

**United States Senate  
Committee on Foreign Relations**

**Hearing**

**“U.S. Policy Toward Southeast Europe: Unfinished Business in the  
Balkans”**

**July 14, 2004**

**Washington D.C.**

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**TESTIMONY**

**By Ivan Vejvoda**

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Mr. Chairman, Senators, it is a great honor to be invited to speak today before this venerable Committee of the United States Senate. It is most fitting that on this anniversary of one of the great democratic revolutions we are convened to address the issue of democratic consolidation in the Balkans, which comes at the end of a long, more than bicentenary ark of struggles for democracy and political modernity.

**Introduction: The Positive Dynamic**

We are in the Balkans witnessing a steady movement of stabilization and consolidation. The region is moving away from the conflict and post-conflict zone and moving into one of renewal, development and democratic institution-building. The political dynamic in the region interestingly follows in a metaphorical sense the weather patterns. These move in southeastern Europe from the northwest to the southeast. The political skies have been progressively clearing in the same manner.

It is no minor achievement to be able to say that today we have democratically elected governments in all the countries of Southeast Europe. Since the defeat of Milosevic's regime in Serbia, through the ballot box, in a peaceful non-violent manner by deliberate choice, the region of the Balkans overall has steadily regained its political democratic bearings. This, in no manner of speaking, means to say that we can sit back and be complacent. On the contrary there is still significant unfinished business as the title of our hearing so aptly and prudently remarks.

But, the point of these introductory thoughts is to say that there is a positive story in the Balkans that is not getting out. The reasons are many: attention internationally has shifted elsewhere, there are more burning issues in other parts of the world, the Balkans seem by comparison in less need of attention, but also because when focus on the Balkans occurs it is most often solely because of the outstanding and still unresolved issues.

For a full understanding of the region we need to espouse a complex view which can then lead to prudent, rational and effective policy measures which can help southeast Europe speedily and efficiently reach the ultimate goals of burgeoning democratic institutions, effective division of powers, the rule of law, respect for the rights of minorities - all topped with membership in EuroAtlantic institutions. This region of the world compared to others is close to a success story, but at the same time still in danger of missing its rendezvous with success unless all the concerned stakeholders, primarily domestic and then international do not devote the necessary attention and resources to bringing the Balkan ship to its EuroAtlantic haven with necessary determination and commitment.

This is all the more important because the region is a post-intervention area (however one views the issue of intervention, whether one agrees or disagrees with it), just as is the case with other areas / countries in the world today further to the East and South. There are important and useful lessons, both positive and negative, to be learnt from the Balkans that can be used and applied to the new post-intervention situations, all things being equal. Also the transatlantic community has a unity of view and purpose in Southeast Europe and that is the goal of EuroAtlantic integration. This view and purpose should be further nurtured and boldly reinforced.

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Something went terribly wrong in this southeastern part of Europe in the last decade of the 20<sup>th</sup> century. We as many other post-Second World War generations had been brought up in the spirit of: "this must never happen again" (i.e. violence, war, crimes against humanity). And yet it happened to the communist country that seemed closest to making a break with the past and making it into the EuroAtlantic family. Why did this happen? The absence of democracy to put it most simply. Today in the Balkans the countries, societies, peoples and their democratic leaders realize that democracy and the rule of law is the way forward. There is nothing easy or quick about this process of democratic transition, on the contrary, but the course has been set and it is being maintained against all adversities.

The victory of Boris Tadic, the democratic, pro-EuroAtlantic candidate, in the Serbian Presidential election and his inauguration this last Sunday on July 11, is but the latest in a line of clear examples of this claim. President Tadic exemplifies the new forward-looking democratic leader of the region - a prudent consensus-builder, repairing the broken bridges with neighbors, acknowledging the difficulties of the inherited legacy and of the challenges ahead, sensitive to the suffering of those bearing the social costs, yet

determined and committed to pursue the hard work of societal and political change so as to create stability and peace.

