

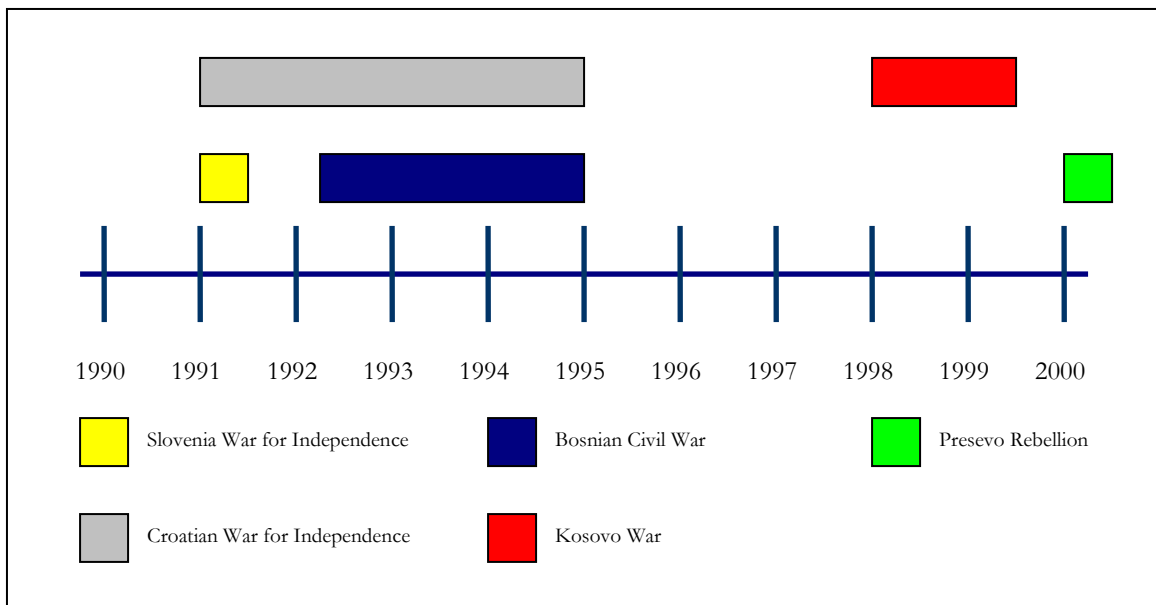
Reconstruction and Advancement: The Synergies between the West Balkans and the European Union

Matthew Liu
Ethics of Development in a Global Economy
Professor Bruce Lusignan
SUID: 4861126

I. Introduction

Following the rise of Slobodan Milosevic in 1991, an exhausting series of wars were fought in the Balkan region, collectively termed the Third Balkan War¹. The root of all conflict was ethnic and religious intolerance, spurred by severe nationalism, or Balkanism. As Serbian nationalism rapidly spread in Yugoslavia, a country traditionally occupied by a diverse but uncooperative number of cultures, tensions boiled over, inciting the Yugoslav Civil War².

Figure 1: Third Balkan War Timeline³



The regions of Slovenia and Croatia, largely composed of Catholic Croats, declared independence from Yugoslavia nearly simultaneously. Serbian forces engaged the Slovenia rebels in a short war, with the latter successfully seceding almost immediately. However, fighting in Croatia raged until 1995, with fierce fighting both along the Croatian-Yugoslav

¹ Pg. 4, Glenny

² Pg. 105, Little and Silber

³ Data from The History Guy: The Third Balkan War (1991-Present)

border and internally within the Serb populated region of Krajina⁴. Coupled with the devastating Bosnian War beginning in 1992⁵, the entire Balkan region became breeding grounds for war casualties and atrocities. Nationalistic pride reared its ugliest head; ethnic cleansing was advocated by Serbia in an attempt to purify the land of Catholic Croats and Muslim Albanians. A similar standard was sponsored in Croatia to expel Serbs that inhabited Krajina. As a result, hundreds of thousands of lives were lost in the next three years, with over a million refugees displaced from their homes. NATO bombing eventually led to a period of peace before further rebellions broke out in Kosovo and Presevo in the late 1990's. These final insurgencies, as of this writing, mark the culmination of the Third Balkan War; at its close, the former Yugoslavia had been carved into five distinct countries, Albania, Bosnia and Herzegovina, Croatia, Macedonia, and Serbia and Montenegro.

Figure 2: Map of Central Balkan Region (1998)⁶



⁴ The History Guy: The Third Balkan War (1991-Present)

⁵ Pg. 222, Little and Silber

⁶ Historical Maps of Balkans

As a result of the collective conflicts in the Third Balkan War, the former Yugoslav states were left in a state of complete turmoil. Years of discord took their toll in all facets of Balkan society. Ethnic tensions, though alleviated by peace, still abounded in the region and threatened to break loose at any moment. Political instability and lawlessness, as well as backwards economies compounded the problem further. In the years following, the Western Balkan nations have made material advances in rebuilding the region with the aid of the European Union. The road traveled in achieving democracy and capitalism, the ultimate goals of the region, has not been easy or entirely successful. Many obstacles still remain; however, the European Union and the Balkan nations must remain optimistic in continuing their relationship if the end goal is to be attained. The efforts of both parties, as well as their collective accomplishments, are worthy of documentation and examination.

