

Magazine: Foreign Affairs
Issue: January/February 2001, Volume 80, Number 1
Title: A Second Chance in the Balkans
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A NEW OPENING

WITHIN JUST one year, the most prominent leaders of the decade-long conflict in the Balkans have disappeared from the scene. The hard-line nationalist president of Croatia, Franjo Tudjman, died in December 1999, and his party was subsequently swept from power in an election that demonstrated public revulsion against the corruption of his regime. In October 2000, Bosnian President Alija Izetbegovic resigned due to old age, while his Muslim party lost popular support because of its failure to address the country's social and economic problems. Also in October, Slobodan Milosevic lost the Yugoslav presidency to Vojislav Kostunica, whose margin of victory proved too great to be undermined by Milosevic's machinations.

It had been only five years since Tudjman, Izetbegovic, and Milosevic had spent three weeks together in Dayton, Ohio, working out a historic peace deal for Bosnia. At the time, they were seen as holding the keys to peace in the Balkans. But all of them, in their different ways, failed to grasp the opportunities for achieving this goal. The region subsequently descended into the Kosovo war, while its social and economic problems deepened.

The recent changes in Belgrade and Zagreb, however, bring with them a second historic opportunity to advance toward genuine peace and prosperity in the Balkans. Such progress will not come easily or quickly. But if the opportunities afforded by political change are not seized, the region could be wrenched by renewed strife. Its endemic conflict is now held in check by a quarter of a million NATO-led soldiers committed to the region. If the troops were withdrawn today, however, a new war would break out tomorrow. Self-sustaining regional stability remains a good distance away.

To achieve such stability, all parties involved need to clearly envision where the region should be heading. But to plot a successful journey, they need to know where the region is coming from. Nations exist in time as well as in space: without an understanding of the past, it will be difficult to shape the future.

FRACTURE ZONE

THE BALKANS have been shaped by a unique history. Like no other part of the continent, southeastern Europe was ruled for two millennia by a series of multinational empires. The region straddles the dividing line between Western and Eastern Christianity,

and it is at a crossroads where Christianity meets Islam and where the great trading routes from the Middle East and Africa enter Europe.

Over the millennia, these multiethnic empires -- ruled by Constantinople or Vienna -- produced a mosaic of peoples, cultures, and languages that could not be found in any other part of Europe. All of the region's major cities were truly multinational, and even though the rural areas were less cosmopolitan, cultural diversity defined the entire Balkan region.

This mosaic was sustainable as long as the empires remained. But when the empires, dynasties, and feudal states of Europe gave way to the revolutionary idea of the nation-state -- a transition brought to fruition by the 1919 Versailles Treaty -- the region's unique diversity became a unique problem. In the rest of Europe, carving out a nation-state under the Wilsonian principle of self-determination was far from simple, but in the Balkans, the task bordered on the impossible. Thus, the international community instead supported the establishment of the first of the twentieth century's Yugoslavias.

Many of the questions that faced the region at the beginning of the last century remain unresolved today. The borders of the Albanian-dominated areas, as well as their internal instability, were the subjects of international concern and intervention. There was fierce dispute in Montenegro over whether it would strive for independence or some sort of union with Serbia. Numerous international missions sought to alleviate ethnic tensions in what is today the Former Yugoslav Republic of Macedonia. And the political complexity of Bosnia was difficult to sort out without making the country part of a larger political structure.

Between World Wars I and II, some countries attempted to control ethnic tensions by imposing ethnic separation. In the early 1920s, Greece and Turkey agreed to forcibly exchange more than a million people to consolidate their nation-states. Those expelled were denied, by treaty, the right to their property and the right to return to their former homelands.

In Yugoslavia, the multiethnic nation-state proved to be a difficult experiment. During World War II, the Nazis dismembered the country in favor of a Greater Croatia, a Greater Albania, and a Greater Bulgaria to balance and punish a dominant and Western-leaning Serbia. These nationalist sentiments erupted into bloody conflicts, including a round of ethnic carnage in Bosnia that probably took more lives than either the fight against foreign occupiers or the conflicts of the 1990s.

After World War II, Tito managed to hold Yugoslavia together only by forming a solid and repressive dictatorship. During his first years in power, Stalin was his model, the secret police his instrument, and the concentration camps and execution squads a bitter reality that suppressed all forms of ethnic nationalism. Tito never dared confront the brutal truth of ethnic conflicts during the wartime years and left bitter memories of them to be passed secretly from father to son and from mother to daughter. This buried legacy burst forth with ferocious force when the regime collapsed in the 1980s.