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### **The Encompassing Process of Democracy and EuroAtlantic integration.**

We should pause an instant and simply remember where we were for example only four years ago when many of the cognoscenti of the Balkans were saying, for example, that we in the democratic opposition in Serbia, writ large, would never be able to achieve an electoral victory over the regime of Milosevic and then defend that same victory. The power of the people, the desire for liberty and justice, the capacity to organize and sheer resilience - is often underestimated, but neither should it be taken for granted.

Also, just as importantly the region, having in its majority jointly found its political democratic north on the compass, has both due to a grassroots awareness and to political leadership and vision begun to work together as a region of Europe. There are today as a result of intense cooperation in Southeast Europe a myriad of Balkan wide networks, webs of bilateral agreements in a number of fields, cross-border links, projects and activities. Exchanges, the free flow of people, ideas and goods since the conflicts ended have exponentially grown although not equally in all these areas, all these processes need to grow further. To many this is an invisible network. But it has taken on a life of its own and is a crucial component of the general movement toward the recognition, fostering and then buttressing of common interests and approaches to joint challenges. Not least the struggle against organized crime, trafficking, then addressing environmental issues, finally last but not least jointly seeking solutions to economic challenges.

The European Union in particular and then NATO have represented a strong magnetic pull on the whole region. The progressive movement of all countries at their varying speeds toward these political and security frameworks has been testimony to their realization that only as democratic polities in which mutual responsibility and solidarity with others is a nurtured moral and political value can the region succeed. The advance has been notable:

Slovenia (as a former republic of Yugoslavia) is today a full member of both the European Union and NATO. Romania and Bulgaria have also in the latest enlargement of NATO become full members. Both these countries are finalizing negotiations for EU membership. Croatia last month was officially proclaimed an official candidate for EU membership and will shortly begin negotiations for accession to full membership. Macedonia (the Former Yugoslav Republic of Macedonia) in March this year put forward its candidacy for membership in the EU. Albania is negotiating a Stabilization and Association Agreement with the EU.

Albania, Croatia and Macedonia are all members of NATO's Partnership for Peace program and are together members of the Adriatic Charter – a regional security agreement. These countries are in the process of preparing their next steps toward NATO membership partaking in many a common venture.

This generalized dynamic, as described, goes around two countries Bosnia and Herzegovina, and Serbia and Montenegro that are on the doorstep of both Partnership for peace and the beginning of the EU's Stabilization and Association Process. These two countries are enveloped by a sort of democratic, EuroAtlantic integration pincer movement. This is important to note because the countries of the Balkans act as communicating vessels. There is a positive effect of peer group pressure at this historical juncture. The fact that all the countries around Bosnia and Herzegovina and Serbia and Montenegro are projecting themselves forward is creating a pulling effect which is most tangible.

One should not underestimate in this regard the positive example for the region of the Greek-Turkish process of reconciliation and fostering of intensified exchange and cooperation. The championing by Greece of Turkey's dynamic to accede to the negotiating process for EU membership is being emulated in mutual relations by the other countries of the Balkans. It is by being each others champions that the countries are already demonstrating in the most palpable way their awareness that regional cooperation and partnership is a significant element of upholding democratic and European values.

There are democratic reformers working with their majoritarian constituencies to change their societies for the better. These reformers and their societies need support to carry on the task of democratic institution building. The adversities are still notable and the pitfalls numerous on this lengthy road are not to be in any way minimized or underestimated.

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## **Serbia**

If anyone was in doubt about Serbia's irreversible turn to democracy in 2000 then the result of the presidential election just two weeks ago with a clear cut victory of the democratic candidate Boris Tadic should have laid the last suspicions to rest. This was a most significant victory, a crucial political moment in a key Balkan country.

The new president as mentioned above is part of a broader new generation of hardy forward-looking democratic leaders who are grappling with the reality of a difficult economic situation while pushing forcefully for compliance with all outstanding international obligations of the country. Cooperation with the International Criminal Tribunal for former Yugoslavia (ICTY) is the foremost one, and in his inaugural speech he clearly marked it out as a priority. There are no reservations on his part, and as Minister of Defense of Serbia and Montenegro he forcefully engaged the process of reform of the military and its security services. With other key leaders at the time of the March , Kosovo violent events he took a most responsible position in seeking to work

hand in hand with the UN, EU, NATO, OSCE in finding a solution to calm the tension and end the violence and suffering.

