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RECENT DEVELOPMENTS AND PROSPECTS FOR THE “WESTERN BALKAN” REGION

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1. The region we are speaking about is currently known as “Western Balkans”. This is bureaucratic terminology that has been launched in the Western diplomatic circles because, for political reasons, they wanted to circumvent the resistance of the local (“Western Balkans”) political elite to all references to their Yugoslav past. Nonetheless, if we want to understand the peculiarities of this area, the reason for its instability, and the specific problems that have characterized the post-communist transition to democracy we cannot ignore that we are not dealing with a region in the classic “geographical sense” (as for instance the Danube area, the Balkan peninsula, Scandinavia), but with the collapse of a State, the Yugoslav federation, to which, surprisingly, Albania has been added but Slovenia detached.

2. The surprise is due to the fact that Yugoslavia and Albania do not share a similar communist legacy, as Tito’s socialism was radically different from Enver Hoxha’s. The impact of their ideological approaches was dissimilar in many respects, not merely in terms of content, but also of praxis. Despite its deficiencies, Yugoslavian self-management significantly contributed to strengthening the role of institutions in a decentralized context, to spreading a sense of entrepreneurship and quality production. On the contrary, in Albania the strong centralization (against local cultural habits), collectivization, and international isolation dramatically contributed to maintaining the institutions in a state of fragility as a consequence of wide-perceived refusal of the violent and repressive State. Moreover, Albania was never involved in the Yugoslav secession wars and suffered from them only for few months, because of the mass

immigration of Albanians from Kosovo during the NATO bombing campaign of 1999. Even when, in 1997, Tirana experienced the collapse of its own State, the causes were very special, stemming from the peculiarities of the Albanian transition and fragility of its institutions. Anyway, that crisis did not spark off a civil war in the country. In other words, there are no evident reasons that justify the inclusion of Albania in a new geopolitical framework (the “Western Balkans”), which encompasses the Yugoslav successor states.

3. By contrast, international diplomacy considered Slovenia to be different from the other Yugoslav successor states, because Ljubljana had been able to avoid involvement in the Yugoslav secession wars and, from August 1991, had rapidly transformed its economy, enjoyed a long period of political stability and finally joined the EU in 2004. Nonetheless, the still existing tensions on the borders with Croatia and the revival of nationalist rhetoric on both sides show that the legacy of the Yugoslav collapse still affects the political behaviour of this former Yugoslav republic.

4. Therefore, when we are dealing with the so-called “Western Balkans” we actually discuss the events and following developments concerning the collapsed federation. In other words, we are still dealing with the consequences of the tragic events that began in 1991.

5. The Yugoslav collapse was provoked, at the time, by a multitude of reasons, among which we can mention:

- a. The **deep and long-term economic crisis** that had started in 1980 and originated a form of **double protectionism**: on the federal level and the local one. On the federal level, the adoption of restrictive policies in export/import relations excluded Yugoslavia from the new technological revolution; on the local level – according to the terminology of the time –, “the economic nationalism” of the federal units threatened the common domestic market;
- b. The emergence of **ethno-national mobilization** in Kosovo, Serbia, Slovenia and Croatia (according to the chronology) as a source of power legitimacy;
- c. The growing **conflict within the communist leadership about the country’s political reforms** in terms of further devolution versus new centralization of the governance. Despite the economic success of the government led by Ante Marković in 1990, the confrontation soon became heated, the Communist League split, the Army pressed the Presidency for authorization to intervene, but the supreme political body was unable to reach a decision, while Slovenia and Croatia began to organize a local army. In the end, during the first half of 1991 the three leaders of Serbia, Slovenia and Croatia (the co-founders of the first Yugoslav state in 1918) met separately and made

mutually clear that they were no longer interested in preserving Yugoslavia. However, they were **unable to agree on how to divide the country**. The independence of the federal units within their administrative territories did not satisfy the ethnic principle, since minorities remained in other republics and mutual loyalties were contested. The only exception was, to a large extent, Slovenia; while Macedonia became a critical area, potentially able to inflame the neighbouring countries and spread the war beyond the Yugoslav borders. Finally, the Serbo-Croatian cultural area was so closely intertwined that contention over territories between Croatia, Serbia and Bosnia-Herzegovina became inevitable.

