



SPECIAL REPORT

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ABOUT THE REPORT

This study focuses upon the future of Southeastern Europe as a region following the Kosovo conflict. It is informed by visits to Bulgaria, Macedonia, Romania, Slovakia, Slovenia and Austria during and just after the 78-day war. It looks at the important consequences of the conflict for the future of NATO and the European Union, and discusses the new Stability Pact for South Eastern Europe. This report is the second part of a triptych; the first, *NATO at Fifty: New Challenges, Future Uncertainties*, was released prior to the Alliance's 50th Anniversary Summit. The third will deal with the Baltics and Northeastern Europe. The author would like to thank the many individuals in the Balkans who helped him better to understand its complexities and mysteries.

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Andrew J. Pierre

De-Balkanizing the Balkans

Security and Stability in Southeastern Europe

Briefly...

- In the aftermath of the Kosovo conflict, Southeastern Europe is at a crossroad. Today's historic opportunity is to create a zone of security and stability in a region that has known little of either. Otherwise, the Balkans will become a permanent black hole in the heart of Europe.
- The governments of Southeastern Europe, having responded positively to the West's call for cooperation during the conflict—in most cases against their own public opinion—and having incurred substantial economic losses as a result, now have high expectations. They ardently seek to join NATO and the European Union. For them, now is *payback time*.
- In Bulgaria, Romania, Macedonia, Albania and Slovakia there are democratic, reformist governments which have been in power only a short time. If the expectations for economic assistance and security assurance, which the West raised, are quashed, they could well be replaced by retrograde regimes.
- NATO will probably need to retain forces in the Balkans for a decade or longer. In addition to forces in Kosovo and Bosnia, a small presence in Albania and Macedonia will be desirable. The Alliance, moreover, will remain deeply involved through the Partnership for Peace, the Membership Action Plan, and the recently created regional consultative forum.
- The Alliance faces a conundrum regarding its enlargement. Four countries, in this region alone, anticipate passing through its promised "open door" in 2002. But NATO must also consider the lessons of the Kosovo conflict in terms of waging war by committee, the drawbacks of dilution, and the Russian dimension. A fresh reappraisal, similar to the Harmel Report of 1967, is needed to move beyond rhetoric to reality and seriously examine the future of enlargement.
- The Stability Pact, sponsored by the European Union, has been slow in advancing from conferences to concrete commitments and now needs a jump start. The amounts of economic aid planned are woefully incommensurate to the needs. Europe should contribute the lion's share, but the U.S. should not be parsimonious.
- The prospect of joining the European Union is essential to achieving necessary economic reforms. In strongly urging the Balkan countries to pursue regional integration, the West must respect their many differences as well.
- Now is a pivotal moment. If Southeastern Europe does not advance towards integration with the Euro-Atlantic community, it risks being permanently relegated to renewed ethnic tensions and dangerous instabilities.

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Introduction

Every crisis presents a challenge and an opportunity. Certainly this aphorism applies to Southeastern Europe in the wake of the conflict in Kosovo. The seventy-eight day war and its consequences have had the effect of a shifting kaleidoscope, reordering perceptions and readjusting priorities.

The challenge in the aftermath of the Kosovo conflict is to create a zone of security and stability in a region that has known little of either. The assassination in Sarajevo in 1914, the brutal fighting between Serbs and Croats among others during the Second World War, and the four conflicts in the former Yugoslavia in the 1990s may finally have had a cumulative effect. Today there is a new and widespread recognition of a deep need for fundamental change. Without stability in its Southeastern part, there can be no peace in Europe as a whole. Stability, moreover, requires an adequate level of economic prosperity. Europe, many of its leaders have come to understand, cannot face the future with confidence so long as the Balkans are the black hole in the heart of the European continent. Nor can America be complacent about the stability of Europe, as two world wars have shown. For these reasons the European nations, with American participation, must be prepared to commit themselves to far-reaching political, security, economic, and social reconstruction and change in Southeastern Europe.

The opportunity to implement this challenging task lies ahead. The nations of the region have emerged from the Kosovo War with a new and clear desire to integrate themselves with Western Europe into the European order of the twenty-first century. In contrast to the first decade after the end of communism in Europe, which was a transitional period with all its incumbent hesitations and uncertainties, the coming years are seen by leaders in the region as a time for further economic reform and fuller political integration with the West. For these nations this means joining the Western institutions which are of the greatest importance to them, and these are clearly perceived to be NATO and the European Union. The cooperation and assistance the Balkan nations gave to NATO forces during the war, and the willingness of Balkan political leaders and governments to accept serious economic and political costs as the result of this support, has created high expectations throughout much of Southeastern Europe. For them, now is *payback time*.

But how deeply do the Western nations really want to become involved in Southeastern Europe? At what pace? And at what price? How should NATO and the European Union respond to the Southeastern European nations that are ever more loudly knocking at their doors seeking admission? Are they really prepared to let them pass through their portals, not only in rhetoric but in reality? Can the Stability Pact for South Eastern Europe, recently launched by the European Union, and the Pact's associated measures provide the needed framework and impetus for what is necessary in the region in the next years and for the longer term? Are Western nations prepared to provide sufficient economic assistance and developmental aid? These are among the critically important questions that now will have to be addressed within the Euro-Atlantic community.

The Impact of the Kosovo Conflict

My recent trip to Southeastern Europe makes clear that the region has dramatically changed as a result of the seventy-eight day war. The conflict has deeply affected the domestic politics, national economy, foreign policy, and national security of each country in the region. High expectations have been created in these countries regarding future economic assistance, defense ties, political relationships, and their prospective integration into Western institutions.

This report focuses on the six states of Southeastern Europe which are acknowledged “aspirants” for membership in NATO: Bulgaria, Romania, Macedonia, Albania, Slovenia, and Slovakia. The three remaining states of what is loosely characterized as “South-eastern Europe” or the “Balkans” (identifications used interchangeably in this report), Bosnia-Herzegovina, Croatia and Yugoslavia, are not discussed in any detail. For differing, though profound reasons, each is not yet ready to enter Western institutions. They are, however, at the heart of the region and must be fully integrated into it in the future when conditions are ripe. By focusing not on the zones of conflict in the Yugoslav succession, but on the larger region in which the conflicts have unfolded, this report seeks to place the Kosovo war and its aftermath in the broader perspective needed for constructing policies aimed at establishing security and stability in Southeastern Europe.

Bulgaria

The Kosovo War came as a blow to Bulgaria. The economic consequences have been great, with destruction of all bridges over the Danube River to Romania save one and the loss of transit rights through Serbia. This brought Bulgaria’s export of agricultural products to Western Europe, a major part of the country’s economy, to a virtual halt. Businesses could no longer stay competitive, forcing factories to lose orders and eventually close. Foreign investment was severely curtailed, and unemployment shot up. Tourism at the Black Sea resorts came to a standstill. The costs of the war are estimated to be between \$700 million and \$1 billion. Two years of promising economic improvements under the reformist government of President Petar Stoyanov have been threatened.

Politically, also, the war came as a shock. Five NATO missiles accidentally landed on Bulgarian territory. Sofia is only seventy kilometers from Kosovo, and there were fears that somehow the conflict could expand geographically. Linked to this was a widespread unease about the possible spread of ethnic conflict. Some 80,000 Bulgarians live in Serbia, in a region that was once part of Bulgaria, with some risk that they might be expelled. Bulgaria has a sizeable Turkish minority of roughly 850,000, or about 10 percent of its population, which could be inspired to seek its own autonomy. Might a separatist group in Bulgaria follow the example of the KLA in Kosovo? For such reasons the government felt it best to turn down a suggestion that Bulgaria accept 20,000 Kosovar refugees.