This paper initially aims to examine the recovery and advancement of the Balkan region from a holistic perspective, citing the critical components of external European Union participation as well as internal reform. Of primary focus will be the European Union's delicate framework of balancing generous encouragement with strict rigor. The secondary objective is to offer a detailed status report and critique on the progress of each Balkan region.

II. European Union and Balkan Nation Efforts

The European Union's Delicate Stance

Reconstruction and advancement in the Balkan region is heavily dependent on both the European Union and the individual Balkan nations. The necessity of the former is blatantly obvious. Following years of strife, the Western Balkan nations of Albania, Bosnia &

Herzegovina, Croatia, Macedonia, and Serbia & Montenegro did not have the capacities to recover on their own in a timely fashion. Politically, the surviving governing bodies were weak and unable to apply the rule of law; further, the nations did not have clearly defined post-war borders⁷. On the economic front, the remnants of communism were glaring. All the nations suffered from unsustainable external deficits, weak economic institutions, and perhaps most grave, rapid de-industrialization⁸. Without international enforcement of ethnic tolerance and human rights, propagation of democracy and market economy principles, and aid for reconstruction and to combat a deteriorating economy, the Balkan nations would not only remain in desolation, but would regress to once again become breeding grounds for civil war.

At the same time, it is imperative to remember that successful reconstruction in the region, while largely influenced by the leadership of the European Union, ultimately is the responsibility of the individual Balkan states. For example, even with economic aid packages, the countries of the region would be unable to sustain long-term growth and would become aid-dependent unless internal effort was made to develop market economies⁹. Active participation thus is required by the countries of the region to undergo social, economic, and political reform internally.

As the driving force behind the reconstruction effort, it has been easy for the European Union to fulfill its pledges of aid. However, the European Union has also been challenged to ensure cooperation from the respective regions. There have traditionally been two distinct stances regarding the treatment of the Balkan countries. A popular attitude has been to adopt a stance of encouragement towards the troubled regions. This policy is

⁷ Pg. i, Gligorov, Kaldor, and Tsoukalis

⁸ Pg. ii, Gligorov, Kaldor, and Tsoukalis

⁹ Pg. iii, Gligorov, Kaldor, and Tsoukalis

characterized by the Commonwealth continually giving aid to the Balkan regions regardless of internal reform progress. Advocated strongly by Greece and the current Italian European Union presidency, this policy aims to provide for the Balkan regions until they achieve self-sufficiency¹⁰.

In contrast to the policy of encouragement is a more cautious stance. Proponents of this strategy desire to shy away from the hand-holding of the Balkan states. European Union members Scandinavia, Great Britain, and Holland are supportive of this policy that calls for the Western Balkans to prove their internal commitments of reform through tangible results before further aid and benefits are given¹¹.

Perhaps the ideal solution, and the one that has visibly been in place thus far, is for the Commonwealth to find the delicate balance between the two strategies. Indeed, Gligorov, Kaldor, and Tsoukalis argue that an effective reconstruction should have the components of “generosity and flexibility combined with conditionality and continuous monitoring”¹².

In order to cater to both encouragement and caution, the European Union has adopted a step-by-step methodology in assisting the war-torn nations through its superior reconstruction assistance to the region. This strategy provides a powerful incentive towards internal reform by promising the Balkan countries integration into the European Union after reconstruction and advancement have been completed. Achieving membership would be monumental for any and all of the regions. Economically, the Balkans would have far-reaching trade access, as the Union operates under a singular market economy across the

¹⁰ Western Balkans: More European Union encouragement is needed

¹¹ Western Balkans: More European Union encouragement is needed

¹² Pg. iv, Gligorov, Kaldor, and Tsoukalis

continent¹³. Politically, integration would signify the trust and alliance of existing European powers and a sense of continuity with the rest of the continent.

At the same time, “the common view of those opposed to unjustifiable encouragement of the Western Balkan countries is that the EU should keep an 'open door' but there should be no automatic right of entry”¹⁴ regarding integration. Therefore, in order to maintain a sense of caution and challenge the Balkan administrations to act proactively, a very rigorous set of financial, social, and governmental milestones has been deemed necessary in the integration process.

When examining the timeline of European Union and Western Balkan interaction, it is clear that the Union started with a very encouraging approach, and has gradually shifted to a more rigorous and cautious stance. The attitude of the European Union is now more focused on rewarding only positive behavior rather than freely giving. In essence, the Commonwealth has evolved from a benevolent parent to a demanding leader when dealing with the former Yugoslav. This is delineated by the various initiatives that have been employed historically. The early reconstruction strategies were highly encouraging with very substantial aid. As the various Balkan regions have progressed forward at different rates, they have entered new frameworks that have been increasingly internally driven.