I believe we shall see in Serbia intensified cooperation with the Tribunal in the Hague in the very near future. I say this because it has become patently clear over the past several months that this is the obstacle that is impeding the way forward in any direction for Serbia. The democratic political elite across political party differences has come to this conclusion. Results are imminent. I also firmly believe that society in general will accept gladly this enhanced cooperation and not be held hostage to a certain number of indicted individuals.

This means that Partnership for peace membership, and the “open doors” that were mentioned at the recent Istanbul NATO Summit, should be implemented as quickly as possible upon recognition that cooperation with the Hague Tribunal is occurring.

Recognition in the form of movement forward in integration processes, or for example relinquishing of visa regimes - are crucial as incentives on the long road toward democratic and market-based societies. The social costs being paid along that road are enormous (deindustrialization has taken a great toll on the labor force) and thus democratic reformers are exposed to high popular expectations. If they cannot deliver, society can easily become prey to populist demagogues of an extreme right-wing orientation. The result obtained by the nationalist, populist candidate in the recent presidential elections and his party’s result in the December 2003 Serbian parliamentary elections are a clear warning and should alert all to the dangers of failure of democratic reforms.

Serbia is also confronted with its as yet undefined relations within the State Union of Serbia and Montenegro. This is particularly important for the process of European integration - a key priority for the country. The outstanding issue is the absence of a single market between the loosely linked states of Serbia and Montenegro (both deriving their full modern statehood from the Berlin Congress in 1878). The European Union in upholding its criteria for entry has demanded a full harmonization of all products following an Action Plan defined in 2003 after the voting in of the Constitutional Charter of the State Union (February 2003). A small number (56) of agricultural products have become a lasting stumbling block as well as the custom’s regime and the certification of origin of products. This has among other issues completely halted Serbia and Montenegro’s movement on the road to the EU.

Much frustration exists because of this and also because domestic stakeholders believe (both in Serbia and Montenegro separately) that they could in fact have already moved toward integration had it not been for these “impediments”.

By way of reminder: the Federal Republic of Yugoslavia was recast into the State Union of Serbia and Montenegro for rational, prudent and regional security reasons. One was to uphold regional stability at the end of 2001. The European Union then stepped in to

broker a new relationship recognizing each of the two states' levels of acquired internal competencies, on the basis of an agreement with the actors.

The assassination of Prime Minister Zoran Djindjic on March 12 last year was a dramatic loss of one of the most determined democratic leaders and reformers in the Balkans. His tragic death which many thought would throw Serbia back into darkness only proved in the most terrible way (as he himself said in a number of interviews weeks before the assassination) that Serbia had become a democratic state. This democratic state was able to through back the gauntlet with which it had been challenged and prove that the Serbian democratic institutions however fledgling were functioning and were able to keep Serbia on track. Zoran Djindjic had laid himself into the democratic foundations of our country.

Zoran Djindjic always invoked the need to observe the broader social and political dynamic so as to understand the underlying issues. His death clearly took a huge toll, pointed to the unreconstructed security services and drained much energy and time from the democratic forces in an hour danger.

In this overall context one needs to understand that Serbia is only in its fourth year of transition. One has to hark back to 1993 to compare Serbia to where for example Poland, Hungary, Czecho-Slovakia (still one country then), were in their fourth year. Yes, Serbia is a laggard and should be moving faster. I am convinced, as I was with the victory over Milosevic's regime, and of the victory of Boris Tadic, that Serbia will now make an important step forward.

It is interesting to see how in Serbia some significant political figures are invoking the positive move forward of Croatia as a positive example for Serbia. This is an example of the communicating vessels, peer group claim and the effectiveness of mutual positive incentives.

