of Bosnia-Herzegovina was not intended to be eternal. The donor countries hoped that the four-year period of donor aid would be used to undertake the structural changes necessary to transition from communism to capitalism, while creating the basis for a viable, self-sustaining economy. The combination of structural change and NATO-backed political and military stability would develop an attractive business climate, as private sector investment (foreign and domestic) gradually replaced aid.

This reform has not happened. During the inception phase of the Stability Pact in 1999, as part of the international attention was drawn back to Bosnia-Herzegovina, new criticism emerged about the international reconstruction program for this country.[103] Five years after the program started, Bosnia is still in total dependent on international aid. Its economy is based almost entirely on artificial, donor-related economic stimuli, with the 15,000 foreign employees in Sarajevo being the main source of growth,[104] a gross

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103 See International Crisis Group, "Why Will No One Invest in Bosnia and Herzegovina", Available [Online]: [http://www.intl-crisis-group.org/project/Balkans/bosnia/reports/A400190_21041999.pdf], April 2001 and Lyon, James, "Five Years and Five Billion Dollars Did Not Make Bosnia and Herzegovina Self-Sustaining", Available [Online]: [http://www.oneworld.org/voice/lyonen2.html], April 2001.

104 Nowhere is the impact of donor aid more clear than in Sarajevo, which hosts approximately 15,000 foreign civilians. They are employed by non-governmental aid organization, foreign embassies, international organizations, de-mining companies, NATO-funded service companies, and western sub-contractors working on donor-funded projects. This number does not include military personnel, under SFOR. With a minimum monthly expenditure of 60 million DM in a city with approximately 400,000 residents (150 DM per month per Sarajevo resident), foreign spending per Sarajevo resident equals about 42% of the average monthly salary (average net monthly wage in the Federation of 354 DM). See International Crisis Group, "Why will No One Invest in Bosnia and Herzegovina", p. 5.

domestic product (GDP) still only 50% of pre-war economic activity,[105], private sector investment approximately $160 million (a figure equal to 4.7 % of total donor aid)[106] and an unemployment rate of around 40 percent.[107]

As James Lyon Lyon, Director of the International Crisis Group – Office in Bosnia-Herzegovina summarizes:

> The efforts of the World Bank, UNHCR, USAID (U.S. Agency for International Development), the EU, and individual donor nations have succeeded in reconstructing much of Bosnia's war-damaged public infrastructure. Today, BiH has new roads, schools , hospitals, bridges, houses, and power lines, and in Sarajevo much of the wartime damage has been repaired. Yet all these successes share one common factor: the international community either imposed them or paid for them. Bosnian politicians had little or nothing to do with the actual creation of policy, nor with its imposition.[108]

As another report points out:

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[105] The World Bank, *Bosnia and Herzegovina – From Recovery to Sustainable Growth*, p. 4 and European Bank for Reconstruction and Development, "Strategy For Bosnia and Herzegovina", p. I, Available [Online]: [http://www.ebrd.org/English/policies/strats/bhstrat.pdf], April 2001.

[106] International Crisis Groups, "Why Will No One Invest in Bosnia and Herzegovina", p. 1.

[107] Economic Commission for Europe, *Economic Survey of Europe 1999 No. 2*, p. 40.

[108] Lyon, James, "Five Years and Five Billion Dollars Did Not Make Bosnia And Herzegovina Self-Sustaining", p. 1.

> The impact of donor aid is echoed throughout the country in varying degrees. Without this massive donor aid, Bosnia and Herzegovina would have negative GDP growth, approximately – 1% annually. Given the need to face a future without such massive aid, it would have been prudent for the governments of BiH to use the four-year period of massive aid flows to prepare their economies for free-market capitalism, for example by trying to attract domestic and foreign capital through stimulatory, liberal economic policies. However, the governments appear to have ignored the looming economic disaster, and have instead concentrated on reseating the international community's attempts to promote reform. The old communist era economic, political and social structures that contributed to the economic collapse and breakup of the former Yugoslavia still remain in place.[109]

Why isn't it working?

Lacking an enforcement mechanism,[110] the agency responsible for implementing the civilian aspects of the Dayton Agreement – the Office of the High Representative – along with the UN, OSCE, and the donors have been forced to rely largely on the good will of Bosnia's ruling ethnically–based political parties to voluntarily comply with.[111] This has led to an international community policy of "pleading, cajoling, and begging in order to achieve implementation"[112]. Local Bosnian politicians typically cooperate only

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[109] International Crisis Group, "Why Will No One Invest in Bosnia and Herzegovina?", p. 6.

[110] See Annex 10, "Agreement of Civilian Implementation, especially Article 2, of the Dayton Accords, which limits the High Representative's mandate to coordinating "activities of the civilian organizations and agencies in Bosnia" and calls on that person to "respect their autonomy within their spheres of operation".

[111] Daalder proves that it was U.S. negotiating tactic in Dayton to concede to this office as little authority as possible, either over the agencies engaged in civilian implementation or in relation to the military commander: "Once it was clear that a European rather than an American would be the first HiRep, Gallucci and the other American negotiators worked hard to limit the authority and responsibility of the High Representative, for fear that a powerful person whom Washington could not control might fumble the implementation offort or, worse still, interfere with the military effort". Daalder, Ivo H., *Getting to Dayton – The Making of America's Bosnia Policy*, p. 157.

[112] International Crisis Group, "Is Dayton Failing? – Bosnia Four Years After the Peace Agreement", p. 51.

when it is in the direct interest of their political party. These politicians typically require the international community to undertake expensive and occasionally unwarranted projects, prior to complying with the Accords. After receiving international community aid, Bosnian politicians often refuse to comply with the accords or structural reform efforts. This is especially applicable to Croats, Serbs and to a lesser extent, to the Bosniaks.[113]

Another problem arises from the lack of an enforcement mechanism: international appeasement of local officials. Lacking an enforcement mechanism, and anxious to achieve anything that could be categorized as progress, officials in many organizations often follow the line of least resistance. This flaw combined with rivalry between organizations allowed Bosnian authorities to play off different organizations[114] against each other: "if USAID insist on conditions I'm not prepared to fulfill, maybe the EU will be easier".[115] This has resulted in a general failure to make effective use of aid conditionality. The extreme wiliness shown by Bosnian authorities over the last years in side-stepping conditions imposed by donors suggests that the ideal method should be to use only retrospective conditionality, meaning that aid should be given as a reward for results achieved rather than in exchange for undertakings and promises. So experience

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[113] Ibid., p. 51.

[114] In some cases the aid effort has suffered from another old problem that is that budget holders were expected by their home authorities to spend all their budget, no more, no less, so that unsuitable projects got funded. See International Crisis Group, "Kosovo: Let's Learn from Bosnia", p. 19, ICG Balkans Report No. 66, 17 May 1999, Available [Online]: [http://www.intl-crisis-group/projects/Balkans/kosovo/reports/A400197_17051999.pdf], April 2001.

[115] Ibid., p. 18.

suggests it should indeed be a reward for proven cooperation, compliance and not an inducement, for too many promises have been broken afterwards. To summarize:

At Dayton it was assumed that military implementation would be harder than civilian,[116] and the role allotted to civilian implementation was to give a "helping hand" to the Bosnian authorities, who were assumed to want to cooperate with the implementation.[117] Yet, experience in Bosnia has shown that a helping hand has not been enough since the Bosnian parties have not, in fact, cooperated among themselves or with the international community. Rather, Bosnia became a prime example of donor dependency and the international efforts have generated an "aid addicted, rent seeking economy"[118] without managing to induce initiative on the part of the Bosnia themselves. Physical reconstruction has taken place without economic restructuring, and the country faces economic collapse when donor aid ceases. Simply funneling assistance through underdeveloped state institutions has increased the scope for corruption and clearly worked at cross-purposes with the goal of building market economies. No one in the European Union capitals want to repeat this frustrating experience again, further aid being lost or wasted in a similar way, as one commentator noted: "Bosnia stands as a model – of how not to do it, ... throwing money at a problem may make it look better,

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116 So, the two were kept rigidly separate, see Daalder, Ivo H., *Getting to Dayton – The Making of America's Bosnia Policy*, p. 155-6.

117 See Kekic, Lazs, "Aid to the Balkans: Addicts and Pushers", *Journal of Southeast European and Black See Studies*, Vol. 1, No. 1, pp. 20-40, London, Spring 2001.

118 Lyon, James, "Five Years and Five Billion Dollars Did Not Make Bosnia And Herzegovina Self-Sustaining", p. 1.

but it does not make the problem go away".[119] And a perpetuation of aid without a time limit can also not be the guiding principle for the international community – neither on Bosnia, nor on South-Eastern Europe as a whole. Aid givers should expect well-articulated plans from recipient countries and institutions as to how the aid will be used. Close monitoring and follow-up is seen as essential.

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119 "Bosnia, a Botched Recovery From War", *The International Herald Tribune*, p.4, 29 July 1999.

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IV. THE EUROPEAN UNION'S CONTRIBUTION TO THE STABILITY PACT AND ITS SPECIAL ROLE IN THE BALKANS

A. INTRODUCTION

The European Union's relations with the countries of the Balkans have undergone a transformation since the outbreak of the Kosovo war in March 1999. Although the European Union has given economic and humanitarian aid to the countries of the Balkans since 1990 and it sent unarmed non-military peace observers to Bosnia in 1994, its attention has been diverted from this region inter alia because of internal issues. The member countries and the European Union itself paid attention first to its own future ensuring the successful adoption of the EURO, focusing on internal deepening and enlargement into Central and Eastern Europe. In Central and Eastern Europe, the European Union has made an immense contribution to the transition by offering reform assistance and the accession process as a consistent framework for the stabilization and transformation of the region. This has been accomplished at the price of dealing with the far more volatile Southeast on an ad-hoc basis of crisis management.

Since the onset of the Kosovo war, however, South-Eastern Europe and, in particular, the Balkans have become a new priority area for the European Union. This new focus was motivated, in part, by an increased surge of refugees from the Balkans

into the European Union[120] but also by the shock of witnessing the most intensive warfighting in Europe since 1945. Moreover, as an emerging global player, the European Union needs to demonstrate its qualifications by ending ethnic strife and the violation of human and minority rights on its continent, and by achieving stability and development in Europe as a whole.

Thus, since the establishment of the Stability Pact for Southeastern Europe the European Union has become the "linchpin" for short-term peacekeeping[121] and long-term stability in the Balkans. The Union has assumed a new political role in the region for which it was unprepared in the past.[122] As Pappas and Vanhoonacker observed:

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[120] See footnote 29 for figures of civil war refugees from Bosnia-Herzegovina in 1995 in EU member countries. In 1998/1999 some 70,0000 Kosovars (out of 800,000 – 1 million refugees) fled to Germany, Italy, France, Austria, the Netherlands, Sweden, Denmark and the United Kingdom having been forcibly expelled from their homes by Serb forces. See UN High Commissioner for Refugees, "The Kosovo Refugee Crisis: An Independent Evaluation of UNHCR's Emergency Preparedness and Response", Available [Online]: [www.unhcr.ch/evaluate/Kosovo/ch.1htm], March 2001.

[121] The European Union member nations now provide just over two thirds of the 36.500 peacekeeping forces in Bosnia. All 15 Union states are involved, including traditionally neutral Austria, Finland, Ireland and Sweden. Troop contribution of European Union member states to KFOR is 28,000 (out of 38,000) plus more than 2,000 police officers: see European Parliament, Committee on Foreign Affairs, Human Rights, Common Security and Defense Policy, "Progress in Implementation of the CFSP", Rapporteur Elmar Brok, p. 9, Available [Online]:[http://www.europarl.eu.int/committees/afet_home.html], February 2001.

[122] The EU's former High Representative in Bosnia, Carl Bildt, who has argued that the EU's lack of political and military commitment and of effectively implanting instruments, means that its influence is inevitably weak in high-tension and crisis situations. Writing about his experience as High Representative, he notes that "The EU's involvement in the Bosnian crisis as luckless mediatior, then ineffective peace-keeper and finally as America's junior partner as peace-maker was a grim experience". Bildt, Carl, "The Global Lessons of Bosnia", in Bildt, Carl et al., *What Global Role for the EU?*, p. 24, Brussels, 1997.

> ... the first five years of CFSP will primarily be remembered for the EU's incapacity to deal with the crisis in Yugoslavia. Instead of being "the hour of Europe", the conflict became symbolic of the impotence of Europe's foreign policy and the continuing importance of the United States in guaranteeing European stability.[123]

Actual European Union policy towards the Balkans is not only an undertaking in correcting past failures[124] and stabilizing a precarious present but also an attempt to develop a framework for a better future for Europe's most crisis-ridden and violence-prone region. As stated by Hans van den Brock:

> Almost ten years after the fall of the Berlin Wall, the Kosovo crisis has been a bloody reminder of what, in another context, we used to call the cost of non-Europe. For the current member states of the European Union, the integration process that began in the early 1950s has brought both remarkable political stability and a spectacular increase in economic well being. Conversely, the disintegration in South Eastern Europe during the past decade has exacerbated poverty and inter-ethnic hatred, and cost the lives of many thousands of innocent civilians. The comparison of these two polar cases may not constitute a very rigorous scientific demonstration, but it does provide a prima facie argument in favor of regional cooperation and progressive integration.[125]

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[123] Pappas, Spyros A. and Vanhoonacker, Sophie, citied in: Haar, Roberta N., "The Kosovo Crisis and its Consequences for a European Security Architecture", in: Spillmann, Kurt R., *Kosovo: Lessons Learned for International Cooperative Security*, p. 108, New York, 2000.

[124] For the European Union's early and futile attempts to stabilize the Balkan region see Krämer, Hans, "Südosteuropa – von der Europäischen Union vergessen?" in: Axt, Heinz-Jürgen (ed.), *Beiträge zur Stabilisierung Südosteuropas aus deutscher und griechischer Sicht*, pp. 61-8, Südosteuropa-Gesellschaft, München, 1995.

[125] van den Broek, Hans, *Time for Enlargement*, p. 99, Boulder, 1999.

The considerable intensification and improvement in the Union's engagement in the Balkans has opened another field for the Union's Common Foreign and Security Policy.[126] As Chris Patten, European commissioner for external relations, put it:

The area will test the mechanisms at our disposal, both our traditional assistance and trade policies and the new structures of the Common European Security and Defense Policy that we are currently putting in place. Using them, we are determined to win the peace.[127]

In the eyes of the European public, it is a very crucial test of the European Union's ability to conduct a Common Foreign and Security Policy of any meaning at all.[128] The Balkans can provide the ignition for Europe's idea of not merely precluding conflict among its members like the Union Robert Schuman envisioned fifty years ago,[129] but taking responsibility for and actively engaging in internal and external

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[126] For the most part, success in the so-called "second pillar" has been so far a disappointment to advocates of a stronger and more integrated Europe. As seen the European Union failed to resolve the crisis in the former Yugoslavia, it was unable to check the economic crises in Russia and Ukraine, and it still plays only a limited role in the Middle East – despite being a main financial contributor in this region.

[127] Patten, Chris, "A European vision for the Balkans", *NATO Review*, p. 13, Summer/August 2000.

[128] The Lisbon report for the June 1992 Lisbon session of the European Council identifying regional priorities for the Common Foreign and Security Policy singled out two groups of countries as priority regions for European Union foreign policy: the formerly communist countries of central and eastern Europe and the Maghreb including the Middle East. In other words, it recommended that the emphasis be on the arc of instability to the (south) east and south of the European Union. See The European Councils, "Report to the European Council in Lisbon on the likely development of the Common Foreign and Security Policy (CFSP) with a view to identifying areas open to joint action vis-à-vis particular countries or groups of countries", pp. 16-20, Brussels 1994.

