

New threats to stability in the Yugoslav successor states

By Stefano Bianchini

Can the recent world economic crisis have a dramatic impact on the highly vulnerable economies of the Yugoslav successor states, fuelling new social and political tensions in an area where stability remains fragile? After the wars that devastated Yugoslavia and the political changes that occurred after the year 2000, the Balkan economies strongly increased their trade dependence on EU markets, while their banking assets passed more and more into the ownership of foreign institutes.

Therefore, under the new conditions provoked by the world crisis in 2008, this foreign dependence appears to be particularly susceptible to generating a sharp decline in financial flows. Some indicators seem to support such expectations. For instance, migrants' remittances—which are a crucial source, particularly for the populations of Albania, Kosovo, Macedonia and Bosnia-Herzegovina (BiH)—are diminishing and they are expected to decrease by 10-20% during 2009.

The local banking system following a general attitude that emerged in Europe, has started to be extremely cautious in granting credits while concerns are growing about the future of the Austrian banks, which have a great influence in the area as they seem to be the most exposed. As a result, SME run the risk of closing and unemployment is soaring (around 15% in Croatia; approximately 11% in Montenegro; 40% in Kosovo and in the Federation of Bosnia-Herzegovina: only in March 2009 the layoffs recorded in the Federation of BiH involved 10,000 people and in the RS 4,000; while in Serbia the unemployment rate is close to 14%).

Exports and imports are also declining. In the first months of 2009 the following peaks were reached: -25% for imports and -5.8% for exports in Croatia; -26% for exports and +7% for imports in Montenegro; the total foreign trade of Serbia over the period 2008-2009 recorded -35% in exports and -36.4% in imports, while account deficits and external debts have reached high levels. Even Slovenia, once the best former socialist economy, has recorded bad performances with growth forecasted at -2.7 in 2009.

Inevitably, mass demonstrations have started to take place, encouraging the still weak Unions to mobilize protests. Students in Croatia have occupied their schools for weeks, claiming tuition fees should be cancelled, while a dramatic hunger strike has been carried out for 18 days by a dozen workers in the “Partizan” factory in Kragujevac, Serbia. All of these events are just the first signs of growing social tensions that might have multiple consequences in the area.

Psychologically, in particular, the crisis can have a devastating effect, as people in the area suffered from a long period of instability, sharp economic decline, the destructions of war, and increasing corruption and criminality. At the same time it can nurture great expectations of social and economic benefits, as well as general welfare derived from new relations with the EU and the prospect of inclusion, promised to the region by the European Council in Thessaloniki in 2003.

Still, the impact of the current world crisis in the Yugoslav cultural space is dramatically reminiscent of the eco-

conomic and social crisis that Yugoslavia suffered during the 1980s. In this context, nationalism remains a temptation for political leaders who feel their position threatened by the crisis or perceive the crisis as an opportunity for attracting consensus thanks to nationalist slogans.

In other words, the social and economic effects of the crisis might interact with two main negative aspects: 1) the still open issues that the violent dismemberment of the country did not settle, despite the peace treaties signed between 1995 and 2001; and 2) the people's disappointment in the sharp decline of their chances for rapid inclusion into the European institutions, as the "EU fatigue" is giving clear signs that further enlargements will be postponed for a long time. Potentially, the outcome of such a mix of factors is fuel for further destabilization and state fragmentation.

Nationalism, in its extreme interpretations, is widely perceived in the region as an ideology where the civic-ethnic boundaries are vaguely defined. It erupts into violence, particularly during sporting events, with terrorist actions or menaces posed by individuals. Ethnic homogenization is understood as a determinant of group identity and a crucial factor of security to such an extent that separation (including discrimination, rejection, and intolerance against otherness) is considered a key factor for protection, able to guarantee the reproduction of the group and the purity of its culture.

This presumption first encouraged and then legitimized the Yugoslav dissolution. Moreover, this goal was pursued by undertaking the redefinition of territories and local demography through ethnic cleansing, forced assimilations and mass executions in war times. Regretfully, the peace treaties did not put an end to this process. On the contrary, they mirrored opposing state-building visions and, therefore, remained ambivalent in content.

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

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

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

In other words, the constitutional arrangements originating from the peace treaties mirrored the ambivalent solutions negotiated with the warlords or in conditions where the dichotomy of "integration/separation" was never clearly settled.

As a result, this dichotomy is still working in the Yugoslav cultural space, perpetuating numerous geopolitical uncertainties. The states in the region perceive their territorial dimension as unstable or temporary. The territorial and maritime dispute between Croatia and Slovenia is an evident example of how the legacy of the war is still operating.

Moreover, the dichotomy of "integration/separation" explains why it is so difficult to find an agreement between the local political parties for reforms, and/or for their implementation, while proposals of decentralization are welcomed with suspicion. This recently happened when the project of Constitutional reform proposed by the Serbian president Tadic got support in Sumadija, a region of Central Serbia, raising strong criticism from conservatives.