This history, to a large extent, explained the sudden brutality in the region during the early 1990s. Played up by the different nationalist forces that saw the chance to set up their own nation-states, the fears of the past suddenly became a potent political force. Indeed, the conflicts of that decade were driven far more by fear than by hate.

The international community tried to make peace by recognizing the independence of five of the six constituent republics of communist Yugoslavia.

(Montenegro, the sixth, chose to join Serbia to form the current Federal Republic of Yugoslavia.) In retrospect, it is obvious that the rights and positions of the substantial minority groups within each of these states should have been firmly secured before independence was recognized. Now it remains hotly debated whether the international community's intervention prevented further bloodshed or in fact worsened the situation.

As the political structure of the former Yugoslavia crumbled, the old issues of building nation-states and drawing borders were once more on the table. Every group wanted to be a majority in a state of its own, and no group wanted to be a minority in a state of others. The successive wars followed with a tragic logic that was seized on and reinforced by the nationalist propaganda machines of Belgrade and Zagreb.

Now, a decade later, the tension between Serbian and Croatian interests in that part of the region has been largely solved by ethnic separation. The Croatian army effectively "cleansed" areas of Croatia that had been dominated by Serbs for centuries, while Serbian forces brutally eliminated both Muslims and Croats from wide areas of Bosnia to acquire compact and contiguous territories. To a large extent, the war in Bosnia was fought by proxy between Belgrade and Zagreb, while the Muslims were forced into an uneasy alliance with the Croats in an attempt to survive the onslaught of the Serbian military machine. Today, a substantial international presence is working to hold together a united but weak Bosnian state dominated by its two highly autonomous "entities" in the fracture zone between Serbian and Croatian spheres of interest.

At the end of the day, the Dayton peace settlement for Bosnia differed little from plans that had existed before the conflict started. What finally brought peace to Bosnia was not one military operation or another -- whether by NATO in the air or by the Croatian army on the ground -- but a concrete and realistic plan made by the major actors in the international community: the United States, Europe, and Russia.

Key to the settlement was the U.S. acceptance of a highly autonomous Republika Srpska within the framework of a very loose Bosnian state. The deal met the minimum demands of everyone and the maximum demands of no one. The Serbs got neither an independent state nor union with Serbia, but they got the Republika Srpska; the Muslims did not get a unitary state, but they got a united Bosnia and Herzegovina. And the Croats got neither their own "entity" nor a de facto merger with Croatia, but they got a minor partnership in the joint Muslim-Croat Federation.

DEPENDENCY ISSUES

THE FIRST five years of international intervention in Bosnia have brought substantial progress. Peace is more or less taken for granted, and the international community has paid for a massive reconstruction of much of the country's destroyed physical infrastructure.

But at deeper levels, progress has been slower. Establishing peace was once seen as a fairly short military process. NATO forces were to be out within a year, and a strong international civilian presence was considered unnecessary. But today, five years later, military forces remain, and their commitment has become essentially open-ended. The international High Representative -- initially appointed to oversee the civilian implementation of the Dayton peace agreement -- now makes more and more critical

decisions for Bosnia as the international community takes one step after another to reinforce its role in running the country.

The greatest failure has been in economic and social development. After receiving an aid package many times the relative size of the Marshall Plan, Bosnia remains highly dependent on foreign help. It has a huge and unsustainable trade deficit, virtually no domestic investments, overblown and unsustainable budgets, massive unemployment, and semicorrupt and inefficient institutions. A recent U.N. survey showed that 62 percent of young people in Bosnia would leave the country if given the chance.

For most of the old political leaders of Bosnia, peace has just been the continuation of war by other means: the old nationalist issues still dominate their agendas to the detriment of the far more pressing social and economic issues. As long as the country's political structures remain uncertain, the fears on one side and the expectations on the other risk derailing attempts at constructive cooperation. The campaigns for the November 2000 elections demonstrated that nationalist tensions still plague the country. A prominent Muslim politician campaigned to rid the country of separate political entities such as Republika Srpska, and a prominent Serbian politician responded by raising the issue of Republika Srpska's independence. It is still far more common for Bosnian politicians to go to Washington or Brussels to advocate changes in their constitution than for them to go from one part of Bosnia to another to discuss and seek agreement on those same issues.

Without fundamental economic and social reforms, despair and desperation will only grow. The international community must help Bosnia establish institutions that can secure the rule of law and limit the rule of thugs. It must assist in establishing not only a firm political framework that would end internal instability, but also a framework for eventual regional and European integration, without which the political conflicts will continue forever.