[129] As Schuman put it: "Europe will not be made all at once or according to a single plan. It will be built through achievements which first create a de facto solidarity and trust". Cited in Mc McCormick, John, *Understanding the European Union*, p. 12, New York, 1999.

security for all of Europe. Romano Prodi, president of the European Commission, gives the Commission's strategic objectives for the next five years to the European Parliament:

> The Balkans situation is an acid test of our ability to deliver the effective action on which our credibility depends. Here, if anywhere, the gap between rhetoric and reality has to disappear.[130]

However, Brussels' new Balkan policy is more than just a foreign and security policy, it entails simultaneously opening another chapter in the process of European integration.[131] In the long-term, a successful European Balkan policy will not only bring peace and prosperous stability to the region, but also produce another change in the European Union's own political and institutional set-up by furthering the integration of another group of European countries into the structures of the Union. With the start of the Stabilization and Association Process in 1999, the European Union changed its final outlook from a Union of potentially 28 states into one of potentially 33 (or more) states.[132] Despite its careful phrasing,[133] the promise of EU integration in the Stability

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130 Prodi, Romano cited by Center for European Policy Studies (ed.) – European South-East Monitor, Available [Online]: [http://www.see-educoop.net/news/text/03_00:ceps.htm], March 2001.

131 See Varwick, Johannes, "The Kosovo Crisis and the European Union: the Stability Pact and its Consequences for EU Enlargement", Available [Online]: [http://www.dgap.org/texte/Kosovo.htm], February 2001 and Varwick, Johannes, "Die EU nach dem Kosovo Krieg: Ein überforderter Stabilitätsanker?", in: Krause, Joachim (Ed), *Kosovo-Humanitäre Intervention und kooperative Sicherheit in Europa*, pp. 185-200, Opladen, 2000.

132 In his investiture speech to the European Parliament Commission President Prodi asserted the need for a comprehensive strategy for "how, over the next 25 years, we are going to enlarge the European Union from 10 to 20 to 25 to 30 Member States." Cited in: Baun, Michael J., *A Wider Europe – The Process and Politics of European Union Enlargement*, pp. 230-1, Langham, 2000.

133 See Stability Pact for South-Eastern Europe, 10 June 1999, Art. V 20 and page 72 of this thesis.

Pact irrevocably linked the process of regional security and stability in Southeastern Europe to the process of EU enlargement.

> So what is the ultimate goal? - Bring peace, stability and economic development to the region and open the perspective of long-term membership of the EU.[134]

Consequently, in the subsequent analysis of the European Union's Balkan policy in this chapter, the following questions will be addressed:

- What are the main challenges facing the European Union's Balkan policy?
- What are the main instruments of the European Union's engagement in the Balkans?
- What are the short- and long-term prospects of the Union's regional role?
- What problems are to be expected?

B. THE CHALLENGE: REHABILITATION AND STABILIZATION FOR REGIONAL DEVELOPMENT

The challenge with which the European Union is actually confronted is multiple and multi-layered.

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[134] The European Commission, "The EU and South East Europe", Available [Online]: [http://europa.eu.int/comm./external_relations/see/actions/sap.htm], February 2001.

The 1999 paper of the Economic Commission for Europe (ECE) on South Eastern Europe stressed, among other things, that:[135]

- The process of economic and political transformation during the past decade, in Southeastern Europe, proved to be much harder than in Central Europe and, as a result, the region had fallen further behind the rest of Europe;
- The problems of the postwar reconstruction and economic development of Southeastern Europe and the eventual reintegration of its component countries into the European economy is an issue of pan-European importance;
- The costs of the efforts to bring the region closer to Europe (not only to repair the immediate effects of military conflicts but to set the region on a sustained path of growth) are considerable even by the standards of the industrialized world;
- There is need for a carefully thought out, long-term regional program for economic rehabilitation and growth and secondly, for adequate institutional arrangements and an appropriate managerial infrastructure to implement such a program.

First and most pressing are the post-conflict tasks of peacekeeping, political reconstruction, and economic and social rehabilitation in Kosovo and Bosnia-Herzegovina. These areas have been largely devastated by intense civil war combine with strong international military interference. In the long term, the challenge lies in the establishment of functioning democracies based on sound market economies in Europe's least developed region.

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[135] Economic Commission for Europe "Postwar reconstruction and development in Southeastern Economic", in: *Economic Survey of Europe, 1999 No. 2*, pp. 1-17, United Nations, New York and Geneva, 1999.

The development of democracy and market economies is seen as the unconditional prerequisite for stable regional political and economic development. A highly problematic element of this longer-term task is the settlement of the final status of Kosovo as a part of the Federal Republic of Yugoslavia (FRY) or a new independent state in the region[136] and the consolidation of Bosnia-Herzegovina as a multiethnic, "multi-zonal" single state.[137]

Neither will be possible without a definite clarification of Serbia's political future after Milosevic was voted out and left the political scene.

In order to meet all these forenamed challenges, the European Union has to co-operate intensely with other international actors, especially the US, NATO, the UN and the OSCE. More important, however, is the congenial co-operation of the local actors. They are, especially, asked to support the "U.N. Mission in Kosovo" (UNMIK), the "Kosovo Force/International Security Force" (KFOR) and other Western institutions in their effort to reconstruct Kosovo as a multiethnic autonomous political entity within the borders of the FRY, in which the Serbs and other non-Albanian minorities have their

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136 See Woodward, Susan L., "Kosovo and the Region: Consequences of the Waiting Game", in: *International Spectator*, Vol. 35, No 1, pp. 35-48, January-March 2000.

137 The debates and future answers concerning the final status of Kosovo will have important implications for its neighbors (particularly Macedonia and Albania), it could also be seen as precedent for Bosnia. The "regional contagion" argument essentially applies a "domino theory" into the Balkans: If Kosovo goes independent Macedonia might implode. Ethnic Albanians there might want either to join the new Kosovo state or demand nothing less than a "federalization" of Macedonia – a move strongly apposed by the majority of Macedonia Slavs. If Macedonia implodes, Serbia, Bulgaria and perhaps even Greece are unlikely to remain passive. The second dimension of the "domino theory " is that an independent Kosovo would be seen as a legal precedent: if Kosovo can separate from Yugoslavia, why should Republika Srpska not separate from Bosnia-Herzegovina? The "domino effect" thus reinforces the process of "Balkanization", i. e. fragmentation, which affects the region. Additionally fragmentation of existing multinational states would not be helpful, since it would not resolve unsettled ethnic and territorial conflicts but lead to further proliferation of weak and unstable microstates.

acknowledged place and role. This means to abandon any scheme plan of Kosovar independence or a policy of Great-Albanian unification. For this to be realized, it is of utmost importance that the political, legal and administrative set-up of Kosovo provides for guaranteed and equal participation of the various ethnic groups. Of equal importance is to prevent the development of an Albanian–dominated Kosovar army or police based on the former units of the Kosovo Liberation Army (KLA). These "security forces" certainly would imply the danger of systematically maltreating and harassing non-Albanian groups in Kosovo.[138] Up to now, it seems that these goals of the international community's Kosovo policy, which is at the center of the European Union's endeavors in the Balkans, has been only reluctantly accepted by a minority of Kosovo's political leaders and the majority, especially the former KLA leadership, more or less openly rejects them. As put by Tim Judah:

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138 See Eide, Espen Barth, "The Internal Security Challenge in Kosovo", in: *International Spectator*, Vol. 35, No 1, pp. 49-63, January-March 2000.

> While the links between the KLA, criminality and inter-Albania intimidation hurt the reputation of the KPC [Kosovo Protection Corps][139] and the KLA's post-war politicians domestically, it was the persecution of the remaining Serbs and others, including ethnic Turks, which was to have a disastrous impact on international sympathy for the Kosovo Albanians. Although, it is hard to pinpoint the KLA and its successors as being directly involved in the murder of hundreds of Serbs and others in post-war Kosovo, the burning of Serbian houses and relentless attacks on Serbian Orthodox churches, it was clear that, despite muted appeals to end the violence, prompted by international pressure, from Thaci and other figures, no serious effort was made by politicians who emerged from the KLA's ranks to end this persecution.[140]

In a similar manner, the European Union's efforts in Bosnia-Herzegovina, together with those of other international actors, such as the Office of the High Representative for Bosnia Peace Implementation,[141] aim to establish a functioning multiethnic state in which the authorities of the different political entities not only allow but also facilitate the resettlement of displaced persons of whatever ethnic background. Thus, it deems necessary that Bosniak-Croats stop trying to establish special relationships with Croatia to secure Croatian dominance in their areas of the common state or even to

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[139] The Kosovo Protection Corps was supposed to be a purely civil emergency force absorbing some three thousand ex-fighters on a permanent basis. But soon it was clear that most Kosovo Albanians regarded it as the nucleus of their future army and it was an open secret that it still possessed blare quantities of arms, both within Kosovo and across the border in Albania.

[140] Judah, Tim, The Kosovo Liberation Army, p. 8, Available [Online]: [http://www.mfa.gov.tr/grupa/perept/V-3/tjudah.5.htm], March 2001.

[141] Petrisch, Wolfgang, former Austrian ambassador to Yugoslavia and European Union chief negotiator at the Kosovo peace talks, was appointed the High Representative for Bosnia-Herzegovina in August 1999. He and his international staff of 260, many seconded diplomats form the United States and European countries, are responsible for civilian implementation of the Bosnian Peace Agreement.

create their own separate state;[142] Serbs in the "Republika Srpska" must stop striving for reunification with Belgrade; and Muslim Bosniaks must refrain form a creeping Islamization of their policies.[143] As described for the latter by an International Crisis Group report:

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[142] Ultra-nationalist Croats have recently (end of March 2001) called again for their own separate state, seemingly oblivious to the inevitability of confrontation with the international community. They have inspired large-scale Croat defections from the federation army and attacks on NATO peacekeepers and officials charged with implementing the Dayton accords. It is the first time that the Croats have adopted a course so openly controversial in its implications. The hardliners see this as their last chance to achieve the long-cherished dream of creating "Herceg Bosna", perhaps to merge later with Croatia itself. Its capital would be Mostar, the seat of a council, which Croats hope will one day control the three governed by the HDZ (Croatian Democratic Union). Croat nationalists have already had to suffer the loss of their patron Tujdman Stipe little over a year ago. Until his death, the Croatian president had generously financed the nationalists. His successor Stipe Mesic, however, delivered a firm rejection of the nationalists' demands, insisting that the Croats must solve their problems within the framework of Bosnia's institutions and in co-operation with the international community. The call for partition is as old as the efforts by the international community to establish stability in the divided former Yugoslav republic. Following international pressure, the parallel structures of Herceg Bosna have already been dismantled several times, yet that has not stopped the nationalists from continuing to sabotage the federation with Bosnia's Muslim population. See Israel, Stephan, "The Dream of Herceg Bosna – Croat nationalists demand state within state", Available [Online]: [http://www.fr-aktuell.de/402/t401012.htm], March 2001. For a comprehensive account and in-depth critical analysis of the policies and impact of post-Dayton democratization, see Chandler, David, *Bosnia-Faking Democracy After Dayton*, pp. 66-89, London, 1999, in particular Chapter 3, "Power-Sharing and Multi Ethnic Administration".

[143] See Libal, Wolfgang and Kohl, Christine von, "Der Balkan – Stabilität oder Chaos in Europa", pp. 95-6 for a description of symptoms, Hamburg, 2000.

> With the full knowledge of SFOR, local Bosnian officials permit Mujahadeen who fought in Bosnia during the war to reside in the Zavidovici-Maglaj region, particularly in the villages of Bocnja and Pehare. Many have received Bosnian citizenship and passports. Most of the Mujahadeen occupy Serb or Croat homes, and present a serious obstacle to refugee returns in the Zavidovici-Maglaj region. SFOR does not patrol these villages, as they fear attacks against their convoys. The Mujahadeen present a source of potential political and ethnic instability in central Bosnia, and have been linked to various terrorist attacks against Croats in the Travnik area and Mostar.[144]

Instead, all ethnic groups have to work hard on the full and quick implementation of the Dayton Agreement.[145]

Thus, the greatest challenge facing all the international community's efforts aimed at stabilizing is the consolidation of modern nation states that are not based on any myth of ethnic homogeneity and are capable of peaceful coexistence.

Furthermore, there is the challenge of stabilizing the fragile political and economic systems of the immediate neighborhood, i. e. Croatia, Serbia, Albania, and the Former Yugoslav Republic of Macedonia. Given regional interdependencies, all of these states are directly affected by developments in the post-war areas and can influence these

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[144] International Crisis Group, "Is Dayton Failing? – Bosnia Four Years After the Peace Agreement", ICG Balkans Report No. 80, Sarajevo, 28 October 1999, Available [Online]: [http://www.intl-crisis-group.org/project/balkansbosnia/reports/A400058_28101999.pdf]. George Joffé notes it for the Islamic question in general: "In former Yugoslavia, particularly in Bosnia, the appalling war has transformed the situation from one in which Muslims formed part of a complex social mix into one where Islam itself has become an ethnic identifier. In that respect, Islam has been forced to accept the normative values of its opponents among the Serb and Croat Christians who have played such a large part in destroying the old multi-ethnic and multi-confessional republic. That, in the context of post- Cold war Europe is the ultimate tragedy, for it will legitimize patterns of destruction in other states and may force Europe and the Islamic world onto a path of further confrontation". Joffé, George, "Muslims in the Balkans", in: Carter, F. W. and Norris, H. T., *The Changing Shape of the Balkans*, p. 94, Boulder, 1994.

[145] For background information about the "The Dayton Agreement", see chapter III.B. of this thesis.

developments to a certain extent by their own politics. Immunizing neighboring states against conflicting tendencies emanating from the post-war area and preventing these states from exploiting the actual weakness of Kosovo and Bosnia-Herzegovina for regional power politics is the rationale behind the European Union's engagement with respect to the neighbors.

Furthermore, the European Union has to synchronize its policy towards the Balkans with the ongoing enlargement process, which includes Bulgaria plus Romania[146] and Hungary plus Slovenia, all of which are highly affected by the developments in the Balkans. Brussels has to keep a certain coherence in its policy approach towards the whole region in order to prevent the development of new political and socio-economic "borders" within the Balkans that could lay the ground for new potential conflicts. This is not merely a abstract danger given the high probability that Slovenia and Hungary will enter the Union much earlier than Bulgaria and Romania. These countries, in turn have much better chances of becoming European Union member states than can be foreseen for the Balkan region states, which, with the exception of Macedonia and Croatia, do not even qualify for association relationships with the European Union.[147] There is a real danger that the different speed of integration into the European Union will severely impede the equally necessary process of intense regional co-operation and integration that, in the long run, would be the best basis for lasting

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[146] Bulgaria and Romania were invited for formal accession negotiations during the Helsinki summit in December 1999, Accession Conferences between the EU and Hungary as well as Slovenia began already in 1998, see Baun, Michael J., *A Wider Europe – The Process and Politics of European Union Enlargement*, p. 104, Oxford, 2000.

[147] Further and deeper analysis about that issue in part C of this chapter.

regional peace and development. Hungary together with Slovenia and the Czech Republic, after their entry into the European Union, will assume important gate-keeping functions from Austria and Italy under the Schengen system concerning the fight against illegal migration, drug trafficking and other forms of international organized crime.[148] These new function, however, should not lead to a new division line that would prevent regional economic and political co-operation from flourishing in the Balkans.

