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## **ECONOMY – THE NEW SECURITY PERSPECTIVE FOR SEE**

The Balkans has been and remains an important strategic and political factor in international affairs and especially in European politics. Obviously, peace and stability in this region would have far reaching effects. Needless to say, differences among the Balkan countries exist. However, a historical review of their economic links, as well as their recently acclaimed aspirations to be part of the European integration process, show that cooperation is logical for the benefit of all in the region. Perhaps for the first time in history, the emergence of a common cause in the region, namely integration with Europe, is an opportunity not to be missed. The future of the Balkan countries lies in regional cooperation. But in order not to repeat the mistakes of the past, certain guidelines have to be developed and strictly adhered by all. Since economic integration seems to be the most promising area for now, efforts should be canalised into that field.

For all too long western governments have failed to achieve constant engagement at all levels, but after a long absence, optimism has returned to Balkan politics. The nowadays wider Balkans is an example, which proves how incentives of Euro Atlantic integration could and have brought stability and advancement towards democracy and functioning market economy.

In my presentation I will concentrate upon two key aspects. After an account of the current state of play and the historical overview, I will try to show one of the possible ways to bring stability as a new perspective in strengthening security. One of the ways to achieve security objectives in nowadays interdependent world economy is by using economic instruments, such as economic sanctions and economic incentives. But we still do not have a clear understanding of the conditions under which economic statecraft can achieve security objectives. Of course, most

experts estimate that the chances of rapid economic revival in the region are very slim in spite of the numerous integrative initiatives, both external and internal, aiming at promoting regional economic co-operation and development...

Frankly speaking, Southeastern Europe is the most conflict and troublesome region on the Old Continent. In his book "The Light That Failed" Joseph Kipling even stated: "The world outside receives information about the Balkans only in occasions of terror and turmoil occurring therein and for the rest of the time this region is contemptuously ignored." These words were written in the end of the XIX century and a lot of time has passed, however, the image of Southeastern Europe as a place of unrest and insecurity still remains. During the past two or three years the interest towards the region significantly decreased, but somehow only to confirm the words of Kipling. The transformation process is yet to be completed and future political practices will probably lead to positive changes related to the returning of a number of Balkan states into the family of European democratic countries. Along with this clearly defined tendency, we also expect a new country fragmentation. It is our hope that this time, this will take place in a peaceful and civilized way, without violence and victims, but there is a possibility that the need for security will have to face new challenges and threats. This is why the issues related to the particularities of the region, its complex historical path and the contemporary peacemaking and security problems will be the most challenging topics for researchers for years to come.

Now, let me get to the point. From a traditional perspective, national and international security has been primarily determined by military factors. But it may be said that the non-military challenges are far more numerous and threatening. Developments throughout the world demonstrate more and more that security and stability, political and social alike are multi-dimensional concepts, and that economics is one of the most important dimensions. Europe, including the Balkans, is becoming more stable and peaceful, and there are no indications that there will be any armed conflicts in the near future.

In fact, a review, even a cursory one, of these developments clearly indicates a direct link between economy and security, which in most cases translates into the reality that where the economy is more developed, prospects for security and stability are much better. Within the region of SEE discrepancies of the last century, combined with economic stagnation, backwardness, primitivism in the agrarian sector and the low standard of living generate dissatisfaction among many social groups, collision of interests, social unrest and frequently, particularly if related to ethnic communities position, to interethnic and even broader conflicts. So, *one of the main factors contributing in the past years to the insecurity on the Balkans is related to the total economic drop in the countries in transition*, the repeated reduction in living standard, high unemployment, the high taxes, the grey economics, the incontrollable crime and corruption and privatization at any cost. Following the big depression of the 30's, no other region in the world has registered a greater cutting in production during peaceful time, a faster unifying of the population and a deeper social stratification. For example, according to EBRD the production and consumption per person in Bulgaria is about five times lower than in the Check Republic, four times lower than Hungary, nine times lower than Slovenia. Bulgaria will be able to achieve the average production and consumption of the countries in the EU at the earliest in 2069, provided that the other countries stop their development and our own economics hits an annual economic growth of 4%. Vienna's Institute for International Economic Research data shows that compared to 1989 the GDP of Albania has decreased by 14%, for Bosnia and Herzegovina – by 66%, of Bulgaria – by 33% and of Croatia and Romania – by 22% each.

Statistics show that while in the end of the 80s the GDP of the Balkans was three to five times lower than the average indicator for Western Europe, and at the end of the 90s this difference increased to ten times. This blocking of progress was caused by the scarce raw materials and energy resources, the high indicators of foreign debt of the countries, the inability for competition and the high production value for the greater part of Balkan countries – mainly these with economics in transition.