Politically in Serbia, after the Presidential election, we shall see a cohabitation with the incumbent government of Prime Minister Vojislav Kostunica.. The President has rightly voiced the need for political stability, for the greater public good, i.e. the need to forcefully move forward reforms that have long been stalled (due to election cycles most recently). Serbia needs to now make a breakthrough that will bring it into Partnership for Peace and onward toward the Stabilization and Association Agreement with the European Union.

The EU integration agenda of the State Union of Serbia and Montenegro may need to be modified so as to effectively advance it. This may be done in the following way for reasons of greater expediency and both domestic and European public good, security and stability. The fact that Serbia and Montenegro have not made any major moves on the EU integration road, as others in the region have advanced, is detrimental to both Serbia and Montenegro, the region of Southeast Europe and to the EU and international stability.

The way around this, namely the problem of the impossibility to achieve a single market, could be to do the following. While maintaining the State Union of Serbia and

Montenegro, separate out the EU integration process for each, turning them into parallel integration processes so that both Serbia and Montenegro advance on their own merit unhindered by each others lacunae. This has been forcefully advocated for example by the Deputy Prime Minister of Serbia Miroljub Labus. There are some signs that the EU is itself seeking an approach that would bear more effective and speedier results in reaching the so-called “Copenhagen criteria” encompassing the principles of liberty, democracy, respect for human rights and liberties, the rule of law.

In fact, the Thessaloniki Summit of the EU, under the Greek Presidency of the EU, in June 2003 clearly stipulated that the countries of the Western Balkans would become members as soon as they completed the required reforms and alignments with EU laws and practices (the *acquis communautaire*) and demonstrated their capacity to be providers of security and stability. The time is to help those countries that have not advanced on the integration road since the Thessaloniki Summit.

### **The Balkans on the Agenda Again**

There seems to have been a refocusing on the Balkans in this first half of 2004. I believe there are two reasons for this.

- First, the accomplishment of the historical 1<sup>st</sup> May enlargement of the European Union and the parallel big bang NATO enlargement has turned the attention of the “administrators of enlargement” (especially in the EU) to the next chapter which in all clarity is the enlargement of the EU in the Western Balkans. Whenever in time that may be these experts and their offices have opened their next files entitled Western Balkans. Clearly Turkey is the other key country that is being considered for beginning of negotiations and I deem that a vast majority of Southeast Europe countries are not only sympathetic to Turkey’s future European integration for reasons of stability and security, but are also willing to champion it following Greece’s example.
- The second reason for a refocusing of attention on the Balkans were the events of March 17/18 in Kosovo. What was evident to many involved with the region, was that complacency with the security situation of non-Albanians (principally Serbs) and stagnation on the standards before status was going nowhere. The ethnic violence with the resulting expulsion of about 4000 people from their homes and destruction of those same homes and religious edifices – was a severe wakeup call to all those internationally responsible. Recent reports by the OSCE or by Amnesty International among many, point to the numerous inactions, lack of action in preventing the appearance of violence and then the actual inability to prevent it even with significant international military and police presence. The renewed activity of the Contact Group (Italy, France, Germany, Russia, United States, EU) is but a sign of that renewal of attention.

### **Kosovo**

This is the most difficult unresolved issue in the Balkans. It comes at the tail end (as many surmised it would at the beginning of the breakdown of former Yugoslavia in 1991) of a series of wars and interventions.

When domestic actors are incapable of solving a contentious issue and require a third party to mediate then all parties become stakeholders. The crucial stakeholders are the domestic ones and unless they arrive at solution based on compromise through negotiations then no solution will be found, or only half measures will be achieved. The lack of a solution in Cyprus because one of the key communities was not on board the agreement is an example of this, again all things being equal.

In Kosovo as in other similar/dissimilar seemingly “intractable” conflict or post-conflict situations (Northern Ireland, Kashmir, Sri Lanka, Basque country, Israel-Palestine, etc.) the solution is in bringing the voices of moderation, pragmatism and realism forward while blunting the arguments and basis of grievance of the extremists wherever they may be. The engaging of the dialogue is essential – in this case between Albanians and Serbs. This long and arduous dialogue had begun, but was interrupted. It should be resumed, reengaged and broadened.