NATO’s request for an air corridor for its aircraft to undertake bombing missions caught the government by surprise and presented real difficulties. Deeply upset by the bombing of Serbia and the bridges, the Bulgarian public initially registered a 70 percent negative opinion in polls on NATO’s request. The opposition Socialist Party was against granting the transit rights. An extraordinary ruling of the Constitutional Court was required before the Parliament could vote on permitting passage. Supporting NATO was hardly a popular policy and gave a major opening to the opposition groups that wanted to undermine domestic political support for the government.

Nevertheless, President Petar Stoyanov and Prime Minister Ivan Kostov pushed permission for air rights (though not ground transit) through a reluctant Parliament. Sofia sought to improve relations with Macedonia by negotiating a conclusion to a dispute over language and by strengthening that vulnerable country with a gift of tanks and defensive artillery. At an especially delicate moment in Kosovo, the government abided by NATO’s wish that it turn down a Russian request for use of Bulgarian airspace to fly Russian troops to Pristina. Bulgaria adhered to the oil embargo on Yugoslavia, and it firmly denounced the ethnic cleansing policies of Milosevic. In a variety of ways the government gave its backing to the allied war effort. Since then it has made Bulgarian forces available to KFOR.

Having stood by NATO’s side, it should not be surprising that Bulgarians emerged from the war with considerable expectations regarding the future. These expectations include

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compensation for losses, financial assistance for the rebuilding of bridges, aid for the restructuring of foreign debt, and the provision of foreign direct investment. Beyond these immediate needs, Sofia seeks economic assistance which would help its and the region's economic growth. High on the list are infrastructure measures such as improvements in the electricity and telecommunication systems, and augmented transportation routes. A long-discussed but never funded rail link between Turkey, Bulgaria, Macedonia, and Albania would have the great benefit of enabling shipments from the Black Sea to the Adriatic.

The center-right and reformist government of President Stoyanov, which came into office in the spring of 1997 after seven years of a socialist and neo-communist regime, has clearly cast its lot with the West. It seeks early entry into both NATO and the European Union. An active program of military reform is underway, with the armed forces being substantially reduced, reorganized, and trained to provide rapid-reaction and peacekeeping units. The Ministry of Defense is giving highest priority to the Membership Action Plan (MAP), which was adopted at the NATO summit of April 1999, and is designed to prepare countries for entry into the Alliance by such means as acquiring defense planning and weapons interoperability with NATO. Public support for joining NATO remains strong even though polls taken in the summer of 1999 indicate that the Alliance and the United States lost some of their luster in the eyes of the Bulgarian public as a result of the conflict.

Bulgarians have been told by their leadership that the best future for their nation is to be integrated with the West. Given the end of the Soviet bloc, of which they were stalwart members, their choice is portrayed as conforming to Western values and culture on the one hand or taking a stance of isolation and risking a security vacuum on the other. This leaves aside an alternative which accepts democracy and a market economy to a limited extent, an option which could garner majority support if the nation's current leaders come up with few benefits to show as a result of their present course. The socialist opposition, eager to press its case by taking advantage of economic and foreign affairs disappointments, could capitalize upon such vulnerabilities in its drive to return to office.

Nevertheless, the Stoyanov government has taken to heart the words of the West. Much was made of the assurances provided in separate letters from NATO Secretary General Javier Solana and President Bill Clinton providing a security guarantee against any Yugoslav action in the context of the Kosovo conflict. Sofia's political establishment gave Prime Minister Tony Blair thunderous applause in May 1999 as he passionately vowed to support early accession talks to the European Union and promised that Bulgaria would be among the next countries to join NATO. And Secretary of State Madeleine Albright noted in Sofia in June 1999 that Bulgaria, because of its exemplary behavior during the war, had "exhibited signs of being part of the NATO family." Is it any wonder that expectations have been raised?

Romania

The situation in Romania has many similarities to that of Bulgaria, although there are some important differences. The Kosovo conflict created a substantial economic burden for Romania. Lost trade with Yugoslavia, especially in the critical exports of chemicals and metallurgical products, was costly as was adherence to the oil embargo on Belgrade. Destruction of the Danube bridges blocked access to Western export markets. The estimated financial toll of the Kosovo conflict to the Romanian economy is over \$900 million.

The war came at a time of already severe economic stress and deterioration. The nation's economy is somewhat precarious with the gross domestic product (GDP) having

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decreased by 8 percent over the previous year. At present, Romania has a significantly large current account deficit, and the banking system is not as stable as it should be.

Moreover, Romanians made very mixed political assessments of the Western position in the conflict. Although there was no love lost for Slobodan Milosevic, there remains much sympathy for the Serbian people. A bond of Orthodox religious faith is felt, and the continued air attack on the Orthodox Easter Sunday was widely resented. Indeed, there were many doubts about the entire strategy of bombing and destruction. The Romanian intelligentsia was divided, with deep unease about the Alliance strategy of using military means to pursue political ends. Might not the Rambouillet negotiations have been pushed further, to avoid the war, was a question often asked. Some in the political community, on the other hand, were very uncomfortable with the concept of a humanitarian intervention. This was seen as a romantic and dangerous notion that could lead to the changing of borders based upon the "collective rights" of minorities. Added to this was a realpolitik assessment that the end result of the war might be to give the Russians opportunity to return to the Balkans. The specter of a new Slavic union joining Serbia with Russia and Belarus was troubling.

Public opinion polls indicated that half of the Romanian people blamed the war on Milosevic but the other half on NATO. Not surprisingly, therefore, at one time 78 percent believed that Romania should stay neutral in the conflict. This was seized upon by former President Ion Iliescu, the leader of the Party of Social Democracy, Romania's principal opposition party. Iliescu criticized the support President Emil Constantinescu was giving to NATO. His party colleague, Adrian Nastase, a former foreign minister and the vice president of the Parliament, argued that Romania should instead serve as an impartial mediator to avert or end the conflict.

Despite this opposition, the Romanian government gave its full support to the NATO effort. Air transit rights were accorded when requested, with Iliescu and his party abstaining in the parliamentary vote on this question. The potential basing of NATO forces in the country was never ruled out, and the Russians were not granted overflight permission in their sudden quest to augment their forces at the Pristina airfield.

Constantinescu, Foreign Minister Andrei Plesu, and their coalition allies, ever since their 1996 election, have kept their eyes focused on joining the West by integrating Romania into its institutions. This is seen as a natural return to the era prior to the Second World War, when Bucharest was arguably as much a part of Western civilization as Budapest or Prague. Although public support for joining NATO dropped from 89 to 51 percent during the Kosovo conflict, and the Socialist opposition lost some of their enthusiasm for NATO while officially favoring joining the Alliance, the government has remained strong and steadfast in its quest for early entry.

The Ministry of Defense has a detailed and impressive program for reforming the military. The armed forces, with their bloated officer corps, are to be significantly reduced in size but upgraded in capabilities. Romania will fully participate in the Membership Action Plan. It has been an early and active participant in the Partnership for Peace (PFP) and has contributed forces to IFOR and SFOR in Bosnia.

Romania, supported principally by France but also by some other Alliance members, made a determined bid to join the Alliance in 1999. Disappointed, it can now be expected to redouble its effort. Having stood by NATO during the Kosovo conflict at considerable economic cost and subjecting itself to domestic political criticism, the Constantinescu government has earned respect within the Atlantic Alliance. It now voices high expectations for the nation's integration with the West. As was the case in Sofia, both Prime Minister Blair and Secretary of State Albright made statements during their respective visits that served to encourage this. Indeed, some in Bucharest now view their country as the very top candidate for NATO's next enlargement and ask why

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it is necessary to wait until the NATO summit of 2002. Romania is also seen as firmly on the road to entry into the European Union, even if considerably later in the decade. Blair pledged to the Romanian Parliament on May 4 that Britain would support an invitation to Romania to start negotiations for accession to the European Union at the December meeting of the European Council in Helsinki.