- d. The **failure of post-socialist transition to democracy** in the federal States of that time: none of those States (Yugoslavia, Czechoslovakia and Soviet Union) survived the communist collapse, but Yugoslavia fell apart most violently through a series of wars and crises which lasted two decades and seem bound to drag on. This failure has also proved that in times of radical changes and/or political and socio-economic transitions **democracy is still powerless to guarantee convincing management of differences** and to provide an effective institutional framework based on inclusiveness, respect for social and cultural heterogeneity, and pluralism not just of individuals, but also of groups, beliefs, and religions. This is mainly a consequence of the fact that the modern form of Nation-State was (and still is) ambiguously constructed on an ethnic dimension, which dramatically affects the question of the sources of power legitimacy.

Basically, this is the **legacy that explains why the disintegration of Yugoslavia has originated a geopolitical context** characterized by uncertainties, insecurity, weak and unstable successor states during the last decade of the 20th century. The so-called "region" of our concern is therefore the Yugoslav cultural space after the Yugoslav dissolution.

6. A set of peace treaties – imposed by external subjects, with a central role played by the United States – has stopped wars and tensions between 1995 and 2003. In particular, it is worthwhile to mention:

- (a) The Treaty of Dayton, which regulated relations among Croatia, Serbia and Bosnia-Herzegovina, granting independence to the latter, although within a framework based on two distinct entities;
- (b) The Kumanovo Agreement, which separated Serbia from Kosovo after the NATO bombing in 1999 and put Kosovo under the protection of the United Nations;
- (c) The Ohrid Treaty, which in 2001 preserved the existence of Macedonia and regulated the relations between Macedonians and Albanians in Macedonia;

- (d) The Belgrade Agreement of 2003, which established a new federation between Serbia and Montenegro.

These solutions proved to be only partially stable. In fact, the federation between Serbia and Montenegro did not survive the 2006 referendum and dissolved, mercifully in a peaceful way, while the leadership of Kosovo declared independence in 2008 after the failure of UN-led negotiations with Serbia, although they knew their independence would not be recognized by Belgrade and in fact the independence has not been recognized by Belgrade.

7. However, when the war clashes were suspended, new events occurred both at the domestic and the international level. Crucially, three main aspects must be emphasized in this regard:

- a. The first one is related to the **changes in leadership** of Croatia, Bosnia-Herzegovina and Serbia: in few years, straddling the two centuries, the President of Croatia, Tuđman, died, the President of rump Yugoslavia, Milošević, was defeated at the presidential elections, later arrested and sent to the Hague to stand trial in the ICTY, while the leader of BiH, Izetbegović, retired and then died. In other words, the three leaders who were mainly responsible for the war events disappeared rapidly from the scene.
- b. The second one concerns the new **governmental coalitions** that emerged in the Yugoslav successor states, as soon as the three aforementioned protagonists withdrew from politics. In comparison with the past decade, dominated by **one party and one man**, these coalitions represented a significant change since they were formed by moderate nationalists, liberal- and social democratic-oriented parties. Cautiously, a critical approach to ethno-national mobilization began to emerge and, although reluctantly, the governments in Zagreb and Belgrade started to cooperate with the ICTY in the arrest and prosecution of suspects of war crimes and genocide. In particular, post-war reconstruction was conceived in connection with a strategy aimed at putting an end to international isolation by implementing reforms, actually starting a post-socialist transition, and pursuing inclusion in the Euro-Atlantic institutional framework. Therefore, the need for re-establishing the rule of law (effectively cancelled during the war) stepped up the States' fight against criminality and wide illegal practices in the whole area, from Croatia to Macedonia. Serbia was severely affected by the assassination of Prime Minister Zoran Đinđić in 2003.
- c. Thirdly, this new perspective was **reinforced by the EU commitment towards the region**. Despite the original reluctance of its member states to Enlargement Eastwards, the belief gradually took root that inclusion would guarantee peace on the Continent and consistent respect for the fundamental principles of the Community. In 1993 the