SAVING SERBIA

IN MANY WAYS, the economic and social challenges of Serbia are worse than those of Bosnia. Serbia's state institutions -- especially the economic ones -- have been shaped by a devastating combination of socialism and sanctions and are now a strange mixture of mafia and nomenklatura. The sanctions imposed by the international community produced misery for the once honest middle class and illicit opportunities for the paramilitaries that thrived under the protection of Milosevic's regime. A decade of war in Croatia, Bosnia, and Kosovo has brought more than 700,000 refugees, mostly Serbs, into the country. This is the single largest refugee population in all of Europe, and it can easily turn into a reservoir of revanchism if abandoned and ignored. The international community must not only help Serbia achieve fundamental structural and economic reforms, it must also help refugees who want to return home to actually do so.

On top of all this, there is an acute need for Serbian society to recognize the evil that has been done in its name against innocent Croats, Bosnian Muslims, Albanians, and others, and to fully understand the resentment it has created in these other societies. Peace must be built on national reconciliation, and this is possible only if there is individual accountability for the crimes committed during all the wars of the last decade. Here, the

work of the U.N. International Criminal Tribunal in The Hague is of critical importance. To be successful, however, the tribunal must be seen as an instrument of reconciliation rather than retribution. Only when the tribunal's verdicts are seen as fair by people of the same nationality as those sentenced can it really start to serve this purpose. But for that to happen, the tribunal must do more to dispel the perception that it is the instrument of any one power or nation.

President Kostunica has expressed the skepticism shared by many democratic Serbs about the tribunal's justness. Although it can and must be explained that the tribunal has had difficulty bringing charges on behalf of victimized Serbs because Serbia has denied it access to information, Serbs do not always accept this explanation.

The tribunal must be given the resources to widen its investigations and indictments to include all important war crimes committed during the conflicts in Croatia, Bosnia, and Kosovo, and to increase the speed of bringing people to trial. It is unacceptable for years to pass before an indicted and arrested person is allowed to answer in court. And a slow justice process may well mean a slow path toward reconciliation, peace, and stability.

INFINITE DIVISION

AS THE CONFLICT over Bosnia was the consequence of a wider contention between Serbian and Croatian interests, the conflict over Kosovo is the consequence of a wider contention between Albanian and Slavic interests. Here, the area of dispute is a rift that extends from southern Montenegro through Kosovo into southern Serbia and throughout large parts of Macedonia. There will not be stable peace in the region until a political arrangement for this area is accepted by the peoples of Kosovo, all the countries of the region, including Serbia, and the U.N. Security Council.

The overwhelming majority of those living in Kosovo want to set up their own independent state, but the overwhelming opinion of the rest of the region, with the exception of Albania and the Albanian parts of Macedonia, is that this would be dangerous and destabilizing. President Boris Trajkovski of Macedonia expressed these concerns when he hosted the first meeting of the region's presidents following the changes in Belgrade: "We cannot redraw borders and boundaries, making smaller units of ever purer ethnic states. We cannot survive as a region if ethnicity becomes the sole defining justification of statehood."

Expressed in Sarajevo and Skopje, words like these are not only philosophical reflections but reflections of the fears of physical survival in the remaining states, primarily Macedonia and Bosnia, as they try to straddle cultural and ethnic divisions. If ethnic groups break off and form their own countries, the region risks fragmenting even further, bringing new conflicts and further ethnic divisions.

JOINING THE CLUB

TO ACHIEVE any progress toward self-sustaining stability in the Balkans, regional leaders must abandon their preoccupations with nineteenth-century concepts of nation-

states and borders and embrace the concept of transnational integration that will shape Europe in the twenty-first century. Today the region's fundamental choice is between integration and disintegration -- which, over time, might well mean a choice between peace and war.

Since the fall of the Berlin Wall, Europe has set out to achieve stability and peace through a policy of integration, namely the enlargement of the European Union (EU). The original aim of such integration was to achieve reconciliation between former enemies France and Germany. By now, the process of accession to the EU has been extended to nearly all of Europe, but it still excludes the conflict-ridden area south of Slovenia and north of Greece.

The wish to "join Europe" is now among the few factors uniting this region. But with frail state structures, a weak rule of law, unreformed and semicorrupt state-dominated economies, huge economic imbalances, and unresolved political conflicts, the road toward EU membership will likely be a long one for most of these countries.

Despite its passivity after the Dayton peace accords, the EU has finally started to develop a coherent approach to the region. After the Kosovo war, it launched a realistic yet ambitious set of plans: the so-called Stability Pact, which tried to link regional integration efforts with European ones, and the Stabilization and Association Agreements, which provided a flexible structure for integration into Europe.