Early Reconstruction Initiatives

Regarding the reformation process, the first necessity is adequate financial empowerment to undergo reform projects. The European Union has been exceptionally charitable in this respect, clearly illustrating a strong commitment to the region. The Western Balkan countries have received €6 billion in monetary aid from the European Union since

¹³ Pg. 353, Dinan

¹⁴ Western Balkans: More European Union encouragement is needed

1991, with another €4 billion in the pipeline to be distributed through 2006¹⁵. It is evident that these large-scale financial infusions reflect a very encouraging early stance towards the territories.

Figure 3: Total Funding Estimates by Region (million €)

Total Funding Estimates by Region (million €)														
	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	Total
Albania	0	18.26	18.26	0.05	34.43	25	73.71	25.88	90	58.55	75.42	63.5	63.5	606.6
Bosnia & Herzegovina	123.9	123.9	123.9	123.9	216.4	442.4	360.9	295.3	234	105.3	131.8	74.2	80	2436
Croatia	0	0	0	204,99	39,01	34,27	28,67	18,14	19,63	23,12	61,50	59,00	62,00	550,33
Macedonia	0	48.26	48.26	0.05	34.43	25	73.71	25.88	90	58.55	75.42	63.5	63.5	606.6
Serbia & Montenegro	31.9	31.9	31.9	35.4	35.4	35.4	35.4	124.2	310.7	655.8	1018	529.4	570.5	3446

The first portion of this financial assistance, grossing over €4.5 billion¹⁶, came largely from two early reconstruction initiatives. The Obnova program specifically focused on the former Yugoslavia after the initial onset of wars between Yugoslavia and the seceding nations of Croatia and Slovenia¹⁷. The primary goals of the program were to provide emergency funds during crisis management, finance reconstruction initiatives, and to provide assistance to displaced refugees¹⁸. The more encompassing Phare program, created for a similar purpose, was designed to serve many nations in central and eastern Europe.

CARDS (Assistance, Reconstruction, Development, and Stabilization)

The European Union’s second phase of interaction with the Balkans has been two-tiered. Like the early Obnova and Phare programs, it has also been highly encouraging in

¹⁵ The EU’s relations with Southeast Europe: Overview

¹⁶ EU Assistance Programmes

¹⁷ The European Union: Main Player for the Region

¹⁸ Pg. 313, Lannon and Maresceau

nature; however, a more conservative and cautious approach is also apparent. Beginning in 1999, the European Union outlined a Stabilization and Association process to gradually integrate the Balkan nations into the greater continent.

To fund this gradual and arduous process the program for Assistance, Reconstruction, Development, and Stabilization, CARDS, was proposed in May 2000 and instated shortly thereafter. This program represents the supportive, rather than demanding, facet of second phase reconstruction and reformation. The CARDS program immediately replaced the more fragmented Obnova and Phare initiatives as the sole financing proposition for the region¹⁹. With this new installation, the Commonwealth shifted its focus from merely reconstructing the nation states to actually making headway towards becoming stable democratic and economically sound partners to all of Europe. A large capital infusion of €4.5 billion is expected from 2000 to 2006²⁰. On the political arena, CARDS seeks to modernize and establish democratic institutions and administrations through its funding and aid. Monetary surges will be used to stimulate the Balkan economies in a progressive plan to develop a capitalistic market.

Of particular significance is a €197 million infusion to aid Serbia, Albania, Croatia, Bosnia, and Macedonia to develop stronger cooperative relationships among themselves and with other neighboring countries²¹.

Such issues such as integrated border management, institutional capacity building, cooperative democratic stabilization, and the integration of transportation, energy, and

¹⁹ The European Union: Main Player for the Region

²⁰ CARDS regional strategy paper

²¹ CARDS regional strategy paper

environmental infrastructure into Europe's networks will be implemented as a part of this sub-proposition²².

The European Union has also taken a largely supportive stance regarding the Western Balkans' economic positions. Every effort is being made to stimulate markets and private business sectors:

In addition to monetary aid, the five states have been granted generous trade preferences, oftentimes having unlimited and duty-free access to central European markets to market their services and products in an accelerated effort to improve their respective economies²³.

Stabilization and Association Agreement

Along with the encouraging CARDS Program, the European Union simultaneously began its more cautious approach with the rest of the Stabilization and Association process. Indeed, "the proposed contractual relations, to be based on new Stabilization and Association Agreements, [are] not a 'short cut' to membership"²⁴, require many grueling stages to completion. The Balkan countries are expected to take internal steps to encourage economic growth and political reform to grow progressively closer to a real democracy. Without substantial and ever increasing progress on the nations' end, integration into the European Union will not be permitted.

Perhaps the most integral component for progression along the Stabilization and Association process is cooperation among the Balkan regions. The European Union has explicitly decreed that its relationships with the nations are not strictly bilateral²⁵; rather, Albania, Bosnia & Herzegovina, Croatia, Macedonia, and Serbia & Montenegro are expected to work together. The countries primary goals are to establish peaceful boundaries, promote ethnic acceptance, and embark on economic partnerships through trade.