Stability Pact, launched by the French PM Balladur, made it possible to sign in a couple of years up to 92 bilateral agreements on borders and minority protection among the potential candidate countries, with the practical result of **confining ethno-national mobilization within the Yugoslav space**. In 1996, the European Commission launched the first regional strategy on SEE and a new Stability Pact was proposed in 1999 as soon as the NATO war for Kosovo was over. In 2000 an Association and Stabilization Process (ASP) for the "Western Balkans" was adopted and the commitment to Enlargement in South East Europe (SEE) was confirmed at Thessaloniki in 2003. Thanks to this strategy of making the prospect of inclusion conditional on reforms, the **EU became a sort of guarantor** of their implementation and at the same time the most powerful stimulus for change, recovery, and inclusion. Simultaneously, the EU project was progressing with the introduction of the new common currency (the Euro) and debate over a Constitutional treaty, while the negotiations over Enlargement to 10/12 new countries were successfully concluded.

8. In spite of that, the positive atmosphere was soured a few years later, from about 2005 onwards. The main reasons (at least in my view) are due to the following factors, which still operate in our time, namely:

- (a) The persistent political, cultural and constitutional ambiguity, which the Yugoslav successor states are still imbued with;
- (b) The crisis in the EU integration process;
- (c) The world economic and financial crisis that exploded in 2008.

9. These factors should be considered also in the light of the radical transformation of the Balkans' international role within the context of the newly emerged Power interests in energy issues. In fact, the Balkans is acquiring a **new strategic role**. From being on the periphery of US power interests in the Middle East (as it was the case in the 1990s), they are now at the heart of the triangle of relations among Russia, the US and the EU as a crucial transit area of energy supplies.

But let us proceed in order.

10. ***Ambiguity in politics, culture and constitutional arrangements.***

This ambiguity is stemming from the **persistency of nationalism** as a crucial source of power legitimation.

Nationalism, in its extreme interpretations, **is perceived as an ideology** with uncertain boundaries in public opinion and may erupt into violence, particularly during sport events or terrorist actions or menaces posed by individuals. **Ethnic homogenization is understood as**

a determinant of group identity and security to such an extent that separation (including discrimination, rejection, and intolerance against otherness) is considered a key factor for protection, able to guarantee the reproduction of the group and the purity of its culture.

We should not underestimate the fact that this presumption has first encouraged and then legitimized the Yugoslav dissolution: moreover, this goal was pursued by undertaking the redefinition of territories and local demography through ethnic cleansing, forced assimilations and mass executions. Definitely, **the peace treaties** put an end to this process, but – at the same time – they **mirrored opposite State-building visions and, therefore, remained ambivalent in content.**

In fact, the Ohrid treaty, with its soft ethnic consociationalism suggested an integrative solution for Macedonia; similarly, the Belgrade agreement of 2003 outlined a pattern of integration between Serbia and Montenegro, which however was never seriously implemented.

On the contrary, the Dayton agreement built governance in Bosnia-Herzegovina on the basis of two widely autonomous entities thus raising expectations that a separation of the two units might become possible in future as soon as the political conditions would allow.

As for the Kumanovo agreement, the separation of Kosovo from Serbia occurred while UN resolution 1244 recognized that Kosovo was still part of the rump Yugoslavia.

In other words, the constitutional arrangements originated by the peace treaties mirrored the ambivalent solutions **negotiated with the warlords** or in conditions where **the dichotomy “integration/separation” was never clearly settled.**

As a result, **this dichotomy is still working** in the Yugoslav cultural space, perpetuating numerous geopolitical uncertainties. In other words, there are still States whose territorial dimension is perceived as unstable or temporary. Therefore, the dichotomy “integration/separation” explains why it is so difficult to find an agreement between the local political parties for reforms, and/or for their implementation. We cannot exclude that in these conditions the process that led Kosovo to declare the independence might **set a precedent.**

At the international level, it has already been used as a precedent in Georgia.

At the local level, the tensions within Bosnia-Herzegovina, namely between its two entities, offer a vivid example of how opposite visions of state building are still influencing the local political debate whenever the issue of constitutional revision is approached.

