Indirectly Safeguarding National Security: Can Sub-Regional Economic Accords Contribute to Solving the Problem of “New Economic Insecurities?”

Introduction

This paper covers several issues determining security in the Central and especially Southeast European regions. Among them we focus especially on how sub-regional economic bilateral and multilateral accords can contribute to solving the problem of “new economic insecurities.”
emphasizes the need to challenge existing cooperative arrangements with the potential strategy of further enlargement of the European Union. Although there are many questionable issues in building and enlarging the European Union, this paper will not discuss topics directly linked with internal institutional arrangements of the European Union and will focus on a simple hypothesis that from a medium-term perspective for Balkan countries, it is better to become a European Union member than to opt for some weaker arrangements.

1. Different countries for similar goals?

Today, transition countries in Europe include a wide range of post-socialist societies. Each country has followed its specific path towards today's transition position. Some countries have successfully stabilized and improved, while others have a long way to go. Concerning the European security point of view, the most volatile region is the Balkan region, where security threats are coupled with more economic problems than in other parts of Europe. While Central Europe has continued its path of building a market economy, parts of Southeast Europe remain volatile, balancing on the edge of possible war.

Europe has undergone a new period of integration and disintegration simultaneously. This process represents an imminent danger of being transformed into conflict of interest among minorities/nations seeking independence and those trying to maintain their wholeness or wishing to integrate and give up some of their rights to an integration group. Slovakia has a specific position among the countries of Central and Eastern Europe (CEECs). Being on one hand a stable country and on the other not among those CEECs that are NATO members, it is well aware of the fact that it still lacks complex and reliable security protection. Unlike the Czech Republic and Hungary, the absence of full collective security membership means higher potential exposure to instabilities in the region. Similar to Hungary, which has regional proximity to the unstable Balkan area, Slovakia has, but for other reasons, also more intensive perception of potential consequences from unstable Balkans, e.g., Poland. Despite the high effort of OSCE to stabilize security in Europe, apparently there is another potential mechanism to improve stability in the region.

European Union aims to stabilize the Balkan region through the process of stabilization and association. This strategy was passed by the European
Union’s foreign affairs ministers on June 21, 1999 and was aimed at easing after-war reconstruction of the Balkan and its rapprochement with the European Union. The passed process of stabilization has simultaneously been in progress with introduction of the stability pact. Based on this plan the European Union announced then that it should sign “stabilization and association agreements” with Macedonia, Albania, Croatia, Bosnia and Herzegovina and Federative Republic of Yugoslavia. The ministers have agreed on differentiation between these five countries. Priorities were announced to be given to Macedonia and Albania, the two countries contributing aid support during the Balkan war. Bosnia and Croatia had not had a chance to start negotiations on similar agreements then because of their inability to comply with the political conditions imposed on potential candidates by the European Union. In Yugoslavia the European Union had been willing to support Montenegro. According to a previous statement of the German minister of foreign affairs Günter Verheugen, help given to Montenegro will support the process of democratization in Serbia. All these historical developments show that the way ahead will not be straightforward and inexpensive.

Some time has passed since then and some new challenges and threats have occurred. Recent political changes in Yugoslavia, with newly elected president Kostunica, signalize more dynamics in forthcoming months and years. How the dynamics will be structured and oriented is, however, difficult to predict. One thing is evident and it is the willingness of the European Union actively assist in gradual recovery of Serbian/Yugoslavian economy.

Long-lasting conflict in the region has caused much of the pain and problems not only for direct actors in the conflict but for other countries in the region as well. An example of such a country is Bulgaria, following slowly its way toward economic prosperity and political stability. It is possible to expect that substantial differentiation of the heterogeneous countries can be harmful.