²² CARDS regional strategy paper

²³ The EU's relations with Southeast Europe: Overview

²⁴ Pg. 201, Cowles

²⁵ The EU's relations with Southeast Europe: Overview

Because intricate relationships can only be nurtured and not provided or created by the European Union, the organization's role will be decreased in this aspect. As funding tapers off in coming years, the European Union will continue to offer technical advice and work with an active effort to improve dialogue among the Balkan nations with each other and the current member states of the Commonwealth. The Commonwealth will still oversee the region and demand that widespread collaboration exists before progress is made in the integration initiative.

The territories are also taxed with achieving new individual milestones. While the overarching goals for each country are similar, there are subtle differences in both requirements and processes. For example, the volatile nation of Serbia & Montenegro is especially focused on maintaining political unity and ethnic tolerance in its Stabilization and Association process while Albania is charged more specifically in detailing strong governmental administrations and ensuring the rule of law. In addition, the countries have progressed at different rates to fully complete the process of reconstruction. Once all European Union requirements have been met, the countries will be given the option to formerly sign a Stabilization and Association Agreement, a contractual relationship with the European Union to facilitate integration. Signing of the Stabilization and Association Agreement equates to achieving a great landmark towards obtaining member state status, and is also a testament to the increasing progress in the countries. With the agreement officially in place, the countries will be expected to be less dependent on the European Union and initiate the majority of final reforms internally. As of yet, Croatia and Macedonia have become the first two countries to formerly sign this contract with the European Union²⁶.

²⁶ The EU's relations with Southeast Europe: Overview

Effects of European Union and Western Balkan Interaction

As a whole, progress in the Western Balkans has been quite promising in the past several years. The effects of a very encouraging early stance have reaped huge advancements in all arenas. However, as of late, progress has dwindled significantly as more responsibility has been placed on the nations themselves. An increasing feeling of pessimism exists as the nations have exhibited “a lack of political commitment in complying with the EU requirements and unwillingness to take ownership of the reform process”²⁷. Without this internal drive, the reform process will never be completed.

Currently, both economically and politically, the Balkan nations are at a crossroads. The Western Balkan states have effectively achieved “macroeconomic stability and low inflation”, but still struggle from “high unemployment, an immense grey economy, and continuing high dependency on foreign financing”²⁸. On the latter front, regional cooperation between the states has significantly improved. However, municipal and federal governments are only strengthening at a sluggish rate.

It is at this important junction that the European Union needs to make a critical decision, whether to react more encouragingly or cautiously towards the Balkan states. Citing the adverse psychological reactions to a cautionary European Union position, Civitas Research advocates a policy of increasing encouragement:

If too much caution is used there is a danger that the peoples of the region will feel that there is no genuine EU commitment and the main incentive for political and economic reform will be weakened...The promise of EU accession, however, is one issue that does seem to work as a method of increasing public support and interest in reform. The problem is that unless people possess sufficient confidence that the EU membership is tangible it is highly unlikely that they would engage in such a demanding process²⁹.

²⁷ Western Balkans: EU annual report suggests limited reforms in 2003

²⁸ Western Balkans: EU annual report suggests limited reforms in 2003

²⁹ Western Balkans: EU annual report suggests limited reforms in 2003

This argument propounds the concept that the people of the Balkan states need to believe in the reform process for it to work. Currently, the federal administrations, as well as the people of the nations, are not optimistic that integration can be achieved in the near future. With further encouragement by the European Union, this dream will become more of a reality. On the opposite token, being overly generous to the Balkan states may also encourage the nations to be lax in their reform processes and merely look for free handouts from the Commonwealth. As such, many European Union member states are waiting for signs of initiative and commitment from Albania, Bosnia & Herzegovina, Croatia, Macedonia, and Serbia & Montenegro. Caution supporters are now adopting an attitude that reminds the Balkan states that integration into the Union is far from guaranteed.

Regardless of which stance is truly more effective, the inability of the Balkan nations to take further steps forward by themselves is alarming. In such a delicate situation, the status quo is very dangerous. A halt of forward progress could easily and abruptly turn towards economic turbulence and political despondency once again. The European Union is consequently charged with re-defining the balance between encouragement and caution, and actively and aggressively enforcing the chosen policy.

III. Progress Reports by Region

Albania

While Albania has not bore the brunt of physical conflict in the Balkan regions, the nation has nonetheless undergone great economic turmoil. Since the early 1990's, the Phare and CARDS programs have generated over €1.2 billion in aid to support a market economy and instill democracy. However, the region's economic perils continued and indeed

worsened with widespread lawlessness and corruption. Perhaps the largest detriment to the nation was a series of failed financial strategies after an initial optimistic growth period; Albania's "privatization and...free-market economy were based on only one industry: pyramid schemes"³⁰, resulting in widespread corporate bankruptcy. An astronomical number of refugees, numbering upwards of 500,000, arrived in Albania from Kosovo in 1999, further draining the already parched economy³¹. Indeed, without further aid from the European Union, Albania would not have recovered from the huge financial and social burdens placed upon it during this crisis period. Weak state institutions, as well as an inharmonious political environment have hindered reform processes.