C. IN SEARCH OF A COHERENT POLICY AND A MEANINGFUL ROLE

1. The "Regional Approach"

For a long time, the European Union showed little determination and coherence in its reactions to the violent dismemberment of the former Yugoslavia. This was mainly the result of serious differences among important member states over the correct evaluation of the developments in the region and the political consequences to be drawn from these

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[148] In 1985 France, Germany and the Benelux states signed the Schengen Agreement, under which all "internal" border controls were to be removed. All EU member states except Britain and Ireland have since joined, along with two non-members: Iceland and Norway. The terms of the agreement allow the signatories to implement controls at any time. It marked a substantial step towards the final removal of EU-internal border controls, providing a "common EU-borderline" via-à-vis non-EU states. See den Boer, Monica and Wallace, William, "Justice and Home Affairs" in: Wallace, Helen and Wallace, William, *Policy-Making in the European Union*, pp. 498-9, Oxford, 2000.

developments.[149] Instead of adopting a clear, consistent, well-defined and long-term strategy for the whole region at the very beginning of the transition, the European Union had initially underestimated the political problems, while later, constrained by other priorities and problems it took action only "the day after",[150] once it was too late to prevent the development of a new crisis situation.[151] It could be argued that both national governments and European Union institutions were driven by the sequence and pace of moves made by the Serbian dictator Milosevic and other regional actors. European Union states have contributed in various ways and through various forums to policy formulation and the setting up of peacekeeping and humanitarian operations.[152] However, the

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[149] The then-EC recognition of Slovenia and Croatia was such a controversial issue. A great deal of criticism, from American officials and others, has been articulated against the German government for enforcing a decision that supposedly no other country favored in the EC. But it is hard to believe that the 11 other members of the EC had no option but to accede to Germany. Even if the German policy was misguided acting in the spirit of self-determination that had recently set East Germany on the path toward unification with West Germany, how does that explain America's lead in hastily seeking the recognition of Bosnia only a few months later? Bosnian recognition without any effective guarantees was bound to accelerate violence given the new state's geographic location and the clear opposition of the Bosnian Serbs. See Burg, Steven L. and Shoup, Paul S., *The War in Bosnia-Herzegovina – Ethnic Conflict and International Intervention*, pp. 100-1, New York, 1999 and the analysis of Edward, Geoffrey, "The Potential and Limits of the CFSP. The Yugoslav Example" in: Pegelsberger, Elfriede, et al. (eds), *Foreign Policy of the European Union*, pp. 173-195, Boulder, 1997.

[150] Geoffrey Edwards, "The Potential and Limits of the CFSP. The Yugoslav Example", p. 183.

[151] The EC's handling of the crisis was lamentably inept, argue Silber and Little. EC diplomats operated of the assumption that war is "self-evidently futile and irrational". This view of the crises never took into account the fact that Yugoslavia broke precisely because its leaders – as well as many of its people – wanted war "with terrifying rationality". Though many Yugoslavs were all too ready to apply force in pursuit of their objectives, EC countries were not prepared to back up their diplomacy with force. Moreover, the EC did not resolve the ambiguity created by the simultaneous pursuit of the principles of self-determination and non-use of force. To the EC, any political outcome was acceptable as long a it was achieved without force. The EC was there only to facilitate political dialogue. See Silber, Laura and Little, Alban, *Yugoslavia: Death Of A Nation*, New York, 1995.

[152] The EU tried without success to broker ceasefires (sending in negotiators such as Lord Carrington and Lord Owen). It also sent in unarmed monitors in an attempt to keep the warring factions apart, imposed sanctions on Serbia, supported an embargo sales to Bosnian Muslims in the hope of reducing hostilities, and contributed most of the UN peacekeeping forces deployed in the area. See Woodward, Susan L., *Balkan Tragedy: Chaos And Dissolution After The Cold War*, Washington, 1995.

absence of a global strategy for the Balkans has meant, in practice, that the European Union had to apply ad hoc policies, very different for the individual countries, as stressed, "diversity and bilateralism have been the name of the game".[153] What little leadership that was provided to deal with the turbulence in the Balkans has been mostly provided by the United States.[154]

The awareness of something needing to be done on a regional basis came only after the Bosnian catastrophe and the Dayton Peace Agreement.[155] The European Union tried to develop a more coherent and comprehensive approach[156] to its Balkan policy by

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[153] Uvahic, Milica, "Regional Cooperation And Economic Integration in South-Eastern Europe", Available [Online]: [http://www.one-europe.ac.uk/events/2000/conference/uvalicpaper.pdf], March 2001.

[154] For much of the period during the early 1990s American policy was characterized by an extreme reluctance to get too deeply involved in the Balkan turmoil. This was among other things due to perceived domestic political constraints. Daalder examines for the Bosnia – case why and how the Clinton administration finally took on the leadership role it had for so long declined to embrace making the determined diplomatic and military effort that ultimately led to the Dayton Accords. See Daalder, Ivo H., *Getting to Dayton – The Making of America's Bosnia Policy*.

[155] During the negotiations the Europeans made clear to the USA that if Washington expected them to pay the lion's share of reconstruction and other economic assistance, the civilian coordinating effort would have to be in Europe's hands. See Daalder, Ivo H., *Getting to Dayton – The Making of America's Bosnia Policy*, p. 157.

[156] This new approach found expression inter alia in the Union's conduct vis-à-vis Croatia with regard to accession negotiations: In 1995 the European Union began preliminary discussions with Croatia about a Europe Agreement that would have made it eligible to prepare for accession talks. In May 1996, however, the European Union suspended negotiations and announced that henceforth it would not negotiate separate agreements with the four countries involved but would insist that they work together on a regional approach to integration. The new policy was adopted in part to head off a repeat of the 1991 situation, when different member states followed different approaches toward Slovenia and Croatia, thereby probably helping to precipitate the wider war. See van Oudenaren, John, *Uniting Europe – European Integration and the Post-Cold War World*, p. 302.

adopting as part of the Royaumont Process[157] the "Regional Approach" to cooperation with the countries in the so-called "Western Balkans" (the successor states of Yugoslavia without Slovenia, excluding FRY but including Albania) in 1996:[158]

The primary objectives of the EU Regional Approach, as developed in 1996, were

- to reinforce the successful implementation of the Dayton/Paris and Erdut peace agreements as well as[159]
- to create an area of political stability and economic prosperity by
- promoting and sustaining democracy and the rule of law (institution-building, reform of the state and public administration, reconstitution of civil society) and respect for human and minority rights (notably non-discrimination between citizens, and including the resettlement of refugees and displaced persons); and
- relaunching economic activity (rebuilding the economy, restoring and improving infrastructure, reorienting former war economies to civilian activities, and former command economies to market reforms).[160]

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157 The Royaumont Process, restricted to projects in the field of culture, civil society and human rights, was initiated at a conference on 13 December 1995, organized by the European Union, with a declaration of 27 countries to promote stability and good neighborhood in South-Eastern Europe. It occurred mainly without public attention. At least seven follow-up meetings took place, unfortunately without great success. As a consequence of the Kosovo War, no attention was paid to this process for a while. See Ehrhardt, Hans-Georg "Preventive Diplomacy or Neglected Initiative: The Royaumont Process and the Stabilization of Southeastern Europe," in: Ehrhardt, Hans-Georg, *The South-East European Challenge: Ethnic conflict and International Response*, pp. 177-195, Baden-Baden, 1999.

158 See The European Commission, "The European Union and Southeastern Europe" Available [Online]: [http://europa.eu.int/comm./external_relations/see/region/road_map_to%20_europe.p.dif], February 2001.

159 The Agreement of Erdut is the Basic Agreement on the Region of Eastern Slavonia, Baranja and Western Sirmium providing for a peaceful reintegration of this region into Croatia, signed between the Republic of Croatia and the local Croatian Serb authorities in Eastern Slavonia.

160 The European Commission, "Stabilization and Association Process for countries of South-Eastern Europe", pp. 1-2,

Available [Online]: [http://europa.eu.int/comm./external_relations/sees/sap/index.htm, February 2001.

This cooperation, based on "political and economic conditionality"[161] (compliance was regularly monitored and reported on an individual basis), was determined by the following principles:

The European Union intended to permit the participating countries access to the Union-internal market to the same degree that the contractual partners permitted their regional neighbors access to their own markets. Prospective participation was accompanied by the encouragement of independent regional attempts at cooperation. General, and for all states, obligatory conditions on the one hand and special conditions for individual states on the other[162] were formulated within the concept of conditionality. The principle applied that relations with the European Union could be improved to the same rate that progress in the fulfillment of the set criteria became visible.[163]

To explain the principles in practical terms:

The level of European Union co-operation in the field of trade (eligibility for autonomous trade preferences), financial and economic assistance (under the

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[161] Ibid., p. 2.

[162] Bosnia-Herzegovina, Croatia and Yugoslavia faced the additional condition of fulfilling the terms of the Dayton Agreement, ibid., p. 1.

[163] The Conditionality Principle dates back to the Luxembourg European Council of April 29, 1997, when the Council proposed that the Union would intensify political relations with partner countries to the extent that certain general policy principles and partner specific formulated conditions would be met. See Baun, Michael J., *A Wider European – The Process and Politics of European Union Enlargement*, p. 81, and Council Conclusion on the Application of Conditionality (Annex III to Council Conclusions – Luxembourg, 29/30 April 1997) with a view of developing a Coherent Strategy for the Relations with the Countries in the Region. See The European Commission, "The Stabilization and Association Process for countries of South-Eastern Europe", pp. 3-4.

Available [Online]: [http://europa.eu.int/comm./external_relations/see/sap/index.htm], February 2001.

OBNOVA/Reconstruction[164] and PHARE[165] programs), especially its readiness to engage in a contractual relationship (Cooperation and Association Agreement), was made dependent on the partners' behavior in two important areas:

- The fulfillment of minimal requirements for the establishing of a functioning democracy, including respect of human rights and transition to a market economy;
- The establishment of co-operative relations with neighboring countries, including gradual development of free trade

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164 The OBNOVA (Serbo-Croatian term for reconstruction) was created in July 1996. Croatia, FRY, and Macedonia participated. It covered actives such as clearing mines, repairing infrastructure, building homes, education, protection of the cultural heritage, and re-establishment of the institutional framework of public an thirty. See The European Commission, "The Stabilization and Association Process for countries of South-Eastern Europe", pp. 3-4.

Available [Online]: [http://europa.eu.int/comm./external_relations/see/sap/index.htm], February 2001.

165 PHARE assistance was initially used for the sole purpose of promoting market-oriented economic reforms in Poland and Hungary, but in 1992, at the insistence of the European Parliament, the Commission began linking assistance to promotion of democracy and civil society as well. Under what was known as the PHARE "Democracy Program", the European Community funded projects promoting parliamentary democracy, human rights, the rule of law, and the development of an independent media and trade unions, working mainly through nongovernmental organizations (NGO). So it is the main legal instrument for the European Union's financial and technical cooperation with the countries of Central and Eastern Europe, which in the future is to be restricted to applicant countries. PHARE stands for "Pologne-Hongrie: Actions pour la Reconversion Economique". See Oudenaren, John van, *Uniting Europe – European Integration and the Post-Cold War World*, p. 223; McCormick, John, *Understanding the European Union*, p. 222-3; Wallace, Helen and Wallace, William, *Policy-Making in the European Union*, p. 442,444,448.

So, the Regional Approach[166] tried to encourage closer economic and political ties among the given countries,[167] but it had serious deficiencies: it came rather late (only after four years of military conflicts); it remained rather vague (i. e. not proposing and elaborating concrete programs of regional cooperation); it was backed by limited financial resources; and perhaps most importantly, it offered no incentives whatsoever to these countries to carry forward its main objectives. As a Commission Communication to the European Council and European Parliament pointed out after a general assessment of developments since 1996, regional progress – with the exception of the former Yugoslav Republic of Macedonia – fulfilling these conditions had been slow and could not prevent the renewed escalation of violence in early 1999:

> As is evident, certain countries, in certain fields, have not yet demonstrated a commitment to the European future to which they lay claim ...

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166 The Regional Approach was not the only economic initiative of this type attempting to contribute towards stabilizing the region. The "Central European Initiative" (1989), the "Central European Free Trade Area" (1991), the "Black Sea Economic Cooperation" (1992), the "Southeast European Co-operative Initiative" (1996) and the "Multinational Peace Force in South Eastern Europe" (1997), to name the most important ones, have all been aimed at establishing security, stability and prosperity in the region on the basis of enhanced cooperation, good neighborhood, mutual understanding and regional solidarity. See Wohlfeld, Monika, "Implications for Relations between Western and Central Europe", In: "The Implication of the Yugoslav Crisis for Western Europe's Foreign Relations", ed. Pavel Baev et al., p. 50-64; Institute for Security Studies, Western European Union, Paris, 1994, Available [Online]: [http://www.weu.int/institute/], February 2001. However, these previous international efforts to stabilize the Balkans had some serious deficiencies. They focused mainly on bilateral relations. The numerous initiatives and aid programs were uncoordinated, running side-by-side, sometimes even in competition – as in the case of the European Royaumont process and the Southeast European Co-operation Imitative (prompted by the United States, SECI brings together eleven countries to work on a limited number of economic and environmental projects). Above all the main actors lacked the political will and resolve to make a real difference in the Balkans. Thus, all the Balkan initiatives prior to the Stability Pact are today mostly perceived as ill conceived and insufficient.

167 The European Union concluded Agreements with Albania and Macedonia, extended PHARE and OBNOVA assistance to both countries and granted trade preferences to Bosnia-Herzegovina and Croatia.

Progress, particularly in respect of the objectives of the Regional Approach has been patchy, depending on the willingness of the countries concerned to make the necessary efforts ...

Implementation of the peace agreement has been patchy, particularly insofar as refugee return and cooperation with the ICTY is concerned. Some progress has been made in bilateral relations, but not in regional cooperation per se ...

Bosnia-Herzegovina ... , the return of minority refuges, the functioning of the common institutions and judicial reform are not completely satisfactory ... . The main problem of Bosnia-Herzegovina has been the lack of consolidated statehood. This is due to the attitude of BiH leaders, who still do not fully rely on cooperation within the common institutions, but also to the complexity of the institutional framework ...

The main risk remains poverty and social disruption, especially in the RS. Concerning democratization and respect for human rights, there has been some progress in certain fields, but recent political developments in the RS and in Kosovo have hampered, for the time being, further qualitative general improvement ...

Regional cooperation continues at varying levels, but the undue influence of Zagreb and Belgrade remains quite strong. The implementation of the Dayton/Paris Agreements in progressing slowly, for different reasons ... .

Croatia ... . The delicate issue of the return of refugees has required strong international pressure, and serious difficulties remain in the implementation of Croatia's commitments. Nevertheless, the large gap between formal commitments and their implementation prevents Croatia from reaching the required standard of democratization. Despite the declared intentions of the Government, the overall scenario seems to have stalled in recent months. In fact, progress since October 1998 in compliance with the different sets of conditions is still selective. Real implementation of international commitments is still unsuccessful, despite continuing international insistence. Democratization and respect for human rights remain the main areas of concern, notably with reference to reform of the electoral law and democratization of media, where no progress can be reported. Further substantial progress is also expected as far as respect for minorities and their rights in concerned ...

> There has been no progress in democratization or reform in **Serbia/Federal Republic of Yugoslavia** (FRY) ... In general, there has been a contradiction in FRY/Serbia between the theoretical respect for democratic principles, as enshrined in the Constitution, laws, and obligations arising from signature of various international treaties and conventions, and the practical implementation of these principles ...
>
> During the last three years, the former **Yugoslav Republic of Macedonia** has been a stabilizing factor in the region ... [the FYROM] has not only respected the principles of the EU regional approach, but has played an exemplary role throughout the three last years that was instrumented in achieving the objectives of this EU policy ...
>
> In 1996 crisis in **Albania**, provoked by the breakdown of the pyramid schemes in late 1996 and previous irregulations during parliamentary elections in May 1996, was contained by a coordinated international response ... . Albania continued however to suffer from a lack of public order and wide spread crime and corruption as a result of this and from the continuous boycott of Parliament by the Democratic Party ... .
>
> The traditional low level of regional cooperation did not change with the exception of an increasing economic and technical cooperation with the former Yugoslav Republic of Macedonia.[168]

The results of this Commission Communication are basically identical with the findings of two Committee Reports of the European Parliament.[169]

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[168] Commission Communication to the Council and European Parliament, "Developments in the countries of the Regional Approach since 1996, in particular regarding compliance, since October 1998, with Regional Approach conditionality criteria", COM (99) 235-26.05.1999, pp. 1-8. Available [Online]: [http://europa.eu.int/comm./external_relations/see/com_99_235/6.htm], February 2001.

[169] See European Parliament, Committee on Foreign Affairs, Human Rights, Common Security and Defense Policy, "Report on Proposal for the reconstruction of the Former Yugoslavia", Rapporteur Pack, Doris, A5-0013/99, and "Report on the Negotiation of a Stabilization and Association Agreement with the former Yugoslav Republic of Macedonia", Rapporteur Swoboda, Johannes, A5-0031/00. Available [Online]: [http://www.europarl.eu.int/committees/afet_home.htm], February 2001.