Romania's political leadership and the Ministry of Foreign Affairs have given a great deal of early and sustained thought to reconstruction of the Balkans. The largest and most populous country in the region, Romania has promoted a coordinated strategy for Southeastern Europe that gives highest priority to integration with the rest of the European continent. The approach has been sophisticated, not banking upon the much-vetted idea of a new Marshall Plan, but focusing on regional infrastructure projects such as in transportation and the energy field, incentives for foreign investments, and economic growth. Integration within the region is also accorded high priority but based upon a graduated and selective approach that identifies benchmarks on the road toward integration. This is seen as a prerequisite for the necessary creation of confidence and trust, something which has been lacking in the checkered history of the Balkans. Romania has promoted the South East Europe Cooperation (SEEC) forum for regional senior-level meetings, the Southeast European Cooperative Initiative (SECI) to deal with such matters as combating organized crime and environmental protection, the Southeastern Europe Defense Ministers Meetings (SEDM), and a regional brigade for peacemaking. However, as laudable as these initiatives are, Romania's main challenge in the next few years will be to further reform its economic structures and build a more viable and robust national economy, without which its aspirations for entry into NATO and the European Union will be handicapped.

Macedonia

The most salient aspect of Macedonia is its multi-ethnic composition, predominantly ethnic Slav but approximately one-third ethnic Albanian. A coalition government led by Prime Minister Ljubco Georgievski, encompassing both these groups, was elected on November 30, 1998, and has pursued a policy of economic reform and Western orientation. The great fear during the Kosovo conflict was that the manifold and severe pressures created by the crisis would undermine the coalition government and destabilize this fragile country of only 2.1 million people.

Such a destabilization was a real possibility and could still occur in the future, although under different circumstances. It would come about if the ethnic Albanians of Macedonia joined forces with the Albanian Kosovars, the Albanians in Montenegro, and Albania itself to create a "Greater Albania," thereby bringing an end to a viable, multi-ethnic Macedonia. In the spring of 1999 there were close to 300,000 Albanian Kosovars in Macedonia, of whom 60 percent were housed with host families in Macedonia rather than in the refugee camps. The concern in Skopje was that if most of these refugees stayed in the country, given their traditionally higher birth rate compared to the Slavs, Albanians would become the majority ethnic group and would join a "Greater Albania." For the present, the return of almost all of the refugees to Kosovo has reduced this concern, but it remains a long-term factor in the thinking of Macedonians of all ethnic groups.

The Kosovo conflict traumatized Macedonia. Politically it led to a deep division. The Albanians of Macedonia fully supported NATO and the air strikes. They gave guarded support to the KLA and the aim of independence for Kosovo; wisely, however, they also took care to restrict KLA recruitment and activities in Macedonia itself so as not to destabilize the country. The Slavic Macedonians, on the other hand, were much less supportive of NATO and were generally cool if not directly opposed to the air strikes. Some 50,000

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Macedonians live in Serbia, and even more have relatives there. Their business partners and trade routes have traditionally been in and through Serbia. They could not forget that Macedonia will need to live with Serbia in the future.

Not surprisingly, the Kosovo War fostered a tangible national anxiety and a tense social environment between Slavic and Albanian Macedonians. There were fears that Milosevic would spread the war to Macedonia and that the presence of NATO forces would place the country at risk. Some Slavic Macedonians felt a sense of guilt for allowing their territory to be used for attacking Serbia, where many had studied and married. Multi-ethnic communities in Macedonia witnessed a polarization that frequently led to a breakdown of past ties. There was a concern that this could at some point lead to a major political crisis.

Economically, the Kosovo conflict had devastating consequences. Commerce with Yugoslavia, traditionally the largest trading partner, ground to a halt. Former transportation routes through Serbia were no longer available. Agricultural products for export could not be easily switched to travel through Albania or Bulgaria because this route was too long and therefore too costly, making the goods uncompetitive. Unemployment rose to 40 percent. Macedonia spent far more for the construction and maintenance of its nine refugee camps than it received from the donor community. The total estimated cost to Macedonia of the Kosovo conflict has risen to \$1.5 billion. This is a heavy burden for a country with an annual per capita GDP of barely \$1,000.

Despite these disruptive circumstances, the Georgievski government opened up Macedonia to the Western community. The Organization for Security and Cooperation (OSCE) monitors, who had to leave Kosovo, were headquartered there, as was the related NATO "extraction" force that was to guarantee the safety of the monitors. Approximately 15,000 NATO troops were placed in Macedonia during the conflict, and the country became a quasi-NATO protectorate. Macedonia might remain a valuable logistics support area, providing lines of supplies and communications for KFOR and other NATO forces in the Balkans for many years to come.

Given the cooperative way in which Macedonia virtually placed itself at the disposal of NATO, it is regrettable that the assistance it is receiving has been modest and slow in coming. In the early days of the conflict, as refugees from Kosovo poured across its borders, the Macedonian government called for the nation's immediate acceptance into NATO. This *cri de coeur* was, of course, unrealistic, but it does exemplify the leadership's belief that the Alliance now does owe Macedonia security protection and assistance. Foreign Minister Aleksandar Dimitrov has argued that only membership in NATO will provide the security guarantees that are needed to bolster democracy. Although its army is miniscule and underequipped, Macedonia has done its best for several years to seriously participate in the Partnership for Peace, and it is now preparing its Membership Action Plan.

Macedonia may be a fragile state given its size, location, history, and ethnic composition, but it has survived remarkably well to date. The ethnically based political parties seek compromise with each other, rather than deadlock, and inter-ethnic relations are relatively calm at this time. Parliamentary institutions work. The media is open, and the press is free. Relations with Bulgaria have been greatly improved, although Macedonia is still at odds with Greece over, among other things, the latter's acceptance of the name of the country. Now little Macedonia, like Bulgaria and Romania, seeks entry into the European Union and NATO. This will require a long time, but meanwhile Western nations should be supportive of this spunky yet still fragile new state. Its consolidation is a prerequisite for stability in the southern Balkans, a region in which NATO has a strong interest through Greek and Turkish membership.

Now little Macedonia, like Bulgaria and Romania, seeks entry into the European Union and NATO. This will require a long time, but meanwhile Western nations should be supportive of this spunky yet still fragile new state.

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Albania

The Albania of the 1990s has been a failed state, resembling some of the most dire situations to be found in the developing world rather than any European country. During its forty years of subjugation under its communist leader, Enver Hoxha, it was dependent on economic assistance from the Soviet Union until it unconventionally turned to China. Albania moved toward democracy in 1992 when Sali Berisha, leader of the Democratic Party, became the first non-communist president, but over time his regime became increasingly authoritarian and corrupt. In 1997 the government virtually ceased to function as the result of the collapse of several pyramid get-rich-quick investment schemes, into which an estimated 40 percent of the population had placed their savings. The companies which set them up were involved not only in money laundering but also drugs and arms smuggling and were linked to Berisha's party. Public outrage and anarchy ensued as the government lost control over the countryside, where robbery, hijacking, and kidnapping became everyday occurrences. This led to a mass exodus of Albanians to Italy and Greece.