The CARDS program more specifically addresses Albania's unique issue by proposing to bolster justice and home affairs, administrative capacity building, economic and social development, environment and natural resources, and democratic stabilization³². Of primary importance is the development of a modern judiciary system with firm legal and regulatory frameworks being drafted. The enforcement of such laws is equally important; the European Union has continually offered equipment as well as strategic training to the growing Albanian police force.

Albania's economy has been fundamentally flawed with weak transportation, energy, water, and communication networks since the inception of war. The European Union is undergoing operations to modernize ports and develop access to rural areas, and is also financing other basic infrastructure projects. In addition, marked advances have been made in Albania's crucial agriculture industry³³. The funding the Commonwealth has provided has been used to increase the agriculture market's participants through land distribution. Further,

³⁰ Pg. 51, Rourke

³¹ The EU's relations with Albania

³² Albania: Country Strategy Paper 2002-2006

³³ The EU's relations with Albania

land mapping and strategic advice concerning agriculture regulatory practices has been provided by the European Union.

The country must continue its careful observance of the political and policing arenas as its main focus in its path to eventual integration. Political stability has always been the foremost concern in the region; without a strengthening democratic body, Albania is in constant danger of falling backwards into a chaotic state. The European Union has outlined the enforcement of fair and democratic electoral practices to facilitate this cause; indeed this is a leading requirement before signing of the Stabilization and Association Agreement and eventual integration into the Union.

Milestones in combating fraud and corruption through the strengthening of law enforcement and judicial infrastructures are necessary. Unfortunately, this is an area that Albania has been struggling to improve in. Albania has been “singled out for the continuing problems related to smuggling and the trafficking of women”; in addition, there seems to be a “lack of political courage to fight corruption” on the administrative front³⁴.

Despite a host of remaining problems, Albania has progressed reasonably well in the reform process. Currently, the region of Albania has successfully met preliminary requirements of the European Union and has recently begun negotiations with the Commonwealth in drafting a formal contractual agreement. The provisions of the Stabilization and Association Agreement will be detailed in coming months.

Bosnia & Herzegovina

The Bosnian Civil War was arguably the most devastating to the entire Balkan region. Bosnian casualties alone numbered as high as 200,000 to 250,000 according to

³⁴ Western Balkans: EU annual report suggests limited reforms in 2003

international estimates³⁵, caused by fierce fighting between Serb rebels, Bosnian Croats, and Bosnian Muslims. The Bosnian capital of Sarajevo was ravaged by years of fierce ground fighting while Bihac was target to deadly Serbian air raids from Krajina. Throughout the crisis duration, emergency funds were of utmost importance as the economy plunged unforgivingly. The European Commission's Humanitarian Aid Office provided over €1 billion in humanitarian assistance; another €900 million was allotted through the Obnova and Phare programs³⁶. With the signing of the Dayton Accords, the grueling task of physical reconstruction to buildings, energy and water networks, and transportation gateways was underway.

Surmounting obstacles that delay reconstruction and integration is particularly difficult in the region. Among the regions, Bosnia was center to the harshest fighting, and incurred the most infrastructure damage. In addition, "more than a million refugees and displaced persons were unable to re- turn to their homes because of continuing human rights violations"³⁷. Before reconstruction can be considered complete, these individuals must be reinstated into adequate homes.

The first goals of the CARDS initiative for Bosnia and Herzegovina can be considered more state-oriented than other countries in the region. While the economy is still struggling, an establishment of strong distinct governing bodies respected by the people is necessary. Lawlessness and a disregard for human rights and ethnic intolerance are all key issues that need to be aggressively tackled by Bosnia's internal administration. In addition, due the more backwards state of affairs in the state compared to other Balkan countries, the

³⁵ Disputes over war casualties in the former Yugoslavia

³⁶ The EU's relations with Bosnia & Herzegovina

³⁷ Pg. 62, Campbell

CARDS strategy for Bosnia is also more focused with infrastructure reconstruction, targeting economic advancement at a later time³⁸.

As with Albania, the strengthening of the judicial and policing systems in Bosnia and Herzegovina is conducive to a stable and strong state. New laws have been drafted, under the advisory of the Commonwealth, concerning commercial legislation, as well as foreign investment and trade. The European Union Police Mission has also played a positive force in providing strategic training, as well as monitoring, mentoring, and inspecting the existing police force. Also, the European Union is actively involved with the Commission on Human Rights in Bosnia to propagate and enforce democracy and civil rights³⁹.

Reconstruction in Sarajevo and Mostar has been extensive. Many buildings and utility and transportation networks have been repaired. The building of airports in Mostar, Sarajevo, and Banja Luka are especially notable. New residential areas have been created with the building of over 33,000 new houses for many of the displaced. Servicing of local health centers and schools near to the new establishments has also been initiated by the European Union to support the refugees. In addition, renewed growth and technological advances in the telecommunications and energy sectors have been observed.

While economic benefits are secondary to political advancements, a number of measures are still underway to facilitate the growth of the region's market economy. Special attention is directed at rebuilding the agriculture, textile, leather, and wood industries that were adversely affected by the long civil conflict⁴⁰.