2. The "Stabilization and Association Process"

In May 1999, during a Council meeting the European Union revised this conception by introducing the "Stabilization and Association Process"[170] (SAP) for the regional states, in order to put its relations with the Balkans on a new basis:

> In the light of the results achieved under the Regional Approach and taking into account recent events in the region, a more far-reaching strategy is required ...[171]

The SAP is regarded both as an important part of the Union's still-to-be-developed Common Strategy towards the Balkans and as an essential element, "the European Union's main contribution to the Stability Pact for South-Eastern Europe",[172] "it is the Union's main contribution in support of stabilization efforts in South-Eastern Europe".[173]

With the SAP, the European Union now has in place its "tool-kit" for the stabilization of the region and its later integration into the Union's structures. The process

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170 The European Commission, "The Stabilization and Association Process for countries of South-Eastern Europe."

Available [Online]: [http://europa.eu.int/comm./external_relations/see/sap/index.htm], February 2001.

171 European Parliament, Committee on Foreign Affairs, Human Rights, Common Security and Defense Policy, "Report on the communication from the Commission on the stabilization and association process for countries of South-Eastern Europe", Rapporteur Lagendijk, Jan Joost, 22 March 2000, Doc. A5-0069/2000 final, Available [Online]: [http://www2.europarl.eu/int/omk/OM-Europarl?PROG=REPORT&L=EN&SORT_ORDER=D&LEG_ID=5&COM_ID=611], February 2001.

172 Ibid., p. 2.

173 "Joint Report to the Helsinki Council on EU Action in Support of the Stability Pact and South-Eastern Europe", presented to the Helsinki European Council, 10-11 December 1999 by the Finnish Presidency and the European Commission, in: Center for European Policy Studies (ed.), Europe South-East Monitor, Issue 6, Brussels, December 1999, p. 2 Available [Online]: [http://www.ceps.be/Pubs/SEE/Monitor/Monitor6.htm], February 2001.

offers the countries of the region, on a contractual basis, the clear prospect of formal relations with the European Union and, ultimately, of membership. The wording that the European Union governments agreed to in the Stability Pact on 10 June 1999 stated:

> The EU will draw the region closer to the perspective of full integration of these countries into its structures. In case of countries which have not yet concluded association agreements with the EU, this will be done through a new kind of contractual relationship taking into account the individual situations of each country with the perspective of EU membership, on the basis of the Amsterdam Treaty and once the Copenhagen criteria have been met. We note the European Union's willingness that, while deciding autonomously, it will consider the achievement of the objectives of the Stability Pact, in particular progress in developing regional co-operation, among the important elements in evaluating the merits of such a perspective.[174]

It is this final formulation that will be the yardstick for considering European membership for any of the countries of South-Eastern Europe in the coming years. The approach aims at the almost unanimous view of people across the region that they want to be "part of Europe." Regarding this, then–President of Romania Constantinescu unambiguously stated in Sarajevo:

> Our peoples can, and will unite around such a major and vibrant project as the Stability Pact. The process of integrating the democratic, European and Euro-Atlantic structures is the most powerful incentive for unity, mutual respect, and co-operation.[175]

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[174] Stability Pact for South-Eastern Europe, 10 June 1999, Art. V 20. During the Council meeting on 17 May 1999 in Brussels the final draft of this declaration was heavily discussed among the participants. Serious disagreements were leaked, reporting French, Spain and Dutch objections against offering countries like Albania and Macedonia a real perspective for accession. See "EU-Außenminister beraten Konzept für den Balkan", *Frankfurter Rundschau*, p.1, 18 May 1999.

[175] President Constantinescu's intervention in Sarajevo on 29 July 1999, Available [Online]: [http://www.seeurope.net/bfiapages/stabilitypactnews.htm], March 2001.

The process offers regular political dialogue, economic and political assistance, and steadily freer trade in exchange for clear steps toward economic and political reform.

The Stabilization and Association Process has six key target areas:[176]

- Development of existing economic and trade relations with and within the region.
- Development and partial redirection of existing economic and financial assistance.
- Increased assistance for democratization, civil society, education and institution–building.
- Cooperation in the area of justice and home affairs.
- Development of political dialogue, including at regional level
- Development of Stabilization and Association Agreements.

The political conditionality applied to the Regional Approach is also made the guiding principle for the SAP. For the implementation of the SAP, the European Union relies on two instruments: the "Community Association and Reconstruction Assistance to the Western Balkans" (CARA) and the Stability and Association Agreements (SAA).

a. The CARA-PROGRAM

In December 1999, the Commission proposed the new Community Association and Reconstruction Assistance (CARA) program for reconstruction in the

176 "Joint Report to the Helsinki Council on EU Action in Support of the Stability Pact and South-Eastern Europe", presented to the Helsinki European Council, 10-11 December 1999 by the Finnish Presidency and the European Commission, in: Center for European Policy Studies (ed.), Europe South-East Monitor, Issue 6, Brussels, December 1999, p. 2 Available [Online]: [http://www.ceps.be/Pubs/SEE/Monitor/Monitor6.htm], February 2001.

Balkans in order to address the problem of different programs with different rules of procedures and different management structures.

CARA is now the main program for organizing and distributing the Union's assistance to Albania, Bosnia-Herzegovina, Croatia, The Former Yugoslav Republic of Macedonia and the Federal Republic of Yugoslavia. It is "to rationalize existing instruments and to streamline the Community effort"[177] replacing the former PHARE and OBNOVA programs for the financing of European Union assistance to the region.

> The coexistence of two legal bases, PHARE and OBNOVA, each with its own administrative and management procedures, has been a source of many operational problems.[178]

Expectively CARA could help to simplify the procedures of concrete program and project management. Making it easier for initiatives on the ground and interested parties in Europe to set up concrete projects and facilitate solutions for urgent problems and needs. It is foreseen that it will spend EURO 5.5 billion in the period 2000-2006.[179] With this amount of aid, the European Union would again underline its position as the largest single contributor of assistance to the region. Between 1991 and 1999, it

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[177] The European Commission, "Community Association and Reconstruction Assistance to the Western Balkans – CARA Program", Brussels, 8 December 1999, IP/99/963 Available [Online]: [http://europa.eu.int/comm./external_relations/news/12_99/ip_99_963.htm], February 2001.

[178] Commission communication (011/1999) 661 final, adopted 8 December 1999, "Guidelines and detailed arrangements for assistance to Albania, Bosnia and Herzegovina, Croatia, the Former Yugoslav Republic of Macedonia and the Federal Republic of Yugoslavia under the future CARA program, 2000-2006", p. 11 Available [Online]: [http://www.ceps.be/Pubs/SEEMonitor/Monitor6.htm], February 2001.

[179] ibid., p. 6

has already provided over EURO 7.5 billion in assistance to the region. This assistance was given in the form of humanitarian assistance, reconstruction assistance, economic and financial assistance, balance of payment support, and other forms (demining, food security, special budgetary support). Combined with member states' efforts, the European Union is over EURO 19.3 billion between 1991 and 1999.[180]

b. Stability and Association Agreements

The Stability and Association Agreements (SAA) are instruments for the long-term integration of the countries of the western Balkans into the European Union structures. The conclusion of a SAA with a country of the region is made conditional upon the achievement of considerable progress towards a democratic system, substantial results in the field of economic reforms, and proven cooperation with neighboring states along with a Helsinki-like declaration on the inviolability of borders.

The conditions for the start of negotiations on such Agreements are

- Rule of law, democracy, compliance with human/minority rights
- Free/fair elections, full implementation results
- Implementation first steps economic reform (Privatization, abolition price controls)
- Proven readiness good neighborly relations

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[180] The European Commission, "EU action in support of stabilization of South-Eastern Europe", Available [Online]: [http://europa.eu.int/comm./external_relations/news/11_99/see_support.htm], February 2001. The database includes details by country and type of funding.

- Dayton compliance (ICT[181], refugee return, etc) for BH, Croatia, FRY[182]

Although the agreements would share a common substantial and institutional framework, each single one would be designed "tailor-made" according to the specific situation of the respective partner country. Since its launch in June 1999 until the present, only Macedonia and Croatia have qualified to start negotiations for a SAA; whereas Albania, Bosnia-Herzegovina and FRY still have some distance to reach the conditions of sufficient reform and stability.[183]

The SAAs intend to further the classic goals of the European Union's policy towards European transformation societies:

- Offering the prospect of full integration with Union structures;
- Establishing a functioning framework for a continuous political dialogue;
- Supporting the consolidation of a democratic regime and a state of law;
- Furthering economic reforms and the development of market structures;

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[181] The International Criminal Tribunal for the Former Yugoslavia at The Hague.

[182] The European Commission, The Stabilization and Association Process for countries of South-Eastern Europe Available [Online]: [http://europa.eu.int/comm/external_relations/see/sap/index.htm], February 2001.

[183] European Parliament, Committee on Foreign Affairs, Human Rights, Common Security and Defense Policy, "Report on the Commission Recommendation for a Council Decision Authorizing the Commission to Negotiate a Stabilization and Association Agreement with the Former Yugoslav Republic of Macedonia, Rapporteur: Swoboda, Johannes, Brussels, 3 February 2000, (Doc. A5-0031/2000 fin.), Available [Online]: [http://www.europarl.eu.int/committees/afet_home.htm]], February 2001.

- Establishing the administrative and economic prerequisites for the later conclusion of a bilateral free trade agreement, and eventually within the region itself;
- Laying the foundations for extensive cooperation in justice and home affairs;
- Establishing broad co-operation on all issues that would contribute to reaching these goals.

Financing this cooperation would largely rely on the CARA program. The SAAs follow the same intentions as the well-known Europe Agreements concluded between the European Union and many Central East European States (CEES) since the early 1990s.[184] The instruments of the SAAs have also been applied in these other agreements. In this respect, there is nothing new in the SAAs. It is the application of an established European Union policy on the Balkans as CARA is – as pointed out – just a reshaped and streamlined version of the former European Union programs for regional assistance.

In this perspective, the Stabilization and Association Process does not offer a really new, inventive and innovative policy for the region. Only the prospect

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[184] The Europe Agreements marked a qualitative change in relations between the EC and the CEES, establishing closer economic links and an institutional framework for political cooperation. Nevertheless, the governments of the CEES were generally disappointed with the agreements, primarily due to their restrictiveness on trade, the movement of people and the absence of a clear link between association and accession. Obtaining a commitment on eventual membership had been a major goal of the CEES, and in the negotiations they had pressed the EC to include an explicit reference to the prospect of accession in the agreements. Most of the member states, however, opposed the inclusion of any reference to membership in the agreements, with the notable exceptions of the German and British governments. See Oudenaren, John van, *Uniting Europe*, pp. 242-43, pp. 316-19; Wallace, Helen and Wallace, William, *Policy – Making in the European Union*, pp. 435-39; McCormick, John, *Understanding the European Union*, p. 223.

included in the SAAs of opening a process of gradual integration into the European Union structures based on the Amsterdam Treaty[185] and linked to the strict Copenhagen Criteria[186] of 1993 introduces a new element into European Union policy towards the five countries of the region, "a new kind of contractual relations, taking into account individual situation of each country, with the perspective of EU membership".[187] A Macedonian government official assessed it in the following way:

> The Stability Pact would not have any value in itself, if it did not contain the membership perspective.[188]

A German Ministry of Foreign Affairs document states specifically on the prospect of the South-Eastern European countries becoming members of the European Union:

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[185] The formal procedures governing accession are set forth in Article 49 of the Treaty of European Union, as revised by the Treaty of Amsterdam. It stipulates that any European state which respects democratic principles and the rule of law may apply to become a member of the Union. See Wallace, Helen and Wallace, William, *Policy – Making in the European Union*, pp. 446-48; Tiersky, Ronald, *Europe Today*, pp. 421-22; McCormick, John, *Understanding the European Union*, pp. 83-4.

[186] At the June 1993 Copenhagen European Council the member states formally declared, for the first time, enlargement as an explicit goal of the Union. The European Council specified four criteria for determining whether an associated country was ready for membership: (1) stability of institutions guaranteeing democracy, the rule of law, human rights, and respect for and protection of minorities; (2) the existence of a functioning market economy; (3) capacity to cope with competitive pressures and market forces within the Union; and (4) the ability to take on the obligations of membership, including adherence to the aims of political, economic, and monetary Union – the acquis communautaire. See Tiersky, Ronald, *Europe Today – National Politics, European Integration, and European Security*, pp. 270, 409-11; Wallace, Helen and Wallace, William, *Policy Making in the European Union*, pp. 441, 449-50.

[187] The European Commission, "EU action in support of stabilization of South-Eastern", p. 4, Available [Online]: [http://europa.eu.int/comm./external_relations/news/11_99/see_support.htm], February 2001.

[188] Cited in Varwick, Johannes, "The Kosovo Crisis and the European Union: The Stability Pact and its Consequences for EU Enlargement", in Spillmann, Kurt R., *Kosovo: Lessons Learned for International Cooperative Security*, p. 161.

The EU can, beyond its current instruments, do more for the medium and long-term stabilization of South-Eastern Europe:

- Raising the EU's political visibility and effectiveness in the region; the EU Common Strategy for the Western Balkans (commissioned by the Vienna European Council) involving the neighboring States; nomination of an EU Special Representative for South-Eastern Europe and/or mandating the new CFSP Special Representative; review of current EU mechanisms.

- Clear and repeated commitment on the part of the EU that the countries in the region have a prospect of acceding, even if the time of accession cannot yet be determined. This is not merely based on equality of treatment with the Central and Eastern European States. As developments in the CEE countries have shown, the prospect of EU membership is a key incentive to reform. This is the only way to keep the southeastern European countries on the stabilization track in the long term. Once conditions are met (full use of the trade and cooperation agreements, resolution of the minority problems) the EU must be ready to hold out the prospect of association to the countries in questions.[189]

In offering membership perspective, the Union offers the Balkan countries the same long-term political perspective as with almost all other former socialist states since the early 1990s. This perspective is considered to be a major incentive for the countries of the region to reform and cooperate. In this sense, the European Union explicitly uses the attractiveness of the Union as the most promising and cost-effective way for promoting stability and helping to stabilize and transform these countries. In a certain sense, this can be regarded as a European Union acknowledgement of the "Europeanness" of the Balkans, to stabilize these areas "by integrating them into the EU

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189 German Ministry of Foreign Affairs, "Preparing a Stability Pact for South Eastern Europe", Available [Online]: [http://www.auswaertiges-amt.de/www/de/aussenpolitik/ausgabe_archiv], February 2001.

orbit",[190] and as an acceptance of its own responsibility for stabilization, reconstruction and transformation. The importance of the integration into Europe was also echoed in one of European Commission President Prodi's recent statement on enlargement:

> In the longer term the EU can best contribute to stability in the region by drawing it closer to the perspective of full integration into its structures, and should confirm that the countries of the former Yugoslavia and Albania have the ultimate vocation to become members of the European Union.[191]

However, there would be no "fast track" to European Union membership or any "membership light". This was a principal and probably an unavoidable decision, reflecting both the realities of South-Eastern Europe and the need to treat all accession candidates equally. Exempting the countries of the Balkans from the conditions set for all other candidates of the enlargement process would have raised a storm of protest not only in Warsaw, Prague, and Ljubljana, but also among the population of the Union where a fear of being dragged even more into the Balkan turmoil has emerged over the years. However, whether this policy will suffice to act as the necessary impetus remains to be seen.

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[190] Baun, Michael, J., *A Wider Europe – The Process and Politics of European Enlargement*, p. 7.

[191] Cited in: The World Bank, *The Road to Stability and Prosperity in South-Eastern. A Regional Strategy Paper*, Chapter 1, p. 10. Available [Online]: [http:/www.seerecon.org/RegionalInitiatives/WBRegionalStrategy/Chapter1.htm], March 2001.