Important as these steps have been, the EU still needs a more far-sighted and coherent approach to the region. If it really wants to create self-sustaining stability there, it has no alternative but to accept responsibility for driving the reforms, reintegration, and reconciliation that one day will overcome the fundamental contradictions that have plagued the region for the past 150 years.

Over time, economic integration combined with firm political structures will alleviate national tensions that would otherwise persist. Such was the case in western Europe after 1945. Today, the anchoring of the complex political arrangements of the region within a wider European framework will give those countries a credibility that will pave the way for stability.

Economic integration will not come by itself. It will be achieved only through structural reforms of all the region's economies and the gradual incorporation of the region into the EU's single, integrated market. To join the EU, these countries must demonstrate that they are both willing and able to implement the rules of the club: the so-called *acquis communautaire*, which now comprises some 80,000 pages of rules for different areas of economic life. Adopting these provisions involves not only radical structural reform within a country, but also a significant transfer of sovereignty to the common European institutions.

Although Croatia is somewhat closer than the rest, the Balkan countries are all so far from these goals that present trends will not bring them there for decades. In the meantime, the attraction of joining Europe might be lost, and the region risks falling into another cycle of disintegration, ethnic cleansing, and profound problems.

To avoid this disaster, the EU should consider setting up structures that can accelerate the processes of reform, reintegration, and reconciliation in the region. This would take the prospect of joining Europe from the realm of rhetoric to reality. Experience in Bosnia, Albania, and Kosovo shows the crucial importance of customs services, for example, in stamping out both the corruption inside the countries and the

criminal syndicates spreading across the region. The countries themselves could demonstrate their commitment to joining Europe by allowing the EU to train and monitor their customs services, and the EU could demonstrate both its stance against criminality and its willingness to facilitate integration by setting up such a customs-monitoring structure for the region.

Issues of refugee return, citizenship, and property rights are also of critical humanitarian and political importance. The EU could consider setting up a special structure -- within the European Court for Human Rights, for example -- to deal with the multitude of problems arising in this area. Over time, the countries of the region could be brought into the EU's European Reconstruction Agency.

Finally, the current NATO-led forces in Bosnia and Kosovo could, over time, become part of a regional security arrangement that, while anchored firmly in NATO and the Organization for Security and Cooperation in Europe, would include far-reaching provisions for disarmament, as well as mechanisms for military reform and integration.

Not everyone will be happy with such efforts. Those countries that believe they can become members faster than the others will obviously hesitate. And many will be reluctant to accept the fact that the freedom of movement across borders and the right to claim one's property in any country will also have to apply, for example, to Serbs in Croatia and Albanians in Serbia. Thus, the main responsibility for these accelerated processes will have to rest with the EU.

What is needed is the evolution toward structures of layered sovereignty that can achieve compromises based on respecting the minimum demands of everyone while meeting the maximum demands of no one. Such structures should allow for both wide-ranging autonomy and far-reaching European integration so that over time they might bridge the gulfs that otherwise will forever threaten the region's stability. The necessary alternative to setting up new nation-states in the region is setting up new European and regional structures.

This strategy will be of particular importance for the fracture zones where the most violent conflicts have occurred over the past decade. A future possible Republic of Kosova certainly cannot be run from Belgrade or be part of the Serbian republic, nor can it be forever administered by the United Nations. But it must be ready to share with Serbia and Montenegro certain powers within a reformed framework clearly linked to European integration.

Finally, these structures of layered sovereignty must be anchored in and endorsed by the U.N. Security Council. The experience of the past decade vividly illustrates that it is only when the world's three main actors -- the United States, Europe, and Russia -- speak with one voice that political settlements can be achieved in the region.

BECOMING LESS BALKAN

THERE IS NOW a new window of opportunity to move toward peace and stability in the Balkans. Both the region and the international community failed to do so in the beginning of the last decade and thus had to face the wars that followed. In spite of the democratic achievements of Croatia and Serbia over the last year, the forces of disintegration in the region are still stronger than the forces of integration. Now the region's fundamental

choice is between becoming even more Balkan, in the worst sense of the word, and becoming more European, in the best sense of the word.

On a day-to-day basis, simply accepting a drift toward disintegration and abstaining from more ambitious efforts might seem the most comfortable approach. But the risks of this option are grave. The world might end up with a revanchist Serbia, a broken Bosnia, and a fractured Macedonia, with NATO having to manage endless low-level confrontations along the region's different fault lines, and the rest of Europe consumed by a cancer of criminality fed by the uncertainties of the region.

The international community must not fool itself into believing that only more smart bombs can handle the problems of the Balkans. It is the smart policies that have been most lacking over the past decade. Now, history has given the region, Europe, and the world a new chance. We miss it at our own peril.¶

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