2. New economic insecurities: an agenda for the next millennium

With increasing worldwide dynamics and globalization since the early 1990s also higher pressures for opening-up of, formerly centrally planned, economies have been seen. Current liberalization in many of these countries has lead to social instability caused by economic imbalances, high level of unemployment and, sometimes, by emerging nationalist feelings. The latter aspect has especially tragic implication in the Balkan region, where turmoil and local wars have worsened the situation dramatically. The question now
is what is the main economic instabilities in transition economies. There are still many of them. However, on the top are those with immediate impact on local economies:

- lower levels of economic development and incomes;
- inefficient administration/governance;
- corruption and crime;
- a poor infrastructure;
- limited sources/capital;
- a less developed institutional and legal framework;
- low level of regional integration (closed economies);
- environmental problems.

Any of these weak points represents a potentially destabilizing factor for any country in the region. Coupled with political vulnerability and pressures, it represents a potential threat to future, hopefully stable, economic and political development. In such a situation it is necessary for these countries to focus on improvement of both political and economic conditions. Here, since our focus is primarily on economic issues, we will try to elaborate more on the latter ones. As it is shown later, we follow the argumentation made earlier by H. Kissinger and others that economic stability and prosperity is not automatically a guarantee of stable political development. All these eight points representing weak elements currently existing in the region will continue to be harmful or destabilizing Balkan countries also in this millennium. It will depend on internal and external factors whether the agenda outlined above will be gradually eliminated in its negative consequences.

3. Common interests and priorities

If loosely designed, even under unstable conditions and different interests of individual member countries, a sub-regional initiative can serve positively to building the necessary infrastructure for a future development. It cannot be expected, however, that possibilities given by such an arrangement will serve similarly to full integration setting among more heterogeneous partners. The view that “something is better than nothing” was supported also by A. Bailes (1999) during her presentation at a conference in Sırin, when she said that: “...sub-regional cooperation based on open frontiers and pooling of resources does offer an alternative that is more manageable (than NATO and European Union – D. B.) because of its looser disciplines and tolerance of variety, but much better than nothing where nothing means isolation and/or zero-sum relations with neighbors.”
Obviously, such a loose arrangement is more viable at the times when conflicts among countries are frequent and interests differed widely. Where common interest should be searched and found is the area of political freedom and democratic values and institutions. Only this can be the basis for more religious, ideological and political tolerance and a starting basis for sustainable economic development and modernization.

One-way how to improve the situation in long-term perspective is to generate and work with initiatives of various kind. Both the two sub-regional initiatives mentioned below aim to improve the physical infrastructure and/or some institutions in the Balkan region. Substantial change of the technical infrastructure can ease barriers for business exchange and attract more foreign investors to the region. Building political institutions, tolerance and democratic and human values, where harmed or not fully developed, can lead to better understanding and cooperation. For Western countries, however, it is difficult to influence or submit any form of institutional arrangement for Balkan countries. Any influence in this way could be considered as an improper attack on cultural and social traditions, if not as a violence of international laws and diplomatic standards. The more viable way, however, is to submit proposal to participate in common building of a new Europe with a possibility, eventually, to join the European Union. This way is ongoing and can contribute to longer-term stability in that area. While in the areas such as, e.g., ideology or religion there can be substantial difference among the countries, there can be many common priorities in the other areas. As shown by the existing sub-regional and interregional accords, the interest to improve national competitiveness, and by that security, through regional cooperation is evident.

4. A sample of existing sub-regional initiatives

There have been several sub-regional accords established in the area since the collapse of socialism. Among them especially Southeast European Cooperative Initiative (SECI) and The Black Sea Economic Cooperation Pact (BSECP), covering also non-transitional countries can be mentioned. These initiatives are the logical result of intense attempts to improve the situation in the Southeast Europe and in other countries both in Europe and Asia. There are e.g., the Process of Stability and Good-neighborly Relations launched in Royaumont in December 1995 or July 1996 Sofia meeting of the countries of the region, following a Bulgarian initiative for a Balkan Conference of Stability and Cooperation in Southeast Europe among activities that have lead to
the current institutionalized initiatives. They serve as examples of continu-
ous effort to solve the regional problems and confirm the opinion that such
activities are necessary now at least for immediate maintaining of stability.
Most of the existing initiatives concentrate on addressing the region’s pre-
ssing political, economic and ethnic problems. Since the countries of Sout-
theast Europe share a multitude of social economic and environmental con-
cerns, it is the imperative that they are able and willing to jointly address
these issues in a geographic region. The ability to solve regional economic
and environmental problems is a prerequisite to peace stability.