The late Prime Minister Zoran Djindjic launched a “Kosovo initiative” internationally in January 2003, exactly for reasons of countering general complacency and engaging a dialogue aware that time was not working for the region for those involved in moving toward European integration. He thus deemed it necessary to take responsibility for moving the agenda forward and putting the issues within a firm institutional process, which would seek in a orderly, negotiated, stabilizing fashion, (in his words) a “democratic, rational, de-emotionalized, European solution”. A process which would not and should not interfere in the domestic political dynamics of each concerned part of the region of the Balkans.

The opening moves that were required, Djindjic told many an interlocutor, was to greatly enhance the level of security for the non-Albanian (Serb) population of Kosovo, to end the impunity of those engaged in acts of violence and to uphold the principle of return (in the name of which the intervention of NATO was launched). Violence, i.e. was not to be rewarded in any way. The other initial stipulation was for Serbs in Kosovo to achieve some form of local self-government (decentralization) in areas where they were a majority. Finally, and remaining at the issue of necessary initial steps in search for a stable, lasting, and sustainable solution was for all international actors already involved to contribute actively to finding the common ground of a lasting framework..

The spirit of this initiative is alive today. It is precarious and needs to be supported forcefully. There are moderate voices and those who realize that the need to work together prudently for the peaceful future of all citizens of the region is the only way forward. There are on the other hand those who still dream of maximalist solutions on both sides. There is an urgency to engage the dialogue and begin finding the common denominators.



For many the dialogue and exchange of views has been ongoing through even the periods of greatest adversity, it is now time for those forward-looking responsible, democratic reformers to engage in the renewed dialogue backed by elected officials, civil society and international institutions.

What was then and is now clear is that the overarching framework not only for Kosovo but for the Western Balkans and Balkans overall is the European Union as well as, initially, the collective security framework of Partnership for Peace and NATO (taking into account that Romania and Bulgaria are already full members). The EU has taken over the military mission in Macedonia, it prepares to take over in Bosnia and Herzegovina the mission from SFOR. There is no doubt that along with the UN, NATO, OSCE the EU has the crucial role to play in the future of the Balkans.

The stabilization of the Balkans is in fact a test for the EU's security strategy.

### **Which way toward sustainable economies?**

The democratic process is by definition grounded in the polity of each country. It is the individual citizens and their elected and accountable leaders (who represent the options of parliamentary political parties) to it whom it behooves to carry both the formal and substantive content of reform and democracy forward. These societies confronted with the legacy of communism and often also of traditionalism, but also opening unto the global market place have needed the support of external actors to be able to pursue their joint goals of democracy and market economy.

Support has gone to three key areas: state, economy and civil society. Support to state capacity building has been fundamental. This has meant supporting and fostering an efficient public administration and civil service, an independent and equally efficient judiciary, law enforcement agencies accountable to parliamentary control, security services and the military working not any more as a state within a state but as fully accountable and controllable actors contributing to and providing stability. Civil society support has been important to give citizens the skills and capacities to address many challenges by themselves, not waiting for the state (as in times of old) to cater to their every need. Community development has been a key part of this process. Finally, support to the economy, initially to essential and existential infrastructure areas such as food (at the very early stages), to the power energy and supply system, to road and rail networks and then to small and medium sized enterprises, also support to help create the appropriate conditions for an economy integrated into the world market.

This external aid has been essential in the early phases of the democratic and market economic process. All these countries were and are aware though that that sooner they can reach sustainable levels of economic production and activity and thus no longer need the benefit of aid, will be the better of because this is proof of consolidation. Foreign

direct investments are a key part of creating that sustainability and some of the more advanced countries in the region have benefited from creating the enabling legal and other conditions for foreign investments.

The period in between the initial stages of economic and legal reform, and that of a sustainable market economy is of interest to us here today. Many of the countries we are looking at with still existing unresolved issues often suffer high levels of unemployment and low levels of economic activity. Thus a significant effort in making the Balkans a success is to focus among all other things on this area of badly needed support to economic reform and job-creation.