Furthermore the European Union could very quickly find itself "rhetorically entrapped": The European Union's response of issuing membership promises has been presented and argued in normative terms – i. e. that the Union has a moral and political responsibility to act, and that South-Eastern Europe "belongs" to Europe and action respectively inaction, therefore, goes to the heart of the "raison d' être" of the European Union. As German Foreign Minister Joschka Fischer exemplarily stated:

> There are no political, economic, cultural, religious or any other reasons why we should refrain from giving the people in Dubrovnik, Sarajevo or Belgrade what people in Dublin, Frankfurt or Warsaw already have, namely firm place in Europe .. If the awful conflict in Kosovo has brought something good with it, it is that we understand our belonging together far better.[192]

Hence, the countries of the region can demand the promise to be carried out on the grounds of not only political or legal commitments but also on the basis of legitimacy. Having raised high expectations among the peoples of South-Eastern Europe, growing disillusionment seems to be inevitable as the years go by and the promise of eventual membership does not materialize creating a credibility gap concerning membership. The initial reactions from the region itself to the SAP, which were not enthusiastic, would be confirmed in this way: There were fears from the Balkans that rather than being instruments of integration, the SAAs would simply turn into a new means of keeping the "awkward" neighbors out of the European mainstream, including perhaps forcing them to form some new political association, equivalent to the old

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[192] Fischer, Joschka, Speech at the Petersberg conference on 27 May 1999. Available [Online]: [http:www.auswaertiges-amt.de/6_archiv/2/r/r990527b.htm], March 2001.

Yugoslavia without Slovenia but with the addition of Albania.[193] This response represents a typical fear on the part of newly established states in the region; the much-awaited and hard-fought state sovereignty would be severely compromised if drawn into a multinational community. A recent example of such an attitude in the region is Bulgaria's reaction to a Stability Pact Initiative, when seven Balkan states (Albania, Bosnia-Herzegovina, Bulgaria, Croatia, the FRY, the FYROM, and Romania) signed an agreement on 18 January 2001 for the creation of a fee-trade zone, thus liberalizing their relations as a way of improving their chances of joining the European Union. A Bulgarian think-tank analyzes official Bulgarian views towards such initiatives in the following way:

> Bulgaria has accepted this Stability Pact initiative but still believes that such regimes will isolate the country from integration into wider systems of free trade and hence will slow down its accession to the EU.[194]

Therefore, in order to maintain momentum in the reform process, the European Union faces the challenge of bridging this extensive transition period with credible commitments and tangible offerings, without endangering its own achievements, ability to act and internal legitimacy.

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[193] It is fair to say that the SAA is an equivalent to the Europe Agreements which were signed with the newly democratic Central European countries in the 1990. See footnote 184 for Europe Agreements.

[194] Isis–Balkan Regional Profile, No. 01, January 2001, Available [Online]: [http://www.isn.ethz.ch/isis/Research_Studies/Balkan_Regional_Profile.htm], March 2001.

3. EU Assistance to Kosovo

Besides the regionally–oriented Stabilization and Association Process, the European Union is playing a key role in the international community's rehabilitation and reconstruction work in Kosovo.[195] As in the broader region, the European Union is the largest single donor of aid to Kosovo, where it has been active through its humanitarian agency ECHO and an interim Task Force for assistance for reconstruction.[196] Since February 2000, this has been changed into the more permanent structure of the European Agency for Reconstruction (EAR) for Kosovo with dual locations in Thessaloniki and Pristina. The Agency is concentrating its activities on the key areas of housing, power, water and transport; all of which are crucial for re-establishing normal economic and public activities. In addition to this, the European Union has taken over responsibility for the fourth pillar (economic reconstruction) within the framework of UN Interim Administration in Kosovo (UNMIK). In monetary terms, the European Union provided

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[195] It should be noted that, though Kosovo is part of the region covered by the Stability Pact, both aid programs are strictly separated. The international community has set up its own structure to facilitate reconstruction according to the specific needs of this province, according to UN Security Council Resolution No. 1244. Thus, there is a UN Coordinator supervising four different branches, all with a distinct lead agency: one for building up a new civil administration in Kosovo (UN), one for refugee return (UNHCR), one for strengthening democracy (OSCE) and one for economic reconstruction (EU). There is additionally the international peace force under NATO command (KFOR). A separate donors process that started earlier than the donors process of the Stability Pact is funding money for the reconstruction. Collaboration between a UN specialized agency (UNHCR), the UN Secretariat and two regional organizations (OSCE and EU), along with NATO and the military component of the international community's presence in Kosovo, presents a collaborative effort whose success and failures will need careful study to extrapolate lessons for similar future missions. In theory, this mission is an ideal case of collaboration between the UN and regional organizations, between civilian and military components of an outside (benevolent) intervention. See United States General Accounting Office, Briefing Report to the Chairman, Committee on Armed Services, House of Representatives, *Balkans Security – Current and Project Factors Affecting Regional Stability*, pp. 80-1, Washington D. C., April 2000.

[196] The Task Force to deliver assistance for reconstruction was established as an interim measure, pending the creation of European Reconstruction Agency, which was inaugurated on March 25th 2000 and has also been expanding the benefits of its programs to Montenegro. The disbursement of substantial aid to Kosovo and the neighboring regions by ECHO during and after the war in 1999 was EURO 200 million.

EURO 243.7 million in 1999 for humanitarian aid, reconstruction assistance and special financial assistance to UNMIK. For the year 2000, the Union provided another EURO 360 million for different purposes, including the partial financing of Kosovo's consolidated budget.[197]

What is more important, however, are the commission's steps to speed up the delivery and effectiveness of European Union assistance as a reaction to continuous complaints about the Union's over-bureaucratized and ludicrous procedures for getting the aid to the needy.

In a Report of NATO's Parliamentary Assembly dealing with policies to stabilize and secure the entangled region of the Balkans, the following was stated:

> Another problem is the frequent delays in policy formulation caused by the EU's heavy decision making machinery and lengthy budgetary procedures, which do not allow for the implementation of quick impact measures at short notice ... . Perhaps the only consolation for South-Eastern Europe is that disbursement delays for them only averaged 2.5 years![198]

The "consolation", the General Rapporteur Mr. Volker Kröning (German Bundestag-delegation, SPD-fraction) mentioned, is the following comparison: "the average delay in disbursement of committed EU aid was reaching 4.5 years".[199]

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[197] For details see European Union Directorate General for External Relation, "Kosovo – One year on the European Contribution", Brussels, 24 March 2000 Available [Online]: [http://europa.eu.int/comm./external_relations/see/kosovo/1_year_on.htm], February 2001.

[198] NATO Parliamentary Assembly Report AT-234-CC-00-13, "Draft General Report: Stabilizing And Securing Europe: The EU's Contribution, Brussels, 12 October 2000, Available [Online]: [http://www.naa.be/Publications/comrep/2000/at-234-e.html], March 2001.

[199] Ibid., p. 20.

The more the Union increases the efficiency of its assistance the more people of the region will perceive it as an important actor. Vast popular acknowledgement and support of its actions, however, is the most crucial factor for the long-term success of the Union's broader regional political strategy. And this in turn enhances the Union's credibility of aspiring to become an influential actor on the international scene.

D. IMPLEMENTATION PROBLEMS OF THE EUROPEAN UNION'S BALKAN POLICY

1. The Need For A State-Building Agenda And Good Governance

The parallelism of the European Union's policy instruments regarding relations with the Central East European States and those with the Balkan states should – as shown - not conclude that the European Union faces parallel problems and prospects in its respective relations. Furthermore, it would be equally erroneous to infer from the relatively positive experiences with the Central East European States similarly good prospects for the stabilization of the Balkan region.[200] Both situations are hardly comparable. In the case of Central East Europe the guiding principle is that the pace of integration depends on the speed with which applicant countries change their economic, political, and institutional structures so that they converge towards those of the European

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200 While it is difficult to forecast the precise timetable for enlargement, it's likely that the first new Central East European member states will join the EU by 2004. Slovenia is the only independent republic of former Yugoslavia, which was admitted to accession negotiations 1998, together with Poland, the Czech Republic, Hungary, Estonia and Cyprus. In March 2000, accession negotiations started with Romania and Bulgaria. None of the remaining countries in the region is ready even for accession negotiations.

Union. In the case of Balkan countries, however, integration is seen not just as an incentive for reform but also as an instrument of reform.

The Central East European States, from the very beginning, have been aiming at integration with the European Union according to the motto of "returning to Europe" in a sense of "Europe's re-unification".

A memorandum of the "Visegrad" governments[201] declared in October 1992 that

> our three countries are convinced that stable democracy, respect for human rights and continued policy of economic reforms will make a accession possible. We call upon the Communities and the member's states to respond to our efforts by clearly stating the integration of our economies and societies, leading to membership of the Communities is the aim of the Communities themselves. This simple, but historic statement would provide the anchor which we need.[202]

Political developments in the Balkans have been different. Most states of the region firstly followed the goal of parting ways with Belgrade. This has led to a fundamental redrawing of the region's political map, new states have been created or are in the process of creation, nation-state building as well as redrawing state boundaries is by no means completed.[203] The emerging state structure in the Balkans is unstable and

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[201] The original "Visegrad" countries were Poland, Hungary, and Czechoslovakia; the nations' leaders met in Visegrad, Hungary to harmonize and orchestrate their "European policies".

[202] Citied in Baun, Michael J., *A Wider Europe – The Process and Politics of European Union Enlargement*, p. 46.

[203] At the moment (April 2001) Montenegro is determined to push a referendum on independence, meaning divorce from Serbia and the final dissolution of Yugoslavia, despite clear signs of opposition from the new U.S. administration and the European Union. Public opinion polls put support for independence among Montenegro's 650,000 citizens at between 55 percent and 60 percent. It is to be feared that an independence move by Montenegro could unsettle the situation in Kosovo, where the ethnic Albania majority also wants independence from Serbia. See "Montenegro Leader stands firm", *The Washington Times*, p. 11, 6 February 2001.

likely to remain so. The further fragmentation of existing multinational states would not be helpful, since it would not resolve unsettled ethnic and territorial conflicts, but, instead, lead to further proliferation of weak and unstable microstates.

Moreover it is the prevalence of weak states, meaning states that are unwilling or unable to create and enforce rules and legal norms, which is the dominant feature distinguishing countries of South-Eastern Europe from the countries in Central and Eastern Europe. The manifestations of weak states are: A high level of violence, corruption and criminality, unprotected property rights, inconsistent economic policies, low levels of tax collection, and flourishing black economies. All these manifestations of the weak state are registered and addressed in the Regional Strategy Paper of the World Bank.[204] The World Bank's assessment of the challenges to socio-economic development specifies the economic problems created by corruption: impeded development of markets, limited investor interest in the region, and reduced economic growth due to the

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[204] The World Bank, "The Road to Stability and Prosperity in South-East Europe", p. 10, Chapter I, 1 March 2000. The World Bank has been tasked by the Stability Pact with establishing a regional policy strategy. This World Bank paper on the Balkans generated intense debate that brought about a concrete political framework for the reconstruction and development of the region based on five main propositions: (a) the problems of the Balkans are defined as those of transition and development, while proposal for reforms are for the first time adjusted to the needs of regional and European integration; (b) subregional integration is an important aspect of the proposed political framework, but its limitations are recognized; (c) preference is given to European integration over subregional integration; (d) institutional reform is proposed as the priority for governments and donor; and (e) emphasis is placed on the preservation of human and social capital.

Available [Online]: [http://www.seerecon.org/RegionalInitiatives/WBRegionalStrategy.htm], March 2001.

structural impediment of small and medium-sized businesses.[205] Bosnia-Herzegovina, Kosovo, Albania, and Macedonia all rely on a system of internationally financed dependency on one hand, and the criminalization of the economy on the other.[206] It goes without saying that weak or failing states are hardly conducive to democratic polities.

As the international community role moves from intervention and "hard security" issues to reconstruction and "soft security", it must increasingly confront not only ethnic conflict, but also structural reasons for insecurity in the Balkans including the criminalization of the economy and the weakness of state institutions. So, one of the main aspects of the recovery and development of Balkan states is the stabilization of governmental institutions and the reestablishment of their authority. A state-building agenda must become a high priority. Through their reliance on the European Union's institutions, economic potential and policies, this process could be fostered.

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[205] Ibid., Chapter 6. However, corruption also directly affects social development, and not only by limited access to employment and inhibiting GDP, as mentioned in the World Bank Paper. Corruption is also a social-political "malady", affecting the accessibility of public goods and services to all parts of the population, thus limiting the redistributive impact of public programs and curtailing the political rights of the individual in all spheres of public life. It is the poor that suffer the most when the quality of health care, education and other public goods are eroded and the availability of those services becomes dependent on both irregular payments and insider knowledge.

[206] Cilluffo, Frank and Salmoiraghi, George, "And the Winner is ... the Albanian Mafia", *The Washington Quarterly*, Vol. 22, No. 4, pp. 21-25, Autumn 1999.

The mentioned process of separation has been accompanied by violent confrontations many of which have been concluded by massive international military interventions in favor of one of the combatants: The Kosovars in the case of the Serbian-Kosovar conflict over the Kosovo province of the Federal Republic of Yugoslavia and the Bosniaks (and, to a certain extent, the Croats) in the case of the Serbia-Bosnian conflict over the independence of Bosnia-Herzegovina. In both cases, Serbia and the Serbs has been the loser as they were in the earlier cases of the Slovenian and Croatian secession from the former Federated Socialist Republic of Yugoslavia. Deep material and psychological wounds have been mutually inflicted requiring a great deal of time to heal. Societal and public structures have been destroyed; the rebuilding of these are seriously impeded by the continuing uncertainty over some crucial regional problems, such as the future fate of Kosovo, Bosnia-Herzegovina, Serbia and most recently Macedonia. With the exception of Macedonia and more recently, Croatia,[207] in non of the regional countries are the political and social élite firmly established and these have as their first priority the transformation to democracy and a market economy plus the integration into the European mainstream. Ethno-nationalistic ambitions often combined with vindictiveness and fierce struggles for power and influence continue to dominate the political scene to a considerable extent.[208]

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[207] As violent demonstrations in Croatia in February 2001 showed one has to be careful with a final judgment. Countrywide protests erupted over the government's plans to arrest General Mirko Novac, a retired Croatian general, for allegedly killing Serb civilians during the war mobilizing more than 100,000 people just in Split. See *Financial Times*, p. 2, February 13, 2001.

[208] See for Bosnia-Herzegovina footnote 142 of this thesis.

It must be emphasized that under such conditions, many European instruments lack their "interface" in the Balkan states. As long as corruption, organized crime and income without service in return from international assistance[209] provide sufficient comfortable sources of income for important parts of the local elite, it will be difficult to promote the establishment of democratic, market-based and civil society-oriented structures, not to mention the creation of functioning multiethnic states. It is doubtful whether the letter goal is a serious political priority for the élite in Bosnia-Herzegovina and Kosovo. In general, the thrust towards ethnic separation continues to dominate the thinking of important regional political actors. It is to be feared that unless this state of mind is overcome there is little chance that functional cross-border or regional co-operation will lead to stronger regional political stability. There is a long way to go from the rebuilding of bridges, highways or railways across old and new borders to the creation of a general mutual political trust between societies that are necessary to overcome old and newly created enmities between the people of the region. Thus, in the short term at least, there are real political limitations to the development of intra-regional cooperation and relations with the EU.

Under these circumstances, the European Union's strong emphasis on economic reconstruction and development, including regional economic cooperation schemes, encounters another dilemma; economic development is seen as an important instrument for political stabilization through the creation of economic welfare. On the other hand,

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[209] World Bank estimates show i.e. that, as much as 30 percent of Bosnian gross domestic product may be dependent on donor expenditure. See Lyon, James, "A Dead-End to Reform", 07.10.1999, Available [Online] [http://archive.tol.cz/oct99/adeadend.htm], February 2001. Lyon, James is the director of the Sarajevo office of the International Crisis Group, a think tank and advocacy group.

economic development itself strongly depends on political stability, i.e. a political élite that puts a strong priority on economic and political reforms plus the existence of an institutional framework for the smooth functioning of market mechanisms, such as property rights, law enforcement, finance and banking.