The Balkans as a whole, in fact, are acquiring a new strategic role. From being on the periphery of U.S. power interests in the Middle East (as was the case in the 1990s), they are now at the heart of the triangle of relations among Russia, the U.S. and the EU as a crucial transit area of energy supplies.

In these conditions, the process that led Kosovo to declare its independence has played a key role, being perceived as a precedent. Actually, at the international level, it has already been used in this sense in Georgia. At the local level, the growing tensions within Bosnia-Herzegovina, namely between its entities, offer a vivid example of how opposing visions of state building are still influencing the local political debate whenever the issue of constitutional revision is approached.

The appeal of partition is still an option, nurtured by a significant part of public opinion in Kosovo (particularly in the Northern area, around Mitrovica) and Southern Serbia, in Sandzak and to a certain extent also in Vojvodina.

The Catholic Church advocates a third entity in Herzegovina, which is also an aspiration of the local parties. Separation characterizes de facto the relations between the Macedonian and Albanian communities in Macedonia, where nevertheless the most relevant problem is still posed by the name of the State, which is questioned by Greece. The simultaneous facts that Greece vetoed the inclusion of Macedonia into NATO unless the issue of the name is settled, and that Albania entered into the transatlantic military organization, is encouraging the Albanian parties of Macedonia to increasingly freeze their support of the Macedonian approach to the question, while Skopje has recognized the independence of Kosovo exactly with the hope of getting the support of the Albanians in the dispute with Greece. The outcome is that a powder keg is growing under the indifference of the European public opinion.

Actually, the uncertainties that we have briefly mentioned are underestimated by the EU member states as well. They are inclined to consider them separately from the crisis of the EU integration processes. However, this is politically a great mistake. The Balkans as a whole, in fact, are acquiring a new strategic role. From being on the periphery of U.S. power interests in the Middle East (as was the case in the 1990s), they are now at the heart of the triangle of relations among Rus-

sia, the U.S. and the EU as a crucial transit area of energy supplies. Any tension in the area will affect peace and stability in Europe, as it happened at the beginning of the 1990s.

It was not by chance that the PM Balladur launched his initiative of a Stability Pact in 1993. Although often neglected today, this initiative led, two years later (before the Dayton agreement had been signed), to 92 bilateral treaties on borders and minority rights among EU potential candidate countries, therefore isolating the virus of nationalism that was violently dismembering Yugoslavia. And again in 2000, the German Minister of Foreign Affairs Joschka Fischer, in his famous speech at Humboldt University, made clear the “deep reasons” that were suggesting the enlargement of the European Union. Among those, the risks stemming from the Yugoslav partition in the framework of the war and peace relations have been repeatedly emphasized.

Such sensitivity has vanished in recent years in the EU member states, as soon as the failure of the referenda on the Constitutional Treaty in France and in the Netherlands marked a deep crisis for European integration. Since then, the EU has faced big difficulties in defining the 2006-2013 budget. The Constitutional Treaty has been abandoned and redrafted into the Lisbon Treaty, which has been rejected by a referendum in Ireland. The institutional “deepening” is therefore jeopardized, while the integration between new and old member states has encouraged most of the latter to express misunderstanding and “fatigue”, and propose delays in further negotiations.

All these difficulties had a crucial impact in making EU conditionality weaker than in the past decade. In the Yugoslav cultural space, where stabilization is still a goal to be achieved, the fact that the EU commitment to enlargement might be postponed for years if the Lisbon treaty is not ratified can play a negative role. In other words, the EU strategy of inclusion is the only existing effective carrot that can be offered to that space. Politically and culturally, the EU integration process represents the trend opposed to nationalism and dismemberment; it still offers a convincing framework for peace and development, but this prospect remains valid only as far as the EU member states pursue it.

If they stop or postpone both their own internal changes and the policy of enlargement, the revival of nationalist rhetoric in the Yugoslav cultural space will find new room for development, despite the signing (but not always the ratification) of the Association and stabilization agreements with all the countries of the region.

In this context, the world economic crisis is going to play a crucial role: actually, its effects will be different, as its length sounds more dangerous than its depth. The length in fact can reinforce protectionist policies and the underestimation of the international/globalized impacts. As a result, a “Yugoslav syndrome” might emerge again in the Balkans with new threats to security and stability by causing the efforts made so far to vanish.

Therefore, this is not a time for hesitation. The EU is expected to increase its policies of inclusion by defining a region-wide support package able to promote the development of regional cooperation, without reducing its conditionality. This is the time for reinforcing stability, by urging the local leadership to apply the reforms consistently, giving as much consistency to the EU deepening commitments. Actually, this is the time when the former can be achieved only together with the implementation of the latter.