Today the government of President Rexhep Mejdani and Prime Minister Pandeli Majko is moving in the right direction, but it has a very long way to go. Albania is the poorest country in Europe. The GDP per capita is only \$800, and unemployment remains high, especially in the rural areas. The economy, already badly shaken by the 1997 pyramid crisis, was further damaged by the Kosovo conflict, which led to an increase in the budget deficit. The obstacles to economic development are manifold: widespread lawlessness, with most areas outside of Tirana not under government control; massive corruption in government agencies; a weak judicial system with little prosecution of criminal activities; poor infrastructure with desperately needed transportation and telecommunications projects tied up by bribery and bureaucracy; and a stalled privatization program. All this results in a growing disparity between the formal and informal economies and is hardly conducive to enhancing much-needed foreign investment.

Into this bizarre situation, NATO placed itself as the result of the Kosovo crisis. Taking over the airstrip at Tirana, NATO brought in some 18,000 troops and their equipment, including the much-noted Apache helicopters. NATO's soldiers helped construct the camps for the Kosovar refugees, whose number eventually totaled some 400,000, and assisted the humanitarian workers in distributing food and supplies. NATO established a planning cell in Albania and was preparing to use the country as its prime basing area in the Balkans should it become necessary to employ ground forces in Kosovo. In every way, Albania put itself at NATO's disposal.

Now the Albanian government wants NATO to remain in Albania. A continuing international presence is widely viewed as a stabilizing domestic influence in this unstable country. This desire for a Western presence is, in part, a reflection of the deep mistrust that exists among Albanians and between their political groupings. Some Albanians fear that their country cannot survive on its own without the significant presence of NATO, the OSCE, and the European Union. A small but continuing NATO presence would have a beneficial political impact and would be much welcomed in Tirana.

Western countries must now address how great an involvement and presence they should maintain in Albania over the next decade. Almost all the refugees have left the camps; troops and supplies can be flown directly into Kosovo. But the Albanian government would like to secure a permanent NATO presence, including some U.S. troops. This should receive a positive response. Albania is valuable as a logistical support for KFOR operations, quite apart from the political benefits of a continued presence. Albania actually applied for NATO membership in the mid-1990s, although this was never taken seriously in Brussels.

The obstacles to economic development are manifold: widespread lawlessness, massive corruption, poor infrastructure, and a stalled privatization program.

Now, with the new international attention being given to Albania as well as its participation in the Membership Action Plan, the role that Albania could play in helping to enhance stability in the Balkans will at least be noticed.

Albania is also seeking major economic development assistance. The government is developing a multi-million dollar list of infrastructure and energy projects to be financed by the West. Whether the existing bureaucracy and habits are capable of handling massive projects without falling prey to the criminal misuse of funds is an open question.

Nevertheless, this is a watershed time for Albania, perhaps even more so than for the other Balkan states. The situation in Albania has the potential of creating instabilities in Macedonia, Montenegro, Greece, and Kosovo and exacerbating crime and related social problems in Italy. The dream of a "Greater Albania" can hardly be said to have disappeared and needs to be wisely channeled. To now abandon Albania, or to let it drift, would surely not be in the best interests of the West.

Slovenia

Slovenia is the part of the former Yugoslavia that has most successfully pulled itself out of Belgrade's reach. Indeed, the Slovenians prefer to think of themselves as not part of the Balkans at all. Rather, they like to consider their nation as part of Central Europe, like their neighbors Austria and Hungary, with some past Balkan experience. Another self-characterization is Slovenia as a valuable bridge to the Balkans, without being a part of the region.

Initially Slovenia feared being dragged into the Balkan conflicts, from which it had escaped in 1991, but then its leadership came to understand that its own interests required support of NATO and the West. Slovenia was the first to approve overflight rights and ground transit during the Kosovo War. NATO's planes flew across the country en route from Aviano, Italy, to Serbia and occasionally could be heard over Ljubljana. Families from Kosovo with relatives in Slovenia were taken in. Some 10,000 Serbs live in Slovenia, but the country is fortunate in not having the usual ethnic mix that can be explosive in the Balkans; 88 percent of its population of 2 million are Slovenes and are overwhelmingly Roman Catholic. The government has provided small-scale contributions to IFOR and SFOR in Bosnia and made forces available to KFOR. Public support for the NATO air war was around 70 percent, far higher than in the other states of the region.

Slovenia is now seeking to cut out for itself a special role in Southeastern Europe. It has actively supported President Milo Djukanovic in Montenegro and works to maintain the stability of that republic. Similarly it has sought to be helpful in Macedonia. President Milan Kucan has denounced the "aggressive nationalism" of the Serbian regime and has advocated a conference on the political future of the Balkans. Slovenians are in contact with opposition groups in Belgrade and want to be a constructive agent in promoting a democratic Serbia.

But most of all, the governing coalition led by Prime Minister Janez Drnovsek is seeking to join the European Union and NATO. Negotiations with the former began in 1998 and are promising, given that Slovenia's per capita GDP of \$12,500 is the highest in Central and Eastern Europe, placing it on par with two existing members of the European Union, Greece and Portugal. Its dynamic foreign trade has been redirected from the East to 75 percent with the EU. Slovenia already has associated status in the European Union and sees itself as being on the fast track for admission early in the next decade.

As for NATO, if one uses the official 1995 guidelines for membership as the criteria, Slovenia is well qualified, as much as the three countries that were admitted into the Alliance in April 1999. At that time, and even at the Madrid NATO summit of 1997, a number of countries backed its admission; what was lacking was another and larger country to be a part of an entry package which could receive a consensus among Alliance

But most of all, the governing coalition led by Prime Minister Janez Drnovsek is seeking to join the European Union and NATO. Negotiations with the former began in 1998 and are promising, given that Slovenia's per capita GDP of \$12,500 is the highest in Central and Eastern Europe.

members. Slovenia in NATO would provide a land corridor to Hungary, which is now lacking one, and might serve as a stabilizing influence on other parts of the former Yugoslavia. President Clinton in June 1999, as the first American president to visit the country, spoke of Slovenia as "an excellent candidate for NATO." Recently Slovenia has hosted a conference on de-mining in the Balkans. Slovenia will fully participate in the Membership Action Plan, as it has in the Partnership for Peace.

What is new, however, is that NATO's star may not shine as bright in the eyes of the Slovenian people as it once did. Expectations were quashed by the country's failure to be accepted in 1999—as they had already been dashed in 1997—and this resulted in significant disappointment. The Kosovo War has led to some soul-searching. Questions can be heard: Do we really want to become involved in NATO's wars? What is wrong with the "neutral" model of an Austria or Switzerland for Slovenia? These doubts probably will not carry the day, but it is noteworthy that they can now be heard for the first time.

Slovakia

If the politicians of Czechoslovakia had not decided upon a "Velvet Divorce" in 1993, against the majority sentiments of both the Czech and Slovak people, Slovakia today would be in NATO and well on the road toward membership in the European Union. Even for a time after the split, Slovakia was a strong candidate for NATO, along with the other Visegrad states of Poland, Hungary, and the Czech Republic. But the new state of Slovakia, led by its first prime minister, Vladimir Meciar, took a wrong turn and damaged itself in the eyes of the West. Under Meciar, a populist demagogue and extreme nationalist, Slovakia acquired a democratic deficit. The Parliament did not function democratically, government institutions were manipulated, and the intelligence services were wrongly used against the opposition in a pattern of political warfare. In addition, some of the nation's most valuable economic assets were sold at basement prices to political cronies, there were delays in privatization, the banking system faltered, public debt rose substantially, the economy sank, and corruption and crime were widespread. Thus, although geographically and historically part of Central Europe, Slovakia's recent past bears many similarities to the post-communist transitions of Southeastern European countries.