What has been said, does not mean at all a one way approach, since it is equally clear that economic development depends on the policies promoted, be they at national or international level. Appropriate policies generate a greater feeling of security, which in its turn generates increased incentives for economic activities and, as a direct result, more prosperity. To try to put it in other words, security can thus be achieved more easily, provided of course that one paramount condition is fulfilled, namely that prosperity spreads to the greatest extent possible over all the members of the society. It is an objective that can only be properly obtained when economic development and prosperity are the result of democratically established policies.

It suffices to look to the map of the world, especially Western Europe, North America and Japan, to see this assertion confirmed.

Perhaps, an even more convincing confirmation of the strong link between economics on the one hand and security and stability on the other is provided by the way countries in CEE, south-eastern included, evolved after the cold war.

A little bit of history...

Since the early nineties, on the background of a vanished bipolar conflict and increasing globalisation, economic factors have increased in importance, and the prospect of economic welfare has become a major instrument to control existing or potential conflicts. The complex business problems of most of the Balkan countries originate also from the occurring globalization which is understood as an ever increasing integration of national markets. This irreversible process is bringing an increase in the wealth and influence of the countries with developed economies. At the same time, the copy-paste policy of their business structures is not always the correct response to the long-lasting interests of the individual Balkan countries. Through globalization these countries are losing a greater part of their sovereignty by transferring it to the powerful multinational companies and banks. The economic limitations of the Balkan countries do not allow them to partake in the division of the globalization benefits. Instead of integration in the world economy through progressive business restructuring and increase in the volume of

high technology production the Peninsula remains in the periphery of world economics and is actually continuing to move away from the level of the West European countries. The experience of developed countries in regard to reducing to a minimum the damages caused by globalization is at the cost to the less developed countries, including the Balkan region. This is carried out mainly by means of mechanisms of international economic relations and main organizational structures. Currently there are no foreseen changes in the methods used in the activities of organizations such as the International Monetary Fund, the World Bank, etc.

The problems connected to the economic development, are experienced all over the region, relating to the common transitional difficulties and specific national solutions. The fundamental readiness to provide economic assistance by the current EU member states and *a perspective for unstable areas to participate in the successful integration process within the European Union somewhere in the future may be appropriate means to induce the respective countries to cooperate and to solve their territorial, ethnic, ideological or religious differences*. Of course, the speed as well as the magnitude of the process has been different from country to country. The reality is, as indicated *inter alia* by the recently published annual report of the European Commission on candidate countries, that some are more advanced, others are lagging behind. It is, however, extremely important that in all cases the process has become irreversible.

### **The Euro-Atlantic integration**

Today the key question now is the smooth, and here I want to stress on smooth, integration of the region in the existing European economic and security structures. The EU is running the biggest economic reconstruction package in its history in the Balkans. As always, efforts have been hesitant, often contradictory and sometimes inefficient. The contribution made by different external projects for social and economic cohesion and stability in the region for the region turned out to be quite limited also. The European initiative Royamon originating at the end of 1995, the American plan Shifter from 1996, as well as the Stability Pat in

South-eastern Europe did not achieve the required economic and political stability and show low results in regard to the so called out-of-region factors. Yet, after a number of conferences and feasibility studies, the EU funds seem insufficient to kick-start local economies and cannot act as a substitute for genuine political integration, but... Since the Thessaloniki Summit the region acquired concrete prospects for EU membership. The perspective of EU membership will help, and is already helping tremendously those countries to carry out the difficult political and economic reforms and restructuring. EU membership will guarantee sustainable peace and stability for the future generations. EU enlargement will affect positively the broader neighbourhood and international security. Enlargement must not create new dividing lines in Europe. The expanded EU area of stability and prosperity can only be sustainable if it also extends to the neighbourhood. This goal can be reached by jointly addressing common threats and by promoting shared values and enhancing economic development, interdependence and cultural ties. This strong determination to implement market reforms, the clear vision of Euro Atlantic integration, the desire to foster regional dialogue and co-operation and the support of neighbouring countries have transformed the region into an area of political stability, security and economic advancement. These changes occurred in the last years. From a region of ethnic hate, religious intolerance and conflicts, the wider Balkans, thanks to the mutually reinforcing actions of the EU, NATO and the OSCE, gradually turned into an area of increased stability.

One of the most significant changes in the state of affairs of the regional security is the accession of Bulgaria and Romania for full NATO members.

So, in conclusion I think *we can* say that the Euro-Atlantic perspective for all countries in the region is a quite significant factor for stability. The even, balanced and sustainable social and economic development of the region, development which should primarily rely upon collective utilization of the regional resources and potentials, human, natural and cultural is an essential prerequisite for the efficient collective security system. Each of the countries is at a different distance away from

entering the European Union. Many of the countries already have deadlines specified for completing the negotiations, such as Bulgaria and Romania. Some will officially deposit their application for membership in 2004 and others already entered the circle of the developed West European countries.

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