The appeal of partition is also strong within Kosovo (particularly in the Northern area, around Mitrovica) and in Southern Serbia, in Sandžak and to a certain extent also in Vojvodina. The Catholic Church advocates a third entity in Herzegovina, which is an aspiration also of the local parties. Separation characterizes de facto the relations between the Macedonian and Albanian communities in Macedonia, where nevertheless the most relevant problem is still posed by the name of the State, which is questioned by Greece.

11. The aforementioned situation of uncertainties cannot be considered as a separate issue from the **crisis of the EU integration process**. This crisis, as known, dates back to the failure of the referenda on the Constitutional Treaty in France and in the Netherlands. Since then, the "EU deepening phase" has been facing greater and greater challenges, as the difficulties in defining the 2006-2013 budget have shown.

The Constitutional Treaty has been abandoned and redrafted into the Lisbon Treaty.

However, also this document was rejected by a referendum in Ireland.

The Czech Republic approved it on May 6th, 2009, but President Klaus and the Polish President Kaczyński are doing their best to postpone its ratification indefinitely. Meanwhile, the Constitutional Court of Germany is expected to examine its consistency with the fundamental law of the country.

All these difficulties have had a crucial impact in making **EU conditionality weaker than in the past decade**.

In the Yugoslav cultural space, where stabilization is still a goal to be achieved, the fact that the EU commitment to enlargement might be postponed for years if the Lisbon treaty is not ratified can play a negative role. In other words, **the EU strategy of inclusion is the only existing effective carrot** that can be offered to that space threatened by a process of dismemberment.

Politically and culturally, the EU integration process **represents the trend opposed to nationalism** and dismemberment; it still offers a convincing framework for peace and development, but this prospect remains valid only so far as the EU member states pursue it.

If they stop, delay, or postpone both their own internal changes and the policy of enlargement, **the revival of nationalist rhetoric in the Yugoslav cultural space will find new room for development**. It is a matter of fact that, once the wars were brought to a halt, the political agenda of the Yugoslav successor states began to move in a new direction, as we observed in the years 2000-2004: not surprisingly, those were the years when the great enlargement and the Constitutional Treaty were prepared and signed. But after 2005, the trend changed direction again.

Actually, **Association and Stabilization Agreements (ASA)** were signed with all the countries of the area of our concern, but the reform process was not significantly accelerated either in Bosnia-Herzegovina, or in Macedonia; Montenegro and Albania recently applied for membership, but the negotiations with Croatia were suspended because of the territorial controversy with Slovenia. Serbia signed the ASA, but it has not yet been ratified because some EU member states objected to Serbia's still timid cooperation with the ICTY, as gen. Mladić has not yet been arrested.

In other words, the **legacy of war is still active**: in fact, a serious political conflict is raging in all those societies and the outcome of the contrast between nationalist dismemberment and European integration is still uncertain.

The “external subject”, namely the EU, is a determining factor for the success of the latter option, but **its conditionality has been challenged by its own internal “fatigue”**, effectively stalling the implementation of the project.

Still, we cannot deny the fact that this “fatigue” is, to a large extent, the result of the **increased role of Nation-States** to the detriment of integration.

It is precisely this fact that sounds encouraging to the moderate and radical nationalists in the Balkans.

As a result, however paradoxical it may sound, the time is approaching when the problems of the Balkans and the problems of the EU might merge and mutually influence each other, both in a positive and in a negative sense.

11. *The World economic and financial crisis*

With this background in mind, the aforementioned uncertainties of the years 2005-2008 must be measured in the light of the new world economic and financial crisis.

Its impact on the Yugoslav successor states was perceived with a certain delay, compared with the old EU member states, but it is expected to have a dramatic impact on their highly vulnerable economies. In the Balkans, after the communist collapse and the years of war, the process of reconstruction coincided with the post-socialist transition, whose beginning should be *de facto* identified with the turn of the century, when the EU launched the ASP.

Psychologically, the crisis might have a devastating effect, as people suffered from a long period of instability, nurturing – at the same time – great expectations of social and economic benefits, as well as general welfare, deriving from the new relations with the EU.

Actually, during the new decade of the 21st century, the **Balkans strongly increased their trade dependence on EU markets**, while the banking assets passed more and more into the ownership of foreign institutes.

In this context, which is characterized both by foreign dependence and by local political uncertainties (I am referring here again to the aforementioned dichotomy of “integration/separation”), the Balkans appears to be particularly vulnerable to a sharp decline in the financial flows.