The election in 1998 of a reformist, center-right government, led by Prime Minister Mikulas Dzurinda, was therefore a milestone. Slovakia today is a functioning democracy, with a parliament that has recaptured its constitutional role, an unusually effective and instrumental non-governmental community, and the rule of law. Although it will take some time to repair the damage of the Meciar years and restore the nation's financial health, Slovakia is now on the right track. Any doubts about this were eliminated by the failure of Meciar to make a comeback in his bid for the presidency in the May 1999 election. The new President of Slovak Republic is Rudolf Schuster, the former mayor of Kosice, the nation's second largest city. Although like Meciar he was formerly a communist, Schuster became a democratic, pro-European politician. Yet he was never a dissident, and as one observer has noted, he does not have the moral authority of a Vaclav Havel nor the zeal for market reform of a Vaclav Klaus. Schuster only beat Meciar by 57 to 43 percent, thereby demonstrating that, as in some other former communist states, the political turn around is a process that can take some years. Adequate time for a generational change will be an important dimension.

Kosovo and NATO became issues in the presidential election. Meciar had never advocated joining the Alliance and was therefore able to take advantage of the public's 66 percent opposition to the air campaign. The Dzurinda government, on the other hand, has been energetically seeking entry into NATO since coming to power. It declared itself a "reliable partner" for the Alliance in the Kosovo crisis. Permission for overflights and the use of rail and highway facilities for travel from Germany to Hungary were accorded

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even though polls showed a 64 percent opposition to these steps. Public opinion was influenced by the existence of a Slovak minority in Serbia and a history of business relationships with and travel to that country. Nevertheless, the Slovakian government fully supported the Alliance in Kosovo. It is now reforming its armed forces and is preparing its Membership Action Plan, so as to be NATO-ready in a year or two. In a tribute to Slovakia, Foreign Minister Eduard Kukan was appointed, along with Carl Bildt of Sweden, to be one of the two United Nations special envoys for the Balkans.

After years of ambivalence earlier in the decade, Slovakia now actively seeks to enter the Western institutions. For its admission into NATO it will have the strong support of the Czech Republic and most likely, Hungary and Poland, among others such as France. The Austrians, among others, will be sponsors for admission to the European Union. Fifty-six percent of Slovakia's trade is now with the countries of the European Union, and the government is working to remove fiscal and structural obstacles to membership in the EU. Assuming that Slovakia continues on its present path, in several years it should be a strong candidate for full integration into the West. Thus, after a self-imposed delay, Bratislava also will be in Brussels knocking loudly at the doors of both NATO and the European Union.

Southeastern Europe at a Crossroad

Today Southeastern Europe is at a critical juncture for its future development. No less importantly, the Euro-Atlantic community is at a watershed in its approach to Southeastern Europe.

Our analysis of the six countries above makes clear that they seek, above all, integration into the West—into a Europe that is whole and free. They have incurred considerable economic costs, undergone social dislocation, and accepted political risks, all with the aspiration of moving onto a new path. Governments have given their backing to NATO through the granting of transit rights and political support in a war which was not widely supported by their own voters. Political leaders went out on a limb, risking significant political consequences to move toward the goal of Western integration.

By fortunate coincidence, in Bulgaria, Romania, Macedonia, Albania, and Slovakia there are now democratic, relatively free-market oriented and reformist governments—each of these, however, has come into office only during the past two or three years. Without these pro-Western governments, the NATO and the G-8 nations would have had a far more difficult time in dealing with the Kosovo crisis. These friendly governments replaced, in most cases, socialist governments which were more attuned to the communist policies and societies of the past. Now leading the opposition, the post-communism “transitional” governments of the early and mid-1990s could transition right back into office if the current situation in the Balkans is allowed to turn into an economic downspiral. Indeed, if the high expectations that have been raised, and which are the result of implied or explicit commitments made by the West, are quashed for lack of sufficient economic assistance and security assurance, a major geopolitical disaster could ensue.

Integrating Southeastern Europe into the Euro-Atlantic mainstream is a task that will take decades. In the most immediate context there are the problems of Milosevic's Serbia, the unsettled situations in Kosovo and Montenegro, and the uncertainties regarding the political direction of Croatia. These situations, however, cannot, and the international community agrees should not, be allowed to hold up progress in the rest of the Balkans. The region urgently needs to become further engaged with the West in a process of cooperative security, based on the common interests of Southeastern Europe and the rest of Europe. This must entail both security and economic dimensions.

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Integration with the West: The Political and Security Dimensions

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NATO will have primary responsibility for ensuring the security of the Balkans for a long time to come, probably for another ten to twenty years. Perhaps this would not be the case if, in the decade after the end of the Soviet Empire, Western leaders had effectively used the OSCE, the European Union, or the United Nations to promote the development of institutions capable of assuming leadership for such a task. Instead, it was NATO that successfully evolved the furthest, by transforming itself from a classical alliance for *collective defense* to one with a wider mission. It is now committed to providing *collective security* for a larger grouping of Euro-Atlantic states. This commitment was codified in the Alliance's new Strategic Concept, adopted by the Alliance at its fiftieth anniversary meeting in April 1999. In addition, the "security table" of the Stability Pact for South Eastern Europe, initiated by the European Union in Cologne in June 1999, has *de facto* been entrusted to NATO. Furthermore, although the United Nations, by the terms of the agreement reached with Russia, has overall responsibility for Kosovo, and the OSCE will play a significant role in the Balkans, no one doubts that it is NATO which will be the senior security partner in Southeastern Europe—least of all is this doubted by the states of the region, which clearly prefer it that way.

NATO's Southeastern Europe Initiative

Given the West's failure to prevent the catastrophic conflicts of the 1990s in the Balkans, the primacy of an institution with military clout is perhaps inevitable. NATO forces are now to be found in sizeable numbers in Bosnia-Herzegovina (30,000) and Kosovo (57,000 authorized), providing an important element of security and stability. There is no sign that they can be withdrawn soon, at least in a responsible manner. A far smaller but politically highly desirable presence is likely to be kept in Albania and Macedonia. It is quite possible that NATO forces will be needed in Montenegro before too long.

Of equal importance, NATO will remain deeply engaged in Southeastern Europe through the Membership Action Plan and the Partnership for Peace. In initiating the Membership Action Plan at the 1999 summit, the Alliance's leaders were seeking to reduce disappointment of aspiring states at not being admitted to NATO membership at that time by suggesting a number of measures that would help these countries better prepare themselves for eventual inclusion. On careful examination, the MAP provides for a very specific and intrusive set of activities that will have the effect of binding the would-be members remarkably close to the Alliance. Each of the aspiring states will submit annual, national plans that will cover the full range of their activities in preparation for NATO membership. Typically these plans will include not only military measures designed to create force improvements, so as to enable them to carry out the Strategic Concept, but also details of defense resource management and of economic policy. In addition, the plans will outline political steps ranging from civilian control of the military to the settling of internal jurisdictional disputes and ethnic or territorial conflicts. Annual 19 + 1 meetings, between Allies and the aspirant states, will be held to make assessments of defense reforms and modernization efforts, and to give these states direct and candid feedback as well as political or technical guidance. NATO will provide defense planning tools to improve the interoperability of their armed forces. The Allies will also provide security assistance and will exchange information for the purpose of avoiding duplication. It would appear that the prospective members will be treated through MAP as rigorously as if they were already Alliance members, arguably even more so. The aspiring states have been told that carefully pursuing the program and activities of their Membership Action Plan does not, in itself, guarantee an invitation. In other

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The Alliance has also sought to reconfigure the twenty-four-nation Partnership for Peace and the forty-four-nation Euro-Atlantic Partnership Council (EAPC), which include the nations of Southeastern Europe except for Serbia, Bosnia-Herzegovina, and Croatia, so as to make them better able to promote regional cooperation. With this region very much in mind, the fiftieth anniversary summit leaders decided upon a new form of regionally focused, more "operational" PFP activities and exercises, and the expansion of regionally oriented EAPC cooperative mechanisms. Special security cooperation programs are being developed for the PFP countries in the region.