Without the civic and political energies of the countries of Southeast Europe themselves democracy would not have taken hold. Conversely without the support from outside this process would have been significantly slower and less efficient.

The European Union and its member states, the United States, Canada, Japan, Norway, Switzerland, and very many others have played an important role in this donor effort throughout the region. International financial institutions such as the International Monetary Fund and the World Bank have clearly contributed as well as the European Bank for Reconstruction and Development and the European Investment Bank. All these efforts should be sustained at levels which should allow these market economies some of which are showing very positive signs while others are still struggling to make ends meet, to move forward and become the ground on which a sound democratic polity can deliver to its citizens a dignified, decent livelihood. The EU again has a major role in determinedly paving the way and preparing with the future candidate countries of the Western Balkans their interface with the more stringent, more engaging, and constraining structural institutional framework of EU integration.

One example of this keen awareness that there is unfinished business in the Balkans and that a variety of both governmental and non-governmental actors still need support to further democratic reform, enhance civic participation and contribute to creating an environment of consensus around the public interest is **the Balkan Trust for Democracy**, which is project of the **German Marshall Fund of the United States** – a public-private partnership launched with **USAID**, the **C.S. Mott foundation** (Flint, Michigan). This is a ten year project launched last year, endeavoring in all of the Western Balkans as well as in Romania and Bulgaria. It has been additionally supported recently by a significant donation by the Dutch Government and a pledge from the Government of Greece. This, now, transatlantic effort at democratic institution and capacity building both for governance and civil society projects in the Balkans has met with great enthusiasm and expectations. As certain donors prepare to scale down and leave, others such as the Balkan Trust are contributing to the long-term effort of democratic consolidation and empowering the citizens of the region.

## **Conditionality and teleology: civility and democracy**

At the current stage when democratic reformers are fully engaged in confronting the broad and simultaneous transitional agenda of transforming and reforming every aspect of society, politics, economy, judiciary, security and military, education – adapting them to the needs of citizens who have voted for democracy and Europe – or may I add on this “quatorze Julliet”, storming of the Bastille day – for human rights and for “liberty, equality and fraternity” (we would probably say “solidarity” instead of fraternity today) it is imperative that solidarity be promoted and the mutual responsibility for the future of Europe and for the post-Second World War project of peace in Europe find its current completion by bringing the Western Balkans into the fold of Europe whole and free.

Excessive conditionality has been a blunt tool. Sometimes a policy of the lowest common denominator between key external actors has, to make an understatement, not helped the fostering of the greater public and international interest – stability and sustainable peace in the region.

Bold leadership is needed both domestically and internationally to fully succeed in Southeast Europe Rethinking policies toward a more pro-active stance with regard to support the efforts of the countries of Southeast Europe would be most welcome.

To include is I believe much more efficient than to exclude. To become member of a union, a partnership, an alliance, to be endowed with responsibilities as a member is much more conducive to a change of values and behavior. To be left out while others are advancing or entering partnerships carries with it the extreme danger that a backlash of retrograde political forces could “punish” the lack of accomplishment of reformers – it undermines the efforts of coalitions for change in these societies. There is a deep mutual responsibility in the world today, and in this case in the Balkans for a possible success, or conversely for failure by negligence..

As they follow in the footsteps of the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia, Slovenia (now members of both EU and NATO), the processes the countries of the Balkans are undergoing are arduous, long and costly. The more aware we are in learning the lessons of these earlier transitions and integration processes the faster we shall bridge the gap to the completion of Europe.

In the Balkans today, with all the outstanding unresolved issues or lingering uncertainties – and I have here on purpose chosen to dwell on some aspects of the positive story that seldom get told – we are within reach of civility and democracy. But if economies do not begin to deliver however minimal amounts of material decency and dignity to citizens, then we could for example find ourselves with maybe even ideal polities which would ultimately fail because they could turn out to be economically unsustainable. Alexis de Tocqueville made this point among others very forcefully – there is no successful democracy without a successful economy..

The glass in the Balkans is half-full let us, Mr. Chairman, Senators, continue filling it