Bosnia and Herzegovina can be considered more of a laggard in the process to reach integration. Formal negotiations to sign a Stabilization and Association Agreement have not

³⁸ Bosnia & Herzegovina: Country Strategy Paper 2002-2006

³⁹ The EU's relations with Bosnia & Herzegovina

⁴⁰ The EU's relations with Bosnia & Herzegovina

yet begun, and will likely not be a concrete possibility for a number of years. However, a certain degree of momentum in institution building and promoting human rights and tolerance creates a sense of optimism for the country.

Croatia

The state of Croatia has by far progressed the most rapidly in its internal reformation process and is actively pursuing integration into the European Union. In October of 2001, the country achieved the essential milestone of formerly signing a Stabilization and Association Agreement after fulfilling European requirements⁴¹. More recently, the country has filed for admittance into the European Union as a full-fledged member state after achieving “consolidation of democratic development, advance in regional cooperation, and constant improvements of the economic performance”⁴². This status is pending rigorous review and will most likely be resolved in 2004.

The path to successful recovery has been quicker than anticipated. Despite being heavily involved in both the Croatian War of Independence and the Bosnian War, the nation has rebounded in a very encouraging manner. The positive results seen after fighting subsided are a result of a several pivotal factors. The country did not have as large economic dilemmas as compared with the other Balkan nations. In addition, Croatia has been especially committed in its internal reform process. Following democratic elections in 2000 to instate a new parliament and president, the nation has had a positive political climate⁴³. Administration has been successful in maintaining democratic principles and implementing judiciary and public administrative reform. A third factor, the always critical monetary

⁴¹ The EU's relations with Croatia

⁴² Western Balkans: EU annual report suggests limited reforms in 2003

⁴³ The EU's relations with Croatia

support from the European Union and other organizational bodies, has spurred many of these improvements.

Croatia received the majority of its aid during the wars of the 1990's, grossing over €600 million from the European Union. This monetary support was primarily distributed in an effort to provide humanitarian aid rather than to fund reconstruction efforts. While physical damage to the region was not excessive, a large number of individuals were displaced from their homes. Thus, an estimated €60 million was allocated to returning refugees to their former homes and building new residences. Finally, under the CARDS initiative, the country has received approximately €189 million and will continue to receive smaller allotments of capital in coming years⁴⁴. It is very significant to note both the smaller allocation of funds to Croatia and the purpose that these funds have been put to. Because Croatia did not suffer from paralyzing socioeconomic problems, the focus of the CARDS program in Croatia has been very different from programs in the other Balkan nations. Rather than rebuilding, the state is ready to make new advancements in the political, economic, and social arenas.

Currently, the European Union serves more as a guiding organization to Croatia, advising the country in state, economic, and judicial matters, and is helping the country achieve final goals before integration is achieved. The cooperation between the European Union and Croatia to institute more rigorous legislative reform is now of primary importance. Smaller programs concern such topics as natural resource management, environmental reform, and border management. Finally, while Croatia eagerly waits for

⁴⁴ Croatia: Country Strategy Paper 2002-2006

integration approval, the Commonwealth has already extended to Croatia nearly complete trading access to the European market nations⁴⁵.

Macedonia

The Former Yugoslav Republic of Macedonia has also achieved numerous milestones in its reconstruction and integration process. While its process does not quite rival that of Croatia's, Macedonia has made significant bounds after becoming the first state to sign a Stabilization and Association Agreement⁴⁶. Out of the five nations that emerged from the Balkan wars, Macedonia was perhaps the least affected; the nation separated peacefully and did not incur severe war damages. Thus it is not surprising that the nation has been able to rebound from socioeconomic problems more easily than the other regions. Perhaps the most serious of Macedonia's difficulties has been a brief period of political unrest and instability resulting from displaced individuals that has since been resolved.

During the unstable era of the 1990s, the region received a very substantial aid package of €475 million⁴⁷. This package assisted in humanitarian aid and largely staved off economic and social catastrophe. Like Croatia, the CARDS program for Macedonia has therefore been structured more heavily on new advancements rather than rebuilding⁴⁸. Over €250 million of promised funds that have been partially distributed over the years is geared at helping the nation move closer to integration.

The Commonwealth has shown a very dedicated initiative to boost the financial strength of the country. Primarily, the European Union has helped the country develop programs to increase exported goods to the rest of the continent, and have also granted

⁴⁵ The EU's relations with Croatia

⁴⁶ Pg. 220, Jeffries

⁴⁷ The EU's relations with Southeast Europe: Overview

⁴⁸ Macedonia: Country Strategy Paper 2002-2006

more expansive trading privileges⁴⁹. A further effort has been made to draft legislation that would regulate the commercial sector in a way conducive both to Macedonia and its trading partners in the Union. Finally, a fairly extensive loan system has been in effect for several years. The program especially targets small business ventures in the hope to provide an additional economic stimulus.