Indications in this sense can be recorded as follows:

- Migrants’ remittances are diminishing; they are expected to decrease by 10-20% and they are a crucial source for Albania, Kosovo, Macedonia and especially Bosnia-Herzegovina;
- Local SME run the risk of closing, because of the reduction of loans from the banks, while households are increasingly unable to pay their installments;

- The local banking system has started to be extremely cautious in granting credits, as in the West, but in the Balkan context there are growing concerns about the future of the Austrian banks – which have a great influence in the area – as they seem to be the most exposed;
- Meanwhile, unemployment is soaring (around 15% in Croatia; approximately 11% in Montenegro; 40% in Kosovo and in the Federation of Bosnia-Herzegovina: only in March the layoffs recorded in the FBiH involved 10,000 people and in the RS 4,000; in Serbia the unemployment rate is close to 14%).
- Mass demonstrations are already taking place and new ones are announced.
- Export and Imports are declining: -25% the Croatian import; -5.8% the export; - 26% the export of Montenegro and + 7% its imports; the total foreign trade of Serbia over the period 2008-2009 recorded -35% in exports and -36,4% in imports, while account deficits and external debts have reached high levels.

Considering the international constraints on the local governments and the lack of liquidity, the key issue – from the political and social point of view – is **connected to the length of the crisis**.

Namely, it is worthwhile to raise the question of what may happen should the crisis continue for a long period **and** the EU and/or other international donors decide to cut down on their investments and aids in the region.

Probably out of concern about this possibility, the PM of Croatia, Sanader, recently paid an “at home contested” visit to Serbia, which however offered good opportunities to re-launch regional cooperation. The need for alternative markets can encourage the local leaders to revitalize the CEFTA, following the strategy that was implemented in SEE by the Balkan Conferences between 1930 and 1933, as a consequence of the Wall Street crisis in 1929.

Nonetheless, the context remains highly fragile.

What the **political impact of the crisis** might be remains to be seen, especially if it were to last for a long time, both in terms of local dynamics and in relation to the aspiration of a significant part of the local elite to be included in the Euro-Atlantic institutions.

Should the offer of inclusion be delayed, whatever the reason, the Yugoslav successor states – affected by persistent destabilization – could be attracted by the idea of “nationalist protectionism” as an alternative.

“**National protectionism**” has *de facto* already emerged in some of the old EU member states and prospectively, without a new wave of EU deepening, it might produce a “Yugoslav syndrome”.

In the Yugoslav cultural space, the demand for protectionism would be based on the belief that the EU and globalization are a threat to the agricultural and economic development of the country and would therefore encourage isolationist policies.

At the same time, the crisis is potentially a factor of destabilization of the consensus, so once again **nationalist mobilization may provide a useful (and easy) way to maintain the consensus in difficult times**. In this case the uncertainties in territories and State defining criteria may offer room for the setting of new priorities to pursue the geopolitical aims that nationalists still want to achieve.

In order to avoid those risks, four strategic points should be implemented without hesitation:

- a. Investments in the Balkans should continue and the EU in particular should define a **region-wide support package**, by encouraging the development of regional cooperation, but without reducing its conditionality.
- b. The deepening of the EU should be reinforced: without an effective institutional system after the last two enlargements, the EU may jeopardize the project of integration and appear powerless in the decision making process right when the crisis urges; additionally, strengthening the “deepening” is the only way to make conditionality credible.
- c. The process of enlargement should continue, in order to send a clear message to the Balkans and the world: “protectionist approaches” can only make the situation worse, while negotiations, coordination and integration are the viable strategies that guarantee peace and development in Europe; additionally this is the only way to defuse the destabilizing power of nationalism.
- d. The education of young generations is the fourth pillar of this strategy: without an effective and integrated European system of schools and Universities it is impossible to guarantee new ways of conduct, new visions of the future in an integrated European space of culture and innovation.

In conclusion, there is no easy way out of the crisis, or the fragile and unsettled dynamics of the Balkans. In my view at least, it will be possible to gradually achieve substantial and positive results only by insisting on the consistent implementation of the key points described above.

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