Perhaps the most important new step toward enhancing NATO's political involvement in Southeastern Europe, however, was the creation at the Washington summit of a new consultative forum consisting of the nineteen allies plus the seven states that are neighbors of Serbia, thus including Croatia and Bosnia-Herzegovina. At that time the NATO leaders affirmed that "the security of the neighboring states was of direct and material concern to Alliance members and that NATO would respond to any challenges by Belgrade to the neighboring states resulting from the presence of NATO forces and their activities on their territory during this crisis." This statement, in keeping with the letters sent by Secretary General Javier Solana to some of the same countries, was read as going a long way toward establishing an Article 5 commitment, even if temporary. Initially dubbed the "front-line states" in the context of the Kosovo conflict, this grouping has since met several times and is becoming a permanent part of the NATO landscape.

The result of all these new measures is the creation of a cooperative security relationship between NATO and Southeastern Europe. In recent times NATO's officials, in reference to all these activities, have spoken of the Alliance's Southeastern Europe Initiative. Clearly, NATO's attention has shifted from the plains of Germany to the mountains and valleys of the Balkans. At the Brussels headquarters, potential instability in the Balkans is widely perceived as the major threat to European security in the first decades of the next century.

Stability Pact for South Eastern Europe

The Stability Pact for South Eastern Europe, the major political and institutional response to the Balkans crisis, is likely to remain a framework organization. Much of the economic reconstruction and security reassurance to be undertaken under its auspices will actually be done by the more specialized organizations. After having been initiated by the European Union on the basis of a German proposal, the pact has been placed under the still-wider auspices of the OSCE, which is the only pan-European security organization and which qualifies as a regional arrangement under Chapter VIII of the United Nations Charter. The European Union has appointed a German, Bodo Hombach, as Special Coordinator for the Stability Pact, while an American, Robert Barry, has been appointed by the OSCE as the latter's regional coordinator for Southeastern Europe. This somewhat complicated and overlapping structure need not hinder effective action, but neither does it provide confidence that such action will be easily undertaken—there being many built-in ways to "pass the buck."

Within the Stability Pact, a South Eastern Europe Regional Table will coordinate the activities of three "Working Tables":

- The *Working Table on Democratization and Human Rights* will address the rights of national minorities, issues involving refugees and displaced persons, common rules for dealing with border questions, means for strengthening civil society, freedom and independence of the media, rule of law and law enforcement, good governance and institution building, and related questions of democratization. The OSCE itself has been given the lead role in guiding and implementing the work of this table.

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- The *Working Table on Economic Reconstruction, Development, and Cooperation* will work toward enhancing economic cooperation of the countries of the region among themselves and with the European Union and seek their integration into the global trading system, including membership in the World Trade Organization; promote free flow of goods and capital to increase trade and investment; improve basic regional infrastructure; support deregulation, privatization, and market-oriented reform; fight corruption and crime; and deal with such issues as borders and customs, and environmental protection. In these activities the Working Table will collaborate with all relevant international economic institutions.
- The *Working Table on Security Issues* will work toward ending tensions and creating good neighborly relations and a climate of security throughout the region; seek full implementation of existing arms control and confidence-building measures, including the arms control measures of the Dayton accord; promote transparency and accountability in military spending and defense matters; strengthen civilian control of the armed forces; and work to counter terrorism, small arms proliferation, and the problems caused by landmines. The Working Table will complement and coordinate with the regional security efforts undertaken by the various European and Euro-Atlantic security organizations.

Regional initiatives

In the view of the Western nations, primary responsibility for regional progress and prosperity remains with the states of Southeastern Europe. NATO or the Stability Pact can help, even be essential, but cannot and should not replace the countries' own efforts.

In the view of the Western nations, primary responsibility for regional progress and prosperity remains with the states of Southeastern Europe. Assistance from outside through NATO or the Stability Pact can help, even be essential, but it cannot and should not replace the countries' own efforts. A number of regional and subregional initiatives and organizations have come into existence since the end of the Cold War that seek to foster friendly relations and pragmatic cooperation *within* the Balkans. As a consequence of the Kosovo War all of these organizations have increased their activities, which are generally aimed toward achieving cooperative security. The United States and the European Union have placed great emphasis on improving intra-regional cooperation as an essential step for improved security and stability.

- The *Royaumont Process* seeks to strengthen democracy, bolster free press and media, develop civil society, and encourage inter-ethnic dialogue.
- The *South East Europe Cooperation Initiative* encourages joint decision-making and cooperation in such matters as combating organized crime, strengthening border controls, and addressing environmental problems. It seeks to reduce barriers or disincentives to private investment.
- The *South Eastern Europe Defense Ministers* meetings have brought some of the countries of the region into a variety of cooperative activities designed to enhance transparency and mutual confidence. They have created a new, six-nation, multinational peacekeeping organization.
- The *Organization for Black Sea Economic Cooperation* fosters economic development and promotes mutual understanding in the Black Sea region.
- The *South Eastern Europe Cooperation Process* was launched at the April 1999 NATO summit with an ambitious, though as yet incomplete, broad scheme of political, economic, security, and humanitarian regional cooperation.
- The *Central European Initiative* has established a continuing and wide-ranging dialogue and cooperation with its southeastern colleagues in a variety of fields.

Kosovo's Impact upon NATO Enlargement

Without doubt arrival in the Promised Land for the Balkan nations is their eventual admission into NATO and the European Union. Only this, in their view, will fully safeguard their long-term military and economic security. Only such steps will completely achieve their integration within the Western community.

As we have seen, the Kosovo War led to a strongly heightened set of expectations. How else to respond to the encouraging words of Prime Minister Tony Blair and Secretary Madeleine Albright or the letter of reassurance of Secretary General Javier Solana? The Balkan nations cooperated with the Allied effort during the crisis, often at considerable economic and political costs, and have not stopped since—witness their participation in the Membership Action Plan and support for KFOR. They have also been reforming their economies, democratizing their political practices, and opening their societies, all the time seeking to emulate the Western model.

The words and spirit of the 1999 Washington NATO summit strongly encouraged these high expectations. In spite of five years of debate about the wisdom of enlarging NATO, the closing communiqué on “An Alliance for the Twenty-First Century” strongly restated the “open door” commitment of the 1997 summit:

We pledge that NATO will continue to welcome new members...the three new members will not be the last....The Alliance expects to further extend invitations in coming years....Those nations that have expressed an interest in becoming NATO members will remain under active consideration for future membership. No European democratic country whose admission would fulfill the objectives of the Treaty will be excluded from consideration, regardless of its geographic location, each being considered on its own merits.

So it should not be surprising that in Bulgaria, Romania, Slovakia, and Slovenia the political leadership and much of the public has high aspirations for entering NATO in the very next tranche, expected to be in 2002. In Albania and Macedonia it is understood that membership will take far more time and work, but the seeds of the same aspiration clearly have been planted.

At NATO headquarters in Brussels, the Kosovo crisis has resulted in raising the perceived importance of Southeastern Europe for the future of the European continent. The Alliance’s “southern dimension” has gained attention—somewhat to the unease of the Baltic aspirants for membership. Instability in the south is seen by many to be of greater concern and importance in the next decades than developments in the north. Russia’s preoccupation with its domestic problems are thought to make it unlikely that the Baltic nations will soon require an equal level of NATO’s attention. Accordingly, the pertinent question is becoming: should NATO give priority to those nations in the south that are weak and need support, or that are relatively strong but in an unstable region, or should it give priority to those in the north, where there are presently far fewer urgent problems? This is a sensitive trade-off.