In the public sector, Macedonia has benefited from the guidance and support of the European Union in several niches. The Union proved to be integral in establishing Macedonia's Southeast Europe University⁵⁰. Beyond mere education to its inhabitants, the university also acts as a conduit for students to participate in exchange programs and inter-university projects with the rest of Europe. Macedonia has also reaped the benefits of an improved transportation system through the upgrade of roads and highways, largely directed by the European Union⁵¹. Additionally, and perhaps more importantly, aid has been provided to assist both the national and municipal administrations in enforcing and propagating a strong governmental body.

As a result of this positive headway, Macedonia enjoys an optimistic outlook. The nation is becoming more independent and capable on a frequent basis. At the same time, it has also grown closer to fulfilling the Stabilization and Association Agreement guidelines, and will, in a best case scenario, soon qualify to apply for integration in the European Union.

Serbia & Montenegro

The region of Serbia was the epicenter of discord during the Balkan wars. It was here that Serb nationalism abounded and spread to the other Balkan regions. Under Milosevic, ethnic cleansing of Croats and ethnic Albanians spurred fierce internal battles, resulting in

⁴⁹ The EU's relations with Macedonia

⁵⁰ European Union Assistance to FYR Macedonia

⁵¹ The EU's relations with Macedonia

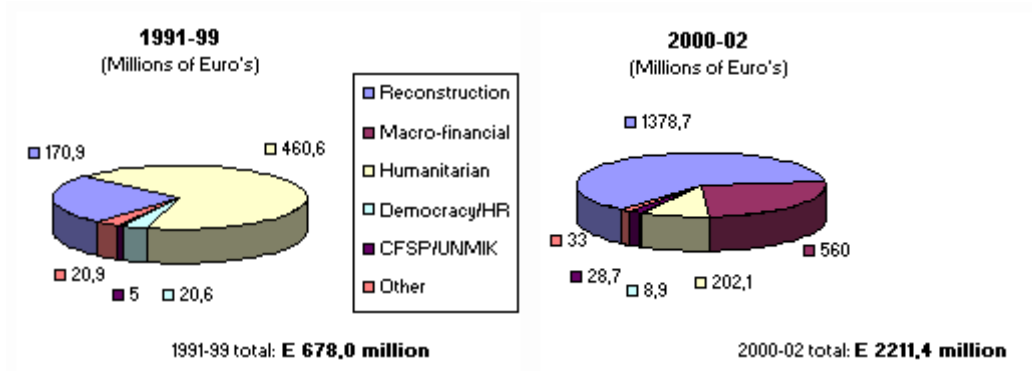
hundreds of thousands of casualties, the destruction of roads and buildings, and huge outflows of displaced persons. In addition to the military conflicts and ethnic disunity, organized crime and lawlessness has traditionally been a problem in the region. The country is plagued by criminal clans and sects of political radicals that attempt to disrupt governmental processes.

As a result of these alarming problems, it should be no surprise that Serbia & Montenegro has been the beneficiary of the most comprehensive assistance program to date. Unique to the region is the stationing of over 30,000 peacemakers in Kosovo, originating from various Union member nations⁵². The monetary funds, totaling close to €3 billion, have been distributed in several distinct phases. The first infusions of approximately €900 million were allocated during the 1990s to provide war-time relief and humanitarian assistance. A large portion of these funds were used to provide shelter, food, and medicine to the hundreds of thousands of refugees from Bosnia and Croatia and internally displaced persons within the Serbian region of Kosovo. In addition, funds were used to indirectly combat the Milosevic regime internally. The European Union's donations to non-governmental organizations fostered discussions about ethnic tolerance, human rights, and democracy. Efforts were made to topple pro-Milosevic propaganda and Serbian nationalism by monetary contributions to independent news and media agencies.

Following the fall of Milosevic's regime in 2000, an additional €2 billion of monetary support has been allocated to Serbia & Montenegro. While the previous allocations were primarily to quell the side effects of war, this initiative is designed primarily for reconstruction and the infant stages of economic reform.

⁵² The EU's relations with Southeast Europe: Overview

Figure 4: Aid Breakdown in Serbia & Montenegro⁵³



It is important to note that the majority of reconstruction is occurring within Serbia, and not Montenegro. The latter region is in a less critical state of affairs, and instead receives assistance in the form of economic reform funds and more lax trading sanctions.

Beyond structural reconstruction to buildings and roads, developing sufficient energy resources in Serbia has been a primary goal of the European Union⁵⁴. In Serbia, substantial amounts of fossil fuels, as well as electricity, have been imported to municipal heating systems and power plants. Further, there has been a move to modernize existing coal mines. The energy focus is even more relevant within the region of Kosovo; over half of reconstruction funds post-Milosevic has been distributed for the purpose of repairing and increasing the capacities of electric plants.

In the economic arena, Serbia is initially focused on the agricultural sector. The European Union has provided €60 million to stimulate this industry with the purchase of fertilizers and the implementation of marketing and regulatory policies regarding crop distribution⁵⁵. Smaller allocations have been provided for enterprise businesses that are slowly springing up. The relatively small infusion of funds prepared for economic

⁵³ The EU's relations with Serbia & Montenegro

⁵⁴ The EU's relations with Serbia & Montenegro

⁵⁵ The EU's relations with Serbia & Montenegro

advancement is, in itself, an indicator of the backwards state of affairs in Serbia and Montenegro.