Thus, the whole point about the transition in the Balkans is not just that the starting point there is lower than in Central East Europe, but that the region already has to cope with the consequences of a failed transition. The key challenge, therefore, seems to be to combine a "developing region" approach, building infrastructures with the necessary institution building, with the development of the rule of law that would allow the "second transition" (starting 1999 with the Stability Pact) to be more successful than the first.

2. The "Stabilization Dilemma"

The "stabilization dilemma" is another problem of the European Union Balkan policy. This term describes the "anomaly" of the European Union "Regional Approach" that due to the conditionality of the "Stabilization and Association Process" (preconditions for reform assistance and enhanced relations) the countries in the region with the best (relative) potentials and results in economic transformation are rewarded with intensified, advantageous relations with the European Union. Consequently, those states with the most unfavorable preconditions and the largest stabilization deficits (in terms of democratic structures, functioning institutions and economic reform) would fail to qualify for the conditional offers and qualify only for the lowest level of European Union assistance. This implies that the most needy would get the least support

constituting a region with an increasing potential for destabilization, a European poorhouse or a powder keg. Thus, Albania, Bosnia-Herzegovina and Kosovo qualify for reconstruction and other forms of unrestricted assistance but not for much more comprehensive and integration–oriented "Stability and Association Agreements". Where the full range of stabilization instruments is needed most, it is least applicable. Consequently, the (pre-) accession process creates new frontiers between poor and rich, secure and insecure countries. Enlargement needs to deal with this dilemma and offer appropriate alternative forms of relations with the European Union, as well as the subsequent increase of asymmetries within the region, which should not be underestimated as a key factor of potential regional destabilization.

Although the European Union policy of stabilization and association for the Balkans is meant as a broad undertaking in crisis prevention by way of integration, this policy still has other flaws beyond the general "stabilization dilemma". The most important one is the insufficient mobilization of "civil" crisis interveners as is best exemplified by the slow pace of staffing of the law enforcement institutions, including police, in Kosovo.[210]

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210 See "Schwierige Durchsetzung von Recht und Ordnung in Kosovo (Difficult enforcement of Law and Order in Kosovo)", *Neue Zürcher Zeitung*", p. 6, 23.12.1999. The author points out that "Civpol" (the UN-Police) lacks necessary manning and means to fulfill its mission: 6000 officers deem necessary, 3,000 were promised and 1900 were in the province. The same applies in general to the judicial system. This led to strong reactions in the United States as i. e. submitted amendments by Senator John Warner (R-VA) for the Senate and Rep. John Kasich (R-OH, 1983-2001) for the House threatening to begin withdrawing the US KFOR contingent if the Europeans kept lagging in the delivery of their pledges of humanitarian and reconstruction assistance, and of police deployment to Kosovo. Actually, as then - U.S. Secretary of State Madeleine Albright reminded Congress, the United States contributes less than 15% of the total troops deployment and less than 15% of the non-military assistance to Kosovo. See Albright, Madeleine K., "Our Stake in Kosovo", *The New York Times*, 28 March 2000.

This unsatisfactory situation concerning the core area of potential instability in the Balkans leaves the European Union and the international community with no other choice but to rely on the long-term effect of its measures. In the meantime, there is a continuing need to uphold a strong international military and administrative presence to provide the minimum requirements for a positive effect of the various assistance measures. This implies also the need for continuous harmonization between the various international protagonists, the "plethora of actors".[211]

A Report describes the institutional set-up as follows:

> Thus the Stability Pact came on top of the SAP and the accession strategies (for Bulgaria and Romania), the SECI (South East Europe Co-operation Initiative), the Royaumont process for regional co-operation, the Central European Initiative, and various other regional initiatives such as the Black Sea Economic Co-operation and the South-Eastern European Defense Ministers (SEDM) group. At the level of actors, in addition to national EU embassies, each Balkan country has a European Commission delegation, often an OSCE office, one or more United Nations offices, plus special envoys, such as the High Representative in Bosnia and Herzegovina or the Head of UNMIK in Kosovo. To add one more layer of complexity one should include ad hoc co-operation frameworks such at the Peace Implementation Conference and the Contact Group. This does not make for clarity in the international community's role, to say the least. Rather, it leads to a lot of duplication and overlapping and to a tendency among local governments and populations either to discard the whole effort as theatre or to play one actor against another.[212]

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211 NATO Parliamentary Assembly Report AT-234-CC-00-13, "Draft General Report: Stabilizing and Securing Europe: The EU's contribution", p. 19,

Available [Online]: [http://www.naa.be/publications/comrep/2000/at-234-e.html], March 2001.

212 Ibid., p. 19.

In this respect, a certain reduction of the multiplicity of institutions and frameworks active in the region should be sought to reduce duplication and enhance the division of labor; otherwise there is a danger that the impact of the EU's support will get buried in a complex web of competing structures. Too much time is probably often spent on harmonization efforts between different institutions without much effect on the ground.

3. The Need For a Common Strategy for South-Eastern Europe

Any judgment on the Union's performance should take into account that the Union's institutions, in general, and the Commission, in particular, have never been involved in managing a political task of comparable political importance and complexity. Though it is obvious that the international standing of the European Union has been harmed by news about reconstruction efforts getting off the ground too slowly and with too little coordination. The reason is that the European Union is organizing and channeling its assistance to the Balkans in a rather complicated and intransparent set of structures, which has evolved over time in reaction to political and military developments and with changing geographical focus rather than being based on a progressive, clear cut concept. Neither has the scope of the different assistance programs been clearly defined enough in the past.

The new concept of the Stabilization and Association Process could provide for a transitional phase a useful political and legal framework for giving the political, economic and financial links with the Balkans a new footing. But it cannot replace a still-

to-be-developed European Union Common Strategy for South-Eastern Europe[213] that rearranges the Stability Pact, the Stabilization and Association Process, the CARA-program, Europe-Agreements and Accession Partnerships into a well-structured, consistent policy framework, specifying the conditions, timeframes and supportive measures for each stage. Thus, a coherent Common Strategy would give the countries and political elite of the region a clear picture of the road ahead.[214] This can hide that frustrated expectations would discredit pro-European, reform-oriented elites, leaving their constituencies in the hands of populist and nationalistic "political entrepreneurs". This Strategy towards South-Eastern Europe must possess a long-term vision and resources similar to the European Union's policy in the preparation for "Southern enlargement" in the 1980s[215] and towards Central Eastern Europe at the beginning of the 1990s.

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213 Under the Austrian Presidency in the second half of 1998, there were already thoughts in some European capitals about the need to devise a comprehensive strategy for the Balkans. At that time another war in the Balkans calling for international crisis management seemed imminent. Under these circumstances, the Vienna summit of the European Union on 11/12 December envisaged to formulate a "Common Strategy on the Western Balkans". See Baun, Michael J., "The Vienna Summit", *A wider Europe – The Process and Politics of European Union enlargement*, pp. 155-6. So far (May 2001) this Strategy has not been presented yet.

214 This could be done analogous to the "Common Strategies" towards Russia and Ukraine: Realizing that more must be done in the future to promote stability and democracy in Russia and Ukraine, and that new ways must be found of binding these countries to Europe, the EU developed new "Common Strategies" towards Russia (adopted by the European Council at the June 1999 Cologne summit) and Ukraine (adopted by the Helsinki European Council). Both strategies focus on the development of long-term bilateral relationships across a range of foreign and economic policy areas. They seek to promote the building of democratic institutions and legal structures in these countries. See Baun, Michael J., *A Wider Europe – The Process and Politics of European Union Enlargement*, p. 234.

215 The accession of Greece, Spain, and Portugal in the 1980s led to the rapid expansion of the Structural Funds and the creation of the Cohesion Fund, programs aimed at promoting social cohesion and assisting the EC's poorer regions and member states. See Baun, Michael J., *A Wider Europe – The Process And Politics of European Union Enlargement*, p. 3 and footnote ... for assistance to Central Eastern Europe.

E. OUTLOOK

As shown the European Union and its member states have to be aware that the Union's engagement in the Balkans is a long-term and costly affair that also bears the risk of temporary relapses. It will be difficult to keep the necessary public support of the member states for such a long-term endeavor, especially if the first signs of success lead to the premature impression of normalization in the Balkans or quite the reverse the impression emerges that despite all efforts no substantial progress is attainable. Experience shows that it is difficult to raise and keep public awareness of latent crises unless their outbreak is imminent.

Analysis of all this raises several crucial questions:

- Can the European Union model of a security community built on interdependence be transposed into the Balkans through external constraint mixing conditionality and assistance?
- Can a model based on arbitration between interests, a culture of permanent negotiation and compromise, prevail over "ethnicity politics" and the exploration of fears and nationalist passions by élites who feel their power threatened by the logic of integration?

Although solutions to the aforementioned dilemmas may seem at the moment hardly attainable, the alternative is too obvious: a region of failed states and long-term protectorates, an unstable and marginalized periphery of the continent.

V. THE WORKING OF THE STABILITY PACT

A. METHODS AND MECHANISMS

One year after its inauguration, the Stability Pact[216] has developed a rather complex structure, which raises political agreement to the ranks of a fully functioning coordinating body.[217] The Stability Pact operates on a level of permanent organization, the mechanisms adopted for consultations and decision-making emanated from CSCE practice.

There is a steering body for the Stability Pact process, the "South Eastern Europe Regional Table", acting as a clearinghouse for all questions of principle relating to its implementation. Giving a seat to the representatives of all participants, the Regional Table provides policy guidance to three Working Tables ensuring that they focus on areas of work decisive from the point of view of stability in the region. The Table is also

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216 Not only the Stability Pact, but also the European Commission and the World Bank were entrusted with responsibilities of coordination. Heads of state at the EU Summit in Cologne June 1999 established the High-Level Steering Group (HLSG) to provide strategic direction and donor coordination for the economic reconstruction, stabilization, and development of the region. The HLSG is co-chaired by the European Commissioner for Economic and Monetary Affairs and the World Bank President. Members include the finance ministers of the "Group of Eight, the country holding the EU Presidency, the International Monetary Fund (IMF), the European Bank for Reconstruction and Development (ERD), the European Investment Bank, the special coordinator of the Stability Pact, and the Deputy Secretary General of the United Nations. A representative of the U.N. Mission in Kosovo (UNMIK) and senior development ministers of donor countries also attend HLSG meetings. The HLSG met several times to review the economic consequences of the hostilities in Kosovo and began planning new initiatives to promote the economic recovery and revitalization of southeast Europe. In carrying out its work, the HLSG is coordinating closely with the Stability Pact and its Working Tables, in particular the Table on Economic Reconstruction, Development, and Cooperation. See Independent Task Force, *Promoting Sustainable Economies in the Balkans*, pp. 58-9, New York, 2000.

217 See "Stability Pact For South-Eastern Europe", Available [Online]: [http://www.stabilitypact.org], April 2001.

responsible for establishing priorities between approaches and initiatives of the different Working Tables and for measuring the degree of priority of proposals from the Working Tables against the strategic objectives of the Stability Pact ensuring the most effective use of resources. As a rule, the Regional Table as a forum meets at the level of foreign ministers.

Under this Regional Table three "baskets", here called "Working Tables", have been established as main institutional vehicles to deal with and align respectively the political, economic and security proceedings of the project, various cross-Table initiatives complement the collocation:

The main strategic aim of the Working Table on Democratization and Human Rights is to anchor democracy and respect of human rights throughout the region, including by institutionalizing OSCE commitments and principles in the countries of the region. It focuses on democratic reform, human rights, free and independent media, civil society building, rule of law and law enforcement, efficient administration and good governance, institution building, development of common rules of conduct on border-related questions and the return and protection of refugees. The creation of a civil society, the formation of democratic institutions and the introduction of the rule of law in all Balkan countries form a sub-set of strategies under the responsibility of Working Table I.

The main strategic aim of the Working Table on Economic Reconstruction, Development, and Cooperation is to promote greater prosperity and confidence throughout the region and progressive integration into the European and global economy. It addresses a broad range of economic issues, including reconstruction, economic

reform, regional and European cooperation, the promotion of free trade areas, border-crossing transport, energy supply and savings, promotion of business private sector, and environmental issues. Sustainable economic development through reform of the region's macro-economic framework, the increase of its attractiveness to foreign capital and the promotion of inter-regional economic cooperation form the second set of strategies to stabilize the region under Working Table II.

The main strategic aim of the Working Table on Security Issues is to help create a climate of confidence and security throughout the region. This table has responsibility for three main areas: justice and home affairs as well as migratory issues focusing on measures to combat organized crime, corruption, terrorism, and all criminal and illegal activities; arms control and confidence-building measures; and co-operation on defense and military issues aimed at enhancing stability in the region and preventing military conflict. Comprehensive action against organized crime and corruption, and against the violation of individual rights and ethnically motivated aggression, unite the third set of instruments designed to promote sustainable development.

Working tables – which are themselves divided into a dozen of sub-tables – are groups consisting of the government delegations and representatives from the relevant players in the IGO/NGO sector. On the basis of work-plans they have to identify

priorities and projects[218] as well as key initiatives in the respective area of activity, decide on the appropriate lead organizations and allocate responsibility for implementing them.[219] The approach is identical in each working field: first, the principal experts on the issues and the countries interested in supporting the process, both financially and politically are brought together in an informal group. Then, a reference text serving as the basis for dialogue is agreed upon by the southeast European countries involved in the particular initiatives. Once the dialogue is concluded, the partners agree on the principles to follow an action plan. The informal groups can officially settle the different issues, create a coordination structure, or on the contrary, remain flexible and open according to needs. The group's secretariat is then entrusted to one or two organizations and the implementation shared among all the qualified participants. An essential part of the initiative consists of ensuring follow-up of the jointly approved obligations. It is on this point that the participation and the political engagement of the region's countries proves vital.

The common objective is to facilitate the resolution of differences in the region by promoting bi- and multilateral agreements, identify cross-border projects that strengthen good neighborly relations among the countries and inject momentum in areas where further progress is needed.

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[218] Initiatives and projects presented to the Working Tables must contain an assessment of the costs for carrying out the project, the proposed source of financing, and a summary analysis of short, medium and long term benefits deriving from the implementation of the project, against which progress can be assessed during the periodical reviews. See The Stability Pact For South-Eastern Europe, "Work Plan – endorsed by the SEERT, Brussels 16.09.99", p. 3,

Available [Online]: [http://www.stabilitypact.org/regional%20table/PLAN.htm], April 2001.

[219] Ibid, pp. 2-8.

Operating as a CSCE-like forum where the participants are able to discuss measures, undertake commitments and negotiate agreements, this Stability Pact system represents an attempt to institutionalize what is known as seminar diplomacy – "the diplomatic practice of teaching norms and [legitimizing] expertise as the basis of agreements".[220] It cultivates a mode of interaction and behavior that accentuates the pursuit of consensus and a new diplomatic culture, which is based on personal contacts, quiet negotiation and decision by consensus. This is particularly important in a region which is deficient in diplomatic structures and – as pointed out – in regional cooperation.

The Special Coordinator, appointed by the European Union, serves as a special representative of the Council of Ministers and is the main representative of the Stability Pact in public.[221] The Coordinator has a multinationally recruited staff of about 20 members in Brussels.[222] The Special Coordinator chairs the Regional Table, coordinates all activities of and between the Working Tables and periodically reports progress to the EU and the OSCE, which has placed the Stability Pact under its auspices.[223] To ensure the overall coherence of the activities carried forward by the Working Tables with the strategic objectives of the Pact, and to avoid duplication of activities, the Special

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220 Adler, Emanuel, "Seeds of Peaceful Change: The OSCE's Security-Community Building Model", in Adler and Barrett, *Security Communities*, p. 138, Cambridge, 1998.

221 The former Minister (Secretary) of the German Chancellery, Bodo Hombach was appointed to this post in July 1999.

222 Donald Kursch, a senior State Department Foreign Service officer, serves as his principal deputy. Note that the division of labor along the same lines – European director, American deputy – exists in international administrations in Kosovo and Bosnia.

223 The OSCE placed the Stability Pact under its auspices during the OSCE summit in Istanbul, November 18/19 1999. See OSCE Istanbul Summit Declaration, Art. 11, Available[Online]: [http://www.osce.org/docs/english/1990-1999/summits/istadecl199e.htm], April 2001.