In the Allied capitals there is a consensus that the Balkans need attention now. But few in the capitals or in Brussels are ready to address further the complex and difficult issue of enlargement at this time. In bureaucratic terms, policy development for the year 2002 is still mercifully far away. Instead, attention is being focused on the details of the individual Membership Action Plans; on “operationalizing” the Partnership for Peace; on the full integration of Poland, Hungary, and the Czech Republic into the Alliance; and of course, on NATO peacekeeping operations in Kosovo and Bosnia-Herzegovina.

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have convinced themselves that they have earned the right to be the very first through NATO's "open door." Many of these, conceivably even all, are likely to be disappointed, for reasons to be discussed below. This will turn to dissatisfaction with the West and lead to bickering within the Alliance for having led them down the garden path. The end result could well be total disarray within Southeastern Europe as well as within the broader European security system.

What will be the impact of the Kosovo War upon the enlargement of NATO, from the perspective of the Alliance's members? This important question has hardly begun to be addressed because of the more pressing questions involving Pristina and Belgrade. Some will argue that further enlargement is more necessary than ever to consolidate democracy and free-market economies in Southeastern Europe. But a new caution and reluctance in parts of the NATO community can also be expected.

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By demonstrating the difficulties of fighting a war by committee, the Kosovo conflict underlined the risks of reducing the cohesion of NATO through the admittance of additional members. This was, above all, a political war involving coercive action designed to result in a specific political and humanitarian response. For each of the Allies, the maintenance of their public's support was a prime necessity. They therefore imposed political constraints on the military conduct of the conflict. This was played out on a daily basis as bombing targets and other military details required approval of the nineteen ambassadors at the North Atlantic Council in Brussels and senior officials in some of the capitals. The Supreme Allied Commander in Europe, General Wesley K. Clark, made no secret of the fact that the military effort and the basic rules of modern warfare were hamstrung by the need to maintain the political cohesion of the Alliance. A basic tenet of NATO is that it acts by consensus. Yet decisions on action and intervention in the post-Cold War world are far more nuanced and politically complex than in the days of collective defense against the Warsaw Pact. It is reasonable to believe that effective crisis management would be far more difficult to achieve in an expanded alliance. One remedy, though a controversial and difficult one, would be to reduce the requirement for consensus by adopting an innovative decision-making procedure with some type of weighted voting or delegated responsibilities.

The seventy-eight day bombing campaign also underscored the growing disparity between the technological capability of the United States and that of some of the NATO allies. This is a matter of acute concern to U.S. Secretary of Defense William Cohen, who has persuaded the Alliance to launch a major Defense Capabilities Initiative intended to narrow the gap through the modernization of the European forces. The aim is to increase investments in defense to make the national armed forces more interoperable, mobile, and deployable. This weighty task will become all the more difficult as new members, all of whom have deficiencies in defense, are brought on board.

The drawbacks inherent in the dilution of NATO are also likely to gain a greater profile as the Allies appraise Kosovo in the context of possible future needs for NATO's unique capability to provide effective, integrated forces for crisis response and management. The Alliance's new Strategic Concept correctly identifies non-Article 5 missions outside the territory of member states as a priority task. Maintaining Alliance consensus in the Kosovo case was not always easy, and indeed may readily have broken down if the United States and only a few of the other allies had concluded that the use of ground forces had become a necessity. This time, consensus was facilitated by the heinousness of Milosevic's practice of ethnic cleansing and atrocities against civilians. But another and more typical crisis may lead to a less clear-cut evaluation and a more uncertain public response. Under such circumstances an alliance with, for example, twenty-five members may have far greater difficulty in reaching consensus.

This report is not the place for a repetition of the well-known arguments of the past half-decade opposing NATO expansion. The Kosovo crisis, however, has also served as a useful reminder of the importance of the Russian dimension of the issue. Without the active cooperation of Moscow, negotiating an agreement with Milosevic to avoid an armed intervention in Kosovo might well have proven impossible. Russia, by its uncoordinated early arrival in Pristina and by its other activities in Kosovo, made the point that it should not be taken for granted. The closer NATO moves to Russia's borders through enlargement, the more difficult it will be for Russia to accept the entire process. This should be borne in mind at a time of continuing major uncertainties and turmoil in that nuclear-armed and still dangerous country.

We are now on a dangerous collision course between Southeastern Europe's expectations and NATO's realities. Aspirant states seek a reliable timeline for entry into the Atlantic Alliance. They want to know if they can expect an invitation in 2002 to begin admission talks if they do all the "right" things being suggested to them. They are willing to prepare themselves to the best of their capabilities and means through the detailed activities of the Membership Action Plan. But it is important that they be reminded that there is no automaticity or certainty, even if they complete all the additional economic reforms and societal improvements. Frequently lost in the details of the MAP and other activities is a simple recognition: NATO entry is above all a political decision made by the members of the NATO club. In the case of the Visegrad nations, they may well not have succeeded in 1999 were it not for the lobbying of the United States and the personal agenda of President Clinton. Who can say if, and which, additional aspirants will have the strong support of an unknown future American president?

For its part, the Alliance should, for the first time, seriously review its policy on enlargement. To continuously repeat the rhetoric about the "open door" is to fail to think through the fundamental question of how far NATO should expand. Following the entry of Poland, Hungary, and the Czech Republic, this question has now become more salient and urgent. From it flow additional questions: Are there to be successive waves of enlargement? If so, would Russia ultimately be brought in? At what point does NATO so dilute itself as to no longer retain its effectiveness and its *raison d'être*? If the European Union becomes a significant provider of security, as it now aims to, how will this affect the Alliance's enlargement?

These are tough questions, but they need to be debated within the Atlantic community before it goes much further down the path of enlargement in the Balkans or the Baltics. The two years before the 2002 summit are the right time for this discussion. Otherwise, the same result could occur as took place in 1999. Because of the failure to address these questions between the 1997 Madrid summit which proclaimed the "open door" and the 1999 Washington summit, the only consensus that could be reached was a negative one—to admit no country at all.

In thinking through the process of enlargement it may help to consider two models. The *transformation* model views the Alliance as bringing in quite a few new members and becoming the pan-European security system of the twenty-first century. NATO would be transformed, more so than it already has been in the past decade, into a looser organization, with less binding guarantees and commitments, and easier entrance standards, making room for a European defense identity. The requirement for consensus would be replaced by actions undertaken by "coalitions of the willing." A more *traditional* model would enlarge very cautiously, to fully maintain the standards which have served the Alliance so well over the past fifty years. Premium would be placed upon the continuation of NATO's political cohesion and military effectiveness. The debate about the future of Southeastern Europe and its security integration with the West is likely to find itself caught between these two poles—in consequence, the outcome may also be somewhere in between.

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Because governments and international organizations are not very adept at dealing with fundamental issues of this type, NATO might follow the example of an earlier uncertain time in its history when in 1967 it charged a wise men's group, headed by former Belgian foreign minister Pierre Harmel, with examining the future tasks of the Atlantic Alliance. The Harmel report brought clarity to the question of how the Alliance should adjust to the new superpower détente and was influential for many years. Today's conundrum of NATO enlargement desperately needs clarification and is certainly worthy of a similar report.

Integration with the West: The Economic Dimension

More than reconstruction to past levels is necessary to achieve a stable region.... A foundation must be laid for an economically viable and prosperous region, without which democracy cannot fully take hold.