To promote democracy, continued support has been given to the independent media. However, this is an area where the country's internal administration is a more critical factor than European Union aid. Unfortunately, the country has many obstacles remaining in its path to democracy. Many key political figures are opposed to strong relationships with the West and the European Union, causing political disunity. In addition, Serbia has had a historical problem battling organized crime lords that rival the federal administration in its control of industries. The continuing political disarray in Serbia is best exemplified by the April assassination of its prime minister, Zoran Djindjic⁵⁶. The late Djindjic was a democratic revolutionary that played a critical role in overthrowing Milosevic. While his assassination has been attributed to organized crime and not political radicals, his death is still a stark reminder that there are those opposed to democratic reform and a strong lawful society.

As a result of the unstable political situation and economic shortcomings, Serbia & Montenegro is years from signing a Stabilization and Association Agreement and beginning integration processes.

IV. Conclusion

In the years following the Third Balkan War, the European Union has fulfilled its promise as Europe's governing body, taking a very active stance in the reconstruction and reformation of the Western Balkans. Traditionally, the Union has adopted a multiple-phase strategy, offering the key components of monetary aid, humanitarian assistance, and perhaps

⁵⁶ Crime gang blamed for PM killing

most integral in the long run, upstanding leadership. In addition, the organization has made the openhanded promise of integration into the Union and access to the open market provided successful reformation occurs. However, as effective as the European Union is as an external aid source, the responsibilities of reform in due course fall upon the Balkan nations themselves. As such, an ever-continuing cooperative relationship between the Commonwealth and Albania, Bosnia & Herzegovina, Croatia, Macedonia, Serbia & Montenegro is necessary. It is significant to observe the evolution in these relationships. While in the past the European Union was strictly encouraging, the Union has become more demanding and cautious as the nations have shown progress. In addition, rather than focusing on bilateral communication, the Commonwealth has spurred the nations to interact and collaborate economically and politically amongst themselves. Cumulatively, the results of the current reformation initiatives are promising; notable changes have occurred in all five Balkan regions. Unfortunately, increasing progress appears to be tapering off as the nations are now expected to take an even more independent approach. It is at this crossroads that the European Union must make a final stand, whether encouraging or cautious, taking all measures necessary in goading the Balkan nations to reform internally; the future of the Western Balkans will rest on the continued optimism and fervor of both parties.

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Appendix: E-Mail Correspondence

As you have requested, I have attached the e-mail correspondence detailing the extension as follows:

The best is to email the paper to me here. attach this record to the paper so I don't forget.

Bruce

At 07:23 PM 12/3/2003 -0800, you wrote:

>Professor Lusignan,

>

>Last year I took your class, Ethics of Development in Global Economy.

>During the end of the quarter, I was unable to hand in the paper on time,

>and received an indefinite extension from you (transcrip of email

>included). Throughout the rest of the school year I was able to

>research/work on it periodically, but was not completely satisfied with the

>results until now. First and foremost, I would like to extend my apologies

>for taking so long with this project; this extension has probably been

>longer than you expected. I would be happy to meet with you if there are

>any concerns over this issue. In addition, now that I have finally

>completed the paper, I would like to know the best way(time/place) to

>submit it to you. Please email me at your convenience. Thank you very much.

>

>Regards,

>Matthew Liu

>

> >X-Sender: lusignan@ee.stanford.edu (Unverified)

> >X-Mailer: QUALCOMM Windows Eudora Version 5.1.1

> >Date: Wed, 27 Nov 2002 17:09:07 -0800

> >To: coda322@Stanford.EDU

> >From: Bruce Lusignan <lusignan@ee.stanford.edu>

> >Subject: Re: Final Paper

> >

> >It will be OK to take an extension on the paper. Remind me of the topic

> >and I can give you better advice.

> >At 04:57 PM 11/27/02 -0800, you wrote:

> >>How's it going Professor Lusignan?

> >>

> >>I have a few questions about the final paper. First off, I am not sure

> >>if it was mentioned how many sources we should include, and how many of

> >>those can be internet sources, etc. Also, while I am researching, I have

> >>found a lot of information to report on. However, as far as making my

> >>own thesis paper goes, I do not think I can provide an essay with that

> >>new of an argument. Please clarify the structure of the paper as to how

> >>"thesis-like" it is supposed to be. Finally, I am not sure what your

> >>policy is, but I was wondering if it would be possible to get an

> >>extension on my final paper. I may be leaving for China before the
> >>quarter ends, so might have to re-schedule my finals for next week. If
> >>this is the case, I am afraid that my paper will be rushed and not of my
> >>best work, since I will have to cram in a lot of studying time for
> >>several finals and also another paper. Pleast let me know ASAP if this
> >>is even a possibility. Thanks for your time.
> >>
> >>Regards,
> >>
> >>Matthew Liu