Coordinator meets regularly with the Chairman of the Working Tables for a joint evaluation of the process.[224]

One of his most important tasks, however, is to create momentum for domestic and Western engagement in the region, to bring the participants' political strategies in line with one another, and to coordinate new and existing initiatives in the region. Above all, his task is to mobilize resources that means "match donors with projects", because of the fact that the Stability Pact being not a major source of new funding has no financial resources of its own nor does it manage any projects of its own.

Eventually it is his task to closely co-ordinate his activities with the European Commission, which has accompanied the creation of this new job with skepticism restricting its own competence in the region.[225] Some elements in the Commission felt that the Commission should have been given the task of coordinating activities in South-Eastern Europe. In January 2000 the EU Commissioner for External Affairs, Chris

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[224] The chairs of the Working Table are appointed for two years, the Co-Chairs rotate on a six-month basis among the countries of South-Eastern Europe.

[225] Responsibility for developing and implementing EU policy on the Balkans is divided between the European commission and the Council of Minister, the EU intergovernmental policy-making forum. As the current commission president and a former Italian prime minister, Romano Prodi has played an active role in developing policy proposals on the Balkans and presenting the positions of the EU in the public area. Within the commission itself, implementation of EU policy in Balkans cuts across several functional areas, including external economic affairs, external political affairs, enlargement, economic and financial affairs, and develop assistance. Key roles in managing southeast Europe policy are played by Commissioner for External Affairs Chris Patten, Commissioner for Economic and Monetary Affairs Pedro Solbes Mina, and Commissioner for Enlargement Guenther Verheugen. See van Oudenaren, John, *Uniting Europe – European Integration and the Post-cold War World*, p. 72.

Some commentators believe that the entire Stability Pact initiative would not have been needed if the European Commission had been able to head the international response to the Kosovo crisis. But at the time of the Kosovo crisis in the spring of 1999, the Commission was facing a crisis of its own with the resignation of its President, Jacques Santer, and his commissioners. See Wisse Smit, Mabel, Fostering Peace and Democracy in a Volatile Region, *Open Society News*, "South Eastern Europe: Is Stability now possible?", p.4, Fall 2000.

Patten, went so far as to issue a public denial that relations were poor with Mr. Hombach.[226] From an outside perspective, it is not clear whether these structures, in which neither the competences nor responsibilities of the different actors have been defined clearly enough, are characterized by competition or cooperation or a mixture of both.[227] In the long run it will be seen how the Special Coordinator will position himself in the vast Brussels bureaucracy in terms of finances, political standing and infrastructure. This will have a major impact on the project as a whole. The Stability Pact will function only if all the parties involved prioritize their interests in the success of stabilizing South-Eastern Europe above the particularist interests that are inevitable in such constellations; therefore, avoiding an political climate of distrust and animosity, which could seriously undermine the European Union's aspiration to deliver a positive performance.

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226 See Patten, Chris, "Statement by Chris Patten, Commissioner for external relations regarding alleged differences between him and the Coordinator of the Stability Pact for South-East Europe, Mr. Bodo Hombach", 9 January 2000,

Available [Online]: [http://europa.eu.int/comm./external_relations/speeches/patten/ip_00_7.htm],.

227 The EU seems to be making up some leeway in defining competences and responsibilities of the different actors. In its conclusions to the European Council in Lisbon of 23 and 24 March 2000, the Heads of States and Government explicitly invited the Special Coordinator of the Stability Pact and CFSP High Representative to "ensure the coherence of EU policies" in "full association" with the European Commission. See "Lisbon European Council: Presidency Conclusions", Available [Online]: [http://vurul.ubak.gov.tr/eu-doc.html]. This mandate could give some guidance to the relationship between Council and Commission and the Balkans coordinator.

B. ACHIEVEMENTS

What has been accomplished so far and is the process working as planned? The Regional Funding Conference organized by the European Commission and the World Bank in Brussels in March of 2000 was the first significant accomplishment for the Pact. Assembling the representatives of forty-seven countries and thirty-six international organizations, the conference served as an initial indicator of the degree of international support the Pact would generate. Prior to the conference the Special Coordinator submitted a report containing both an assessment of accomplishments up until then and an overview of funding requirements for the Regional Funding Conference linking financial pledges to specific projects. Each of the Working Tables identified a number of projects that were ready for rapid implementation and had the potential to produce visible and tangible results within a year. These selected priority projects were assembled in the Quick Start Package and presented to the international donor community.[228]

The funding required to initiate the Quick Start Package projects totaled EURO 1.8 billion. This total included EURO 5 million for cross table initiatives, EURO 255 million for Working Table I, EURO 1.45 billion for Working Table II, and EURO 78 million for Working Table III. In financial terms the conference exceeded all expectations. A total of EURO 2.4 billion was committed by the international community

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[228] Criteria for a project to qualify as a Quick Start Package: Theoretical and practical capacities of implementation within a timeframe of one year, a high likelihood of funding (i. e. be attractive to donors), incorporate a regional dimension. See U.S. Department of State, "Fact sheet: Achievements of Stability Pact For Southeast Europe", p. 2, March 30, 2000, Available [Online]: [http://www.nato.int/usa/policy/d20000330.htm], April 2001.

for the proposed Quick Start Package projects.[229] For cross-table initiatives the requested EURO 5 million were committed, EURO 460 million for Working Table I, EURO 1.8 billion for Working Table II, and EURO 79 million for Working Table III. The European Commission and various international financing institutions were the major contributors, committing EURO 530 million and EURO 894 million respectively. In addition, EU member states jointly offered EURO 552 million (total amount committed by the EU and its member states: EURO 1,082 million), the U.S. contributed EURO 80 million.

The Quick Start Package consisted of some 200 projects, many proposed by South Eastern European states, from all three Working Tables with the majority of funds committed to Working Table II projects.[230] The total amount allocated so far to these 208 projects is EURO 384 million. A majority of the funds allocated, 250 million of the 384 million, were earmarked for refugee return, an undertaking vital to establishing the required infrastructure and rebuilding civil society.

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[229] Total commitments include both "firm" and "indicative" commitments. A firm commitment is a pledge that has been (1) approved by a national legislative body or multilateral board and (2) allocated to a specific sectoral program or project. An indicative commitment is a pledge that has either legislative approval but is not yet allocated to a specific sectoral program, or project, or a pledge that has been allocated in principle to a particular program or project but is awaiting legislative approval. See United States General Accounting Office, Report to the Chairman, Committee on Foreign Relations, U.S. Senate, *Bosnia Peace Operation – Pace of Implementing Dayton Accelerated as International Involvement Increased*, p. 128, June 1998, Washington DC..

[230] Albeit this provoked a great deal of criticism: Deepening regional integration involves the very practical task of building trans-border infrastructure networks to solidify links among the region's actors. The state of South-Eastern Europe's transportation, communication, and energy infrastructure is currently very poor and has been degraded as a result of the former Yugoslavia's break up and the Balkan wars that ensued. Improved transport and communication networks are virtually a precondition now in restoring economic ties among the region's states and in lowering the cost of conducting business across these borders.

Despite the challenge, the Stability Pact process is making startling progress, and a number of concrete initiatives can be attributed to the Pact. South-Eastern Europe's heads of state and government now meet with each other regularly. At one such meeting in February 2000, they agreed on a "Charter of Good Neighborly Relations, Stability and Cooperation in Southeast Europe". In November 2000, a project to fight organized crime on a region-wide basis opened its offices in Bucharest. A regional task force on local government reform is now up and running and progress is being made towards a charter of support for independent media and a regional Investment Charter to improve the climate for foreign investment. Representatives from Macedonia, Montenegro and Albania have agreed to cooperate more closely to plan road, rail, telecommunications and power links, with an eye on attracting support from the international community. Infrastructure and transportation projects, such as the Skopje-Pristina road, are being identified and prioritized, and an initiative to reduce the flow of small arms in and through the region is taking shape. Concerted efforts by the Special Coordinator played a crucial role in resolving the long-standing issue of the location of a second bridge over the Danube between Bulgaria and Romania.[231] The Pact has also been instrumental in addressing problems regarding the Blace border-crossing between Kosovo and Macedonia, which severely complicates traffic from and to Kosovo. Regional cooperation, fueled in part by multi-state projects, is improving while tangible results are becoming visible. Albania, Bulgaria, and Macedonia seem to be most active in various regional cooperation initiatives. In some cases, the outcome of some of these intra-

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[231] Having resolved a ten-year dispute, the bridge is vital to the completion of the southern branch of Transport Corridor IV, a key component of the Trans-European Transportation Network, further linking both countries to major European transport corridors.

regional initiatives might be limited to declarations that amount to little more than exercises in good will. However, this in itself is a major step forward in a region where governments basically ignored their neighbors. These initiatives do no always take place under the aegis of the Stability Pact, but the Pact has contributed decisively to the formation of an atmosphere of partnership that has made intensified regional cooperation possible.

Some twenty months after the launch of this process, views as to the impact and the efficiency of the Stability Pact remain controversial. The supporters of the Pact refer, first of all, to the Regional Funding Conference, at which international donors pledged EURO 2.4bn for the projects presented, considerably more than the EURO 1.8bn requirement for the "Quick Start Package" presented to the Conference. As a consequence, funds have been provided to accelerate the preparation and implementation of projects and initiatives in the "Near Term Package", which can be implemented over the next two or three years. In the supporters' opinion, these commitments, which went far beyond expectations, underline a real political will to promote the objectives of the Stability Pact and constitute a guarantee of its success. Furthermore, they consider this initial period of time important for providing the Pact with the appropriate working mechanisms and for the development of its activities, initiatives and projects. Thus, in their opinion, the first stage – of preparation – has been concluded and a second stage of implementation is to follow.

The Pact's opponents believe that it has not achieved the expected results. They criticize its inefficiency in solving the problems the region is facing, and invoking,

particularly, its over-complex structure, bureaucratic approach and poor leadership.[232] The more cynical opponents doubt that the promised funds would ever be allocated[233] and, even if this did happen, they believe that the respective amounts will return to the same western pockets.[234] The reason for this latter flaw is that the Pact does not break from the usual pattern of "tied aid". This means that the donor specifies how the aid is to be spent and links aid disbursements to mandated purchases from donor countries. As a result, the amount of official assistance available is much smaller than what it would be at face value and, in addition, fails to generate indigenous entrepreneurship.[235]

It is natural to have different opinions: some underlining the positive aspects of the Pact and others which stress its weaknesses. However, one has to recognize that the Stability Pact, with all its virtues, surely is no "deus ex machina", instantly solving all the problems that have plagued the region for centuries. The significance of what has already been achieved must always be viewed against the legacy of centuries-long conflicts in order to understand the magnitude of what is being attempted. The pact cannot in the

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[232] See "Southeast European Information Network", Vol. 2, Issue 12, p. 4, June 22 2000, Available [Online]: [http://www.seein.org], February 2001 and Verbin, Anatoly, "Balkan Stability Pact dreams far from reality", 27 July 2000, Available [Online]: [http://www.timesofindia.com/270700/27euro11.htm], April 2001.

[233] At a Regional Table meeting on June 2000 a number of participants indicated that they would not be able to provide written guarantees of compliance with the pledges they made in March and objected to the establishment of binding timetables. See NATO Parliamentary Assembly Report, "Draft General Report: Kosovo Aftermath And Its implications For Conflict Prevention; And Crisis Management", p. 27, 20 October 2000, Available [Online]: [http://www.naa.be/Publications/comrep/2000/at-261-e.html], April 2001.

[234] Wisse Smit, Mabel: "The jury is still out on the Stability Pact for South-Eastern Europe". Available [Online]: [http://www.soros.org/osn/stability-pct.html], March 2001.

[235] See NATO Parliamentary Assembly Report, "Draft Interim Report: Developing The Economies Of South-Eastern Europe", p. 27, 6 October 2000, Available [Online]: [http://www.naa.be/publications/comrep/2000/at-255-e.html], April 2001.

aforementioned period of time draw the people of South-Eastern Europe out of the vicious circle formed by a pre-disposition towards violence, the democratic deficit and the lack of infrastructure.[236] This is why, for the time being, it is premature to state that the Pact is either a success or a failure just as, in the case of the Marshall Plan, it would have been premature to make a similar affirmation a year after its launch. Its design is long-term, and to have an effect all participants will need patience, resolve and persistence. Setbacks will surely come – in the form of political turmoil, economic recession, social unrest or even military conflict.[237]

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[236] One has also to bear in mind that the Balkans – except for Croatia, Slovenia and parts of Romania – were separated for many centuries from West European culture and politics. Six hundred years of Osmanic rule left a distinct mark on the mentality and political structures of the region. The countries of South-Eastern Europe did not experience what had a deep and lasting impact on the mental and political development of Western and Central Europe: especially the centuries of renaissance, humanism and enlightenment, which promoted the ideas of individualism, rationality, human rights, and Western constitutional thinking.

[237] As seen in March 2001 the situation developing in FYROM, considered one of the most stable states in the Balkans, should serve as a reminder that the international community must deal with such crises on a short-notice base. Preventive actions by NATO and cooperative efforts of the government in Skopje, plus the continued efforts of the moderate Albanian political parties should allow the current crisis to subside. It must be ensured that Albanian nationalist are not able to portray Macedonian security efforts as oppressive, and thereby replicate the Kosovo crisis, eventually ending in a fifth Balkan war. Proactive engagement is needed to prevent a civil war repeating the mistake of 1991 – early neglect, followed by war.

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VI. CONCLUSION AND OUTLOOK

The Stability Pact, according to its founding document, adopted on June 10 1999, aims "at strengthening countries in South-Eastern Europe in their efforts to foster peace, democracy, respect for human rights and economic prosperity, in order to achieve stability in the whole region".[238] As such, the Stability Pact has been welcomed as a much awaited "entry strategy", and an attempt to "Europeanize" and "de-Balkanize the Balkans",[239] to the point where, according to Finnish President Martti Aktisaari, "war becomes unthinkable".[240] The launch of the Stability Pact at the Sarajevo Summit in 1999 marked a new beginning for the Balkans in two respects. First, it established the first and only regional forum for political and security dialogue and cooperation. This regional approach came after realizing that the problems in the Balkans cross borders, closely intertwined and cannot be solved, in the words of then–U.S. President Bill Clinton, "piecemeal, one country, one crisis at a time".[241] Second, the Pact represents a contractual relationship that guides all Balkan states over the long-term into the Euro-Atlantic mainstream of NATO and the EU.

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238 Stability Pact for South-Eastern Europe, Cologne, 10 June 1999, Art. III 9.

239 Pierre, Andrew J., "De-Balkanizing the Balkans. Security and Stability in South-Eastern Europe", *The Officer*, Washington D. C., December 1999.

240 Speech made by President Aktisaari on July 30, 1999 at the Sarajevo Summit. The Pact was established during the Finnish Presidency in EU. Available [Online]: [http://www.stabilitypact.org], March 2001.

241 Statement to the Stability Pact Summit in Sarajevo. Available [Online]: [http://www.stabilitypact.org], March 2001.

Thus, the Stability Pact is an ambitious project, which has set out to eliminate the roots of the conflicts that have shaken South-Eastern Europe over the past decade.

If the international community and, in particular, the Europeans are serious about "conflict prevention" instead of "crisis management", the Pact's success must be ensured. The general approach of the Stability Pact is a twofold political novelty – given the international community's past failures to deal with the various conflicts in this region. Neither conflict management nor "ad-hoc" post-war aid is the main objective of the Pact. The initiators rather conceive it as a holistic regional approach beyond conflict prevention in individual crisis spots, such as Kosovo or Bosnia. Security, economic reconstruction, and democracy are presented as complementary aspects of a process aimed at enhancing the stability of the region.

Although the Stability Pact is a broad international imitative recognizing the fact that a task of this magnitude can adequately be addressed only by the international community as a whole, the European Union has assumed a leading role, not only in its implementation, but also in providing a crucial political link between the process of regional security and cooperation, on one hand, and the prospect of European integration on the other. The latter is considered to be a major incentive for the countries to reform and cooperate. In this sense Western Europe explicitly uses the attractiveness of the European Union to help stabilize and transform these countries, equally based on the premise that only the politics of integration can create a peaceful and stable order in all of Europe.