Political stability in the Balkans cannot be achieved without an adequate level of economic security and growth. As discussed, the Kosovo crisis created economic havoc in much of Southeastern Europe. An effective program of reconstruction is badly needed. More than reconstruction to past levels, however, is necessary to achieve a stable region. During this post-conflict time, a foundation must be laid for an economically viable and prosperous region, without which democracy cannot fully take hold.

This is the challenge for the West. Although the United States should accept its fair share, the task is primarily a European responsibility. The reason is not because the United States made by far the largest military contribution to the fighting of the war—the reason usually cited—but because Europe, after all, is the prime responsibility of the Europeans. It is Western Europe that will benefit most from fruitful trade relations with the nations of Southeastern Europe and from peace within its continent. Moreover, European firms are likely to receive more commercial contracts than those of the United States. Although Europe must undertake the lion's share of this reconstruction and development task, it does not behoove the United States to be parsimonious.

The European Union's chosen instrument, the Stability Pact for South Eastern Europe, and the Pact's Working Table on Economic Reconstruction, Development, and Cooperation, discussed earlier, is essentially an umbrella organization. The same can be said of the European Union's new Stabilization and Association process that is specifically targeted to the countries of the western Balkans—Bosnia-Herzegovina, Croatia, Macedonia, Albania, and Yugoslavia. In addition, the World Bank, the International Monetary Fund, the European Bank for Reconstruction and Development, and the European Investment Bank are all coordinating their efforts with the European Union to provide macro-economic, structural, and budgetary aid to the region.

Much will depend upon the financial resources that are actually made available. On this score, there is room for concern. Almost all the resources allocated have been earmarked for Kosovo, with comparatively little for the rest of Southeastern Europe. Kosovo is in the headlines and is where NATO forces are deployed. The donor's conference for Kosovo of July 28, 1999, pledged a total of \$2.1 billion for humanitarian assistance and other urgent related programs over the next three years, of which approximately half will come from the European Union and a quarter from the United States.

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The amounts presently allocated for all the Balkan countries other than Kosovo, however, are far less. The European heads of state, meeting in Sarajevo on July 30, 1999, left without making any new pledges of economic assistance, although the European Union had earlier given macro-economic support of \$20 million to Albania and \$60 million to Bosnia-Herzegovina to deal with immediate balance of payment difficulties. The European Commission has proposed \$400 million, again primarily for balance of payment deficits resulting from the war, for Bulgaria, Macedonia, and Romania, to be spread out over a number of years, but this has not received final approval.

As for the United States, President Clinton in Sarajevo announced a package of \$700 million, apart from the \$500 million earmarked for Kosovo. This package, however, con-

sists mainly of business incentives and trade initiatives, including a plan to have the Overseas Private Investment Corporation establish a \$150 million investment fund for Southeastern Europe and provide an additional \$200 million in credit for American companies that may want to establish operations in the region. The elimination of tariffs on imports from the Balkans was included. As for more direct assistance, the U.S. Congress recessed in August 1999 without approving legislation calling for \$85 million for Albania, \$45 million for Bulgaria, \$55 million for Macedonia, and \$60 million for Romania. These are modest grants compared to just the costs incurred by these countries as a result of the war.

Altogether, the amounts now allocated or planned for Southeastern Europe pale in contrast to the region's true needs, for which estimates have ranged from \$30 billion for five years to \$100 billion over the next ten years. Perhaps it is too early to make an overall negative judgement. Nevertheless, the nature of the early response to a crisis tends to set the political and psychological contours for the longer term. Whether the Europeans, who must accept most of the burden, will respond adequately is an open question at this time. They are in the midst of adjusting to the forces of globalization by seeking to reduce the fiscal burden of their welfare societies. Germany is expected to take the lead, but the government of Chancellor Gerhard Schroeder is beset by a troubled economy and competing demands. Moreover, the European Union will be facing the considerable cost of admitting the next wave of aspirants, including Poland, Hungary, the Czech Republic, Estonia, and Slovenia. There is resistance to aiding the Balkans at the price of delaying the admission of these countries.

But if Southeastern Europe is truly to be integrated with the rest of Europe, at least some of the Balkan countries also must be recognized as early candidates for entry into the European Union. Prime Minister Blair's pledge to his audiences in Sofia and Bucharest in May that he would press at the Helsinki meeting of the European Council in December 1999 for invitations to start formal negotiations to accede to the European Union bears watching. Slovakia could be added to the list, but the rest of the Balkan countries have a long way to go before they are prepared, and they should settle for associate membership under the new Stabilization and Association process.

Nevertheless, the importance of the European Union to a prosperous and benign future for the region cannot be underestimated. The European Union is the beacon to which the Balkan nations are drawn. Their desire to join, no matter how distant in years the road ahead, should create the momentum for helping to complete the necessary economic and political reforms.

The Marshall Plan analogy, heard in recent times to depict what is now necessary, is partially misleading. Instead of the massive foreign aid following the Second World War, there is a need for foreign trade and private sector investment with guarantees; effective customs and commercial regimes; targeted aid for national and regional infrastructure projects such as roads, rails, and waterways to stimulate trade; growth-oriented projects; and assistance with the enhancement of civil societies.

The Western community has been repeating a mantra of the need for the Balkan countries to cooperate with each other and adopt strategies for regional economic integration. Although this approach is certainly commendable, it should be recognized that there are limits to which these still small and not adequately deregulated economies can benefit from such regional cooperation. There are important differences among the countries of the Balkans in their economies, political structures, and societies that should not be overlooked. It is important, therefore, that the Western approach be fine-tuned, balancing the quest for *integration* with the realities and benefits of *differentiation*.

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Closing Thoughts

We are at a pivotal moment. A historic challenge is before us: to work toward creating a stable, secure, and prosperous region in an area which has known far too little of such conditions. In other words, the opportunity is to *de-balkanize the Balkans*.

If Southeastern Europe were allowed to slide back into its old ways, it would return to what it has been for much of the past century and longer—a gray zone of weak, vulnerable, and insecure nations. The legacy of ethnic tension, political diversity, and fragmentation is deeply ingrained. The powder keg remains dry. Between Western Europe and the East there would be a dangerous and unstable vacuum that could once again require the involvement of outside powers. In the new globalized world, inattention is unacceptable.

Now we have the opportunity to change the paradigm of the past. This means integrating the countries of Southeastern Europe into the Euro-Atlantic system. In a quarter century, or hopefully less, all the states of the region could be brought into a NATO and a European Union that are remodeled to the requirements of the new times. This is likely to include a new security role for the European Union. The incipient regional institutions for multilateral cooperation need to be nurtured and strengthened. And the Organization for Security and Cooperation in Europe and the United Nations have significant roles to play. No one of these can resolve all the problems of the Balkans alone. And before much of this can transpire, the Western nations will require evidence of further economic and political reforms in the region.

Between now and then an enormous amount of work needs to be done. The Stability Pact for South Eastern Europe should move soon from conferences and planning papers to concrete results. This may necessitate jump-starting the present process. The bold declarations of the G-8 and the European Council should not give way to a loss of momentum as the world's attention turns elsewhere. The level of economic and developmental assistance ought to be substantially increased from the current insufficient amounts now allocated (Kosovo being the exception). Both NATO and the European Union need to think long and hard about the present pace, direction, and scale of their further enlargements.

All this cannot be achieved without the participation of some of the states at the core of the Balkans—Bosnia, Croatia, and Yugoslavia. Placing conditionality on aid to Serbia as long as Milosevic remains in power has short-term logic but should not be applied indiscriminately; some exceptions should be made for assistance for strictly humanitarian purposes. Croatia and Bosnia need to be persuaded to further develop their still-weak democratic systems. And the immediate problems of Kosovo must continue to receive priority. None of these, however, should be allowed to deflect sustained attention from creating security and stability for the whole of Southeastern Europe.

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