This new approach, connecting post-war reconstruction, regional cooperation, and a long-term European future, not to mention the considerable financial means promised, accounts for the extremely high expectations generated by the Pact throughout the region. So, beyond the logic of conflict containment and humanitarian protectorates, the real test for the moral reasoning that legitimized the intervention in the Kosovo crisis will be the European Union's ability to sustain a long-term commitment to help establish a European future for the Balkans. Nothing less is required if the region is to overcome its "legacy" of war, poverty and institutional weakness. If this continuous strong political engagement is not guaranteed, the danger is that the Pact could degenerate into political symbolism and "prevention on the cheap", with little real commitment and money behind it. Such a half-hearted approach will not resolve the tensions in the Balkans, but may be at best sufficient to keep the situation from deteriorating for a while in an environment of "controlled insecurity". Resulting frustrated expectations in the region would discredit pro-European, reform-oriented elites.

However, the Pact has raised high expectations, on both sides; not only among western actors concerned about future crises in South-Eastern Europe, but also among the people in the region, for whom the Pact has fuelled hopes that the improvement of living standards and a "rapprochement" towards European Union social and economic standards is possible – and that is wanted from and liable to be assisted by the European Union member states. It is therefore also incumbent on both sides to avoid the disappointments. There is a risk of failure or of its merely fading into irrelevance if it remains essentially a concept imposed on the region from above in the aftermath of a military intervention, without adequate input from, and identification within the region. It will work only if the

desire among South-East European political and economic elite to join Europe prevails over nationalist agendas and corrupt practices. This includes accepting one's share of responsibility "for the evils" experienced in the region and reconciliation and cooperation among ethnic groups. The experience of Bosnia-Herzegovina since the Dayton Accord is a reminder that although the military parts of a settlement can be agreed upon fairly quickly, economic reconstruction, even when vast funds are provided, can be an extremely slow process if the various parties are unwilling to cooperate.[242] In the end the success of the Stability Pact will be crucially dependent upon the people in the region making a real difference. They must sincerely approach reform and commit to long-term change if the money flowing in from the international community is to have the desired effect. The political pressure that stems from the international commitment to the Stability Pact seems to start establishing an environment favorable for moderates to get a foothold.[243] The need for action undertaken by them is urgent.

The Stability Pact was designed and pushed through before and during the Kosovo war; it will hardly receive the same attention by political and financial leaders in times of peace, as the memories of war fade and the sense of urgency wanes. Persistence of interethnic hate and the sluggishness of reforms in the region could induce pessimism and growing indifference in Europe towards the region. The "Balkan fatigue" that has

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[242] For a comprehensive account and in-depth critical analysis of the policies, impact of post-Dayton democratization and societal results, see Chandler, David, *Bosnia – Faking Democracy After Dayton*, London, 1999.

[243] Macedonia charged government in November 1999. February 2000 saw a drastic change in Croatia. Victory of the moderates in Montenegro took place in March of the same year. October 2000 saw a democratic revolution in Serbia and the victory of moderates in the municipal elections in Kosovo. Only the Bosnian general elections of November 2000 produced comparatively disappointing results.

dominated much of the attitude of the Western community towards the region in past decades could so emerge again. Thus, the support and attention of the international community is a wasting asset, and the countries in the region have only a few years to demonstrate real commitment and progress before the focus of the international community possibly turns elsewhere.

At this point of time it is paramount to keep the Pact going. What is needed is an indication of continuing resolve, consisting of three elements: Firstly, clear signals by the countries of the region to go ahead, take the chance and act in a new spirit of co-operation and reconciliation. The cooperation of the parties involved is indispensable, since the international community can propose, but not impose, and even less substitute for them. European Post-World War II respectively Post-Cold War history can provide models of success. A British House of Commons report and the Special Coordinator draw the following comparisons:

> The model for the future of the Western Balkans is the example of Western Europe. Post-war reconciliation there was an evolutionary process, leading from political commitments through cooperation in trade to agreement that prosperity and security could be guaranteed in the long term only through political and economic inter-dependence.[244]
>
> It is often said that the Balkans produce more history then they can consume. But Western and Central Europe have demonstrated that history is not destiny ... the challenge is twofold: confrontating, and then overcoming, history. [245]

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[244] Select Committee on Foreign Affairs, "Kosovo: The Regional Dimension", p. 4, Available [Online]: [http://www.fas.org/man/dod-101/ops/2000/2802/2822.htm], April 2001.

[245] Hombach, Bodo, Special Coordinator of the Stability Pact, Stability Pact Homepage. Available [Online]: [http://www.Stabilitypact.org], April 2001.

NATO Secretary General Lord Robertson offered this for Post-Cold War history:

> Serving together in the NATO–led forces in Bosnia and Kosovo are soldiers from countries, which during the Cold War – just ten years ago – prepared for war against each other. Today, these former antagonists are working together towards common goals. Croatia's entry into the Partnership for Peace is only further evidence of change. This new spirit of cooperation demonstrates that progress is possible, that former enemies can be reconciled, and that the benefits of freedom and democracy can be shared.[246]

Secondly, a continued commitment by the donors' conferences, clarifying the international community's grasp of the magnitude of the challenge. The British House of Commons report judges the British engagement and warns:

> We believe that the Stability Pact offers an opportunity for the international community to avoid the mistakes of the past in the region, but that the current level of commitment will result in that opportunity being missed. The United Kingdom contribution to the Stability Pact has been minimal, and should be increased substantially. Another conflict in the region will be far more costly than a relatively modest financial contribution at this stage.[247]

And thirdly, a signal of determination by the European Union that the countries of South-Eastern Europe have, indeed, a credible perspective of membership. The invitation that the European Union Commission recommended for beginning accession negotiations

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[246] Lord Robertson, "Building Stability in the Balkans" in: *NATO Review*, p. 3, Summer/Autumn 2000.

[247] Select Committee on Foreign Affairs, "Kosovo: The Regional Dimension", p. 5, Available [Online]: [http://www.fas.org/man/dod-101/ops/2000/2802/2822.htm], April 2001.

with Bulgaria and Romania at the 1999 Helsinki summit of the European Union in December 1999 can be viewed as such a signal:

> Many in the EU felt that leaving these countries outside the negotiations could send them the wrong message thus undermining their efforts at political and economic reform and having disastrous consequences for stability and security in South-Eastern Europe. Including these countries in the negotiations, on the other hand, could bolster their reforms and assist them in becoming pillars of stability in the region.[248]

It demonstrates that not only the countries of Central Eastern Europe but also the countries of South-Eastern Europe have a real chance to join "Europe". This is based on their unmistakable progress in terms of democratization, good neighborly relations and multi-ethnic tolerance, that is disconnecting citizenship from ethnicity As a fellow at Harvard University clearly points out and argues,

> ... the Stability Pact for Southeastern Europe will fail if EU governments do not change the way they think about EU enlargement. During the last decade they have not treated association and accession to the EU as a powerful tool for promoting democracy and economic reform in post–Communist Europe. Instead they have dwelled on their own domestic opposition to enlargement and on the cost of observing new members. But the prospect of joining the EU is already promoting reform in East-Central Europe as governments work to meet the entry requirements. The goal of membership has put Hungary and Slovakia, for example, on the road to liberal democracy and greater prosperity by helping reformers to get elected and by encouraging elected governments to pursue reform. This can work in the Balkans, too, but only if leaders and citizens come to believe that their states have a real change of eventually becoming EU members.[249]

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248 Baun, Michael J., *A Wider Europe – The Process and Politics of European Union Enlargement*, p. 123, Lanham 2000.

249 Vachudova, Milada, "The European Union Needs to Change Its Spots" in *International Herald Tribune*, p. 8, 12 August 1999. She is a fellow at the Center for European Studies at Harvard University.

Moreover, much will be learned from this example of extensive inter-agency and inter–organization cooperation, for Europe and elsewhere in the world. As for lessons for other parts of the world, neither a similar degree of political will nor the necessary resources to respond collectively to such a post-crisis are likely to be available anywhere in the world. This mission of the Stability Pact may not turn out to be a blueprint for other similar post-conflict situations; even if it turns out to be a useful and effective collaborative effort, the requirements in terms of political will and economic and human investment on the part of all organizations and states involved are tremendous. But whatever the costs are lastly, even if they are hard to quantify, the financial and psychological costs of doing nothing, are much higher in the long run; the cost of peace and stability is always less than of war and conflict – as painfully learned by the Balkan wars. Richard Holbrook judges the situation as the following:

> In the end, the key questions are whether the Balkans matter enough to justify such risks and costs. My answer is simple: They do matter that much, because European stability remains a basic American national security interest which did not end of the cold war. When confronted by the criminal elements still threatening the Balkan region, which is located well within NATO's area of responsibility, the only choice, in my view, is between early involvements at a low cost or heavier involvement later.[250]

Chris Patten, European Commissioner for external relations, argues,

> This engagement is costly in terms of time, manpower and money, but infinitely preferable to the military commitments and conflict that so often characterized the past one hundred years. The creation of a new region of stability and security is a goal worthy of a new century.[251]

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[250] Hollbrook, Richard, former United States ambassador to the United Nations and chief architect of the Dayton Peace Agreement for Bosnia "Risking a New War in the Balkans" in: *The New York Times*, April 8, 2001.

[251] Patten, Chris, "A European Vision for the Balkans", *NATO Review*, p. 15, Summer/Autumn 2000.

Nevertheless, it is very important for Europe that this "endeavor" succeeds. The future European security structure will be strongly influenced by the experience of collaboration and the results in rebuilding South-Eastern Europe. If these collaborative efforts fail, the alternative is only too obvious: a region of failed states and long-term protectorates being in dependency. The Balkans could become a pocket of semi-permanent instability in a marginalized periphery of the continent that will stand as a monument to the policy failures of the 1990s. Not only will continued instabilities, stagnating economic growth or even backwardness adversely affect the welfare of the people of the region, continued instabilities will also affect Western European economies and societies, as well as other countries in the Stability Pact. South-Eastern Europe disappointed by the West with strong resentment will then simply preserve a fertile breeding ground and an environment for crime and illegal activity in which threats to the security of Europe as a whole will continue to recur. Failure will almost certainly lead to a renewal of ethnic conflict, as well as large-scale and, as already seen, potentially uncontrollable movements of population out of the region. The recent Kosovo crisis and the war in Bosnia stand as a vivid reminder of this reality.

Furthermore it will cast great doubt on the usefulness of the many interlocking organizations and their devotion to peace, security and stability in Europe. In addition it would most assuredly throw an even bleaker picture on potential efforts of a similar magnitude in another regional context with less sophisticated and endowed organizations.

Disillusion could also foster in the relationship between the U.S. and Western Europe, which is evolving in new directions as Europe searches for a more assertive foreign policy role in the transatlantic relationship. While the United States inevitably

took the lead in times of war when the escalation of the Kosovo conflict exposed once again the European weakness in exercising leadership,[252] long-term tasks of reconstruction and democracy building belong in priority to the European Union. The destabilized Southeast of the European continent, with its potential for Kosovo–type conflicts will serve as a yardstick for the adequacy of Europe's willingness and ability for meaningful action. Having undertaken the task of Balkan reconstruction, Europe must enhance the credibility of its aspiration to become an influential actor in international security politics. NATO became an important security factor in the region, but its role has remained restricted to maintaining the territorial and political status quo, without any possibility of eliminating the causes of conflict and influencing the political and economic processes on which the long-term stabilization of this area depends. At present only the European Union can play such a role, as its policy in the region through the Stability Pact and the inherent Stabilization and Association Process exemplifies. The Pact gives the European Union a chance to develop from a mere provider of money and advice into a political player that co-determines the political shape of the area. With regard to that fact Javier Solana and Chris Patten stated in their joint report on the Balkans to the Lisbon European Council of March 2000:

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252 During the Kosovo crisis the U.S. demonstrated its potential to set policy and influence the course of events in the region in its favor. U.S. diplomacy once again proved to be the main generator of initiatives in the military-political field. See Daalder, Ivo H. and O' Hanlon, Michael E., *Winning Ugly – NATO's War to Save Kosovo*.

> The European Union has a unique relationship with the Western Balkans. In addition to our intense political and diplomatic relations we are by far the single biggest donor to the Western Balkans as a whole with contributions to the region by the Union and its Member States amounting to an estimated €9 billion since 1991. In Kosovo alone, some 28,000 soldiers and 800 civilian police from EU Member States are active alongside the European Commission and over 100 of our NGOs. The Union is the only institution capable of comprehensive action, ranging form trade, economic reform and infrastructure, humanitarian assistance, human rights and democratization, justice and police to crisis management and military security. [253]

Successfully managing and implementing the Stability Pact, the European Union might demonstrate in the realm of "Security" its ability to provide "soft" but efficient security tools that cover the full spectrum of conflict prevention, non-military crisis management, diplomatic negotiations, post-conflict economic reconstruction, peacekeeping, police forces or humanitarian aid. This is all the more important since Europe is still far away from having the autonomous political and military capacity to deal with a full Kosovo-type operation without recourse to U.S. assets[254] as envisaged by the Helsinki European Council. In case of failure Europe risks losing the strategic objective of Balkan peace as well as the credibility as a reliable and effective partner for the United States. Chris Patten said,

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[253] Solana, Javier and Patten, Chris, "Report on the Western Balkans presented to the Lisbon European Council by the Secretary General/High Representative together with the Commission", 21 March 2000, Lisbon, Available [Online]: [http//www.ceps.be/Commentary/April/Emeson.htm], March 2001.

[254] At the height of Operation Allied Force, the 79-day NATO air campaign against FRY, the air forces of the allied countries had about 1,058 aircraft deployed for the operation. The United States provided 731 aircraft, or 69 percent of the total. The United States also conducted over 23,200 of all sorties, or 62 percent of the total, and 5,035 strike sorties, or 53 percent. Source: United States General Accounting Office, Briefing Report to the Chairman, Committee on Armed Services, House of Representatives, *Balkans Security - Current and Project Factors Affecting Regional Stability*, p. 69, Washington, D.C., April 2000.

> I come back from my first visit to the U.S. keenly aware that we are, to a considerable extent, going to be judged by others on how effective we are in making a success of the Stability Pact.[255]

Carl Bildt, Special Envoy of the U. N. Secretary – General to the Balkans sums up the challenge for all actors in an accurate over-all assessment:

> There is now a new window of opportunity to move toward peace and stability in the Balkans. Both the region and the international community failed to do so in the beginning of the last decade and thus had to face the wars that followed. In spite of the democratic achievements of Croatia and Serbia over the last year, the forces of disintegration in the region are still stronger than the forces of integration. Now the region's fundamental choice is between becoming even more Balkan, in the worst sense of the word, and becoming more European, in the best sense of the word.
>
> On a day-to-day basis, simply accepting a drift toward disintegration and abstaining from more ambitious efforts might seem the most comfortable approach. But the risks of this option are grave. The world might end up with a revanchist Serbia, a broken Bosnia, and a fractured Macedonia, with NATO having to manage endless low-level confrontations along the region's different fault lines, and the rest of Europe consumed by a cancer of criminality fed by the uncertainties of the region.
>
> The international community must not fool itself into believing that only more smart bombs can handle the problems of the Balkans. It is the smart policies that have been most lacking over the past decade. Now, history has given the region, Europe, and the world a new chance. We miss it at our own peril.[256]

Despite the fact, that many crisis spots are still smoldering in the region, South-East European countries, for the first time in recent history, have the opportunity to build

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255 *Financial Times*, p. 5, 21 October 1999.

256 Bildt, Carl, "A Second Chance in the Balkans", *Foreign Affairs*, Volume 80, No. 1, p. 158, January/February 2001.

stable mutual relations and long-term forms of regional integration as part of the European and Euro-Atlantic integration process.

The emerging European peace order will only be a lasting and stable one if all the peoples of Europe can eventually be drawn into this mainstream of European politics.

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