SECI brings together regional decision makers to discuss mutual economic
and environmental concerns through joint projects, meetings, conferences and
project groups organized by the Agenda Committee. The Agenda Committee
comprises high-ranking government officials from each member country and
is responsible for identifying common areas of concern relating to the econo-
my and environment of the region. It proposes also short lists of priorities
based on which projects will be planned and carried out. Projects of SECI
include border facilitation, the transport infrastructure, small and medium en-
terprises, energy efficiency, electricity grids, crime and corruption, gas net-
works, environmental recovery and capital markets. Such projects reflect the
urgent need to solve the economic insecurities mentioned earlier.

The Black Sea Economic Cooperation Pact is composed of eleven partici-
pating states: Albania, Armenia, Azerbaijan, Bulgaria, Georgia, Greece, Moldo-
va, Romania, Russia, Turkey and Ukraine. On June 25, 1992, their heads of
state or government signed in Istanbul the summit declaration on the BSECP,
thus setting up a regional structure of multilateral cooperation in various fields
of economic activity. Existing intergovernmental component of the BSECP has
developed a comprehensive multilateral cooperation scheme covering vari-
ous fields, ranging from banking and finance to exchange of statistical data and
economic information, from energy, transport and telecommunications to tra-
de and industry, from agriculture and agro-industry to environmental protec-
tion and from tourism to science and technology. Also, this accord contributes
to gradual reduction of economic instabilities in the region.

Both presented initiatives serve as an example how to form transitional
arrangement of international relations among the countries involved. For the
countries in the sub- or inter-regional arrangements this is instant initiative
for stabilization and also their expression for good relationships among them.
From a longer-term and broader perspective, the problem of the European
Union’s enlargement and the problem of smaller versus bigger countries is
waiting for solution. It is not only the responsibility of the most developed
and powerful member countries but also of the European Union as a whole to present clear visions about how to continue in its further enlarging. The main disputes can be expected whether political criteria should be considered with more general „technical” criteria. The following table shows which countries are currently among pool of potential candidates for the European Union membership.

**Table 1: Potential Candidates for EU Enlargement**

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<td>Hungary</td>
<td>Poland</td>
<td>Cyprus</td>
<td>Slovenia</td>
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<td>Lithuania</td>
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<td>Slovak R.</td>
<td>Romania c)</td>
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<td></td>
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<td>Latvia</td>
<td>Turkey b, c)</td>
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</table>

Notes:

a) – structure of clusters and countries within them are taken over from The Economist’s older estimations
b) – recently recognized as EU candidate
c) – member country of BSECP

As it is clearly seen from the table, BSECP members are expected to be among potential latecomers to the European Union. This confirms our later argument for necessity to have “the second best” arrangement for intermediate period.

5. Stability, security and prosperity

The name of this part expresses the three most important and inter-linked phenomena that have to be considered when discussing current economic instabilities in the region. Looking at post-socialist transition countries, all of them to lesser or higher degree show some presence of instability, insecurity and in-prosperity. Balkan countries are unfortunate in that some of them have really bad combination of those factors. Their situation has worsened more since the regional conflicts have originated and developed. Complex approach, therefore, is necessary in dealing with such enormous problems. One example of the approach is represented by what has recently been
planned and done by the *European Union Stability Pact*. It has taken under one umbrella three areas—democracy and human rights, economic recovery, and security policy. All the issues had been planned to be handled simultaneously with equal emphasis on each of the three areas.

Arguments on interdependence of economic and political aspects are substantial. Also, some structural similarities between them can be identified confirming thus a possibility to use some analogy in analyzing of possible policies. The following box shows some similarities/linkages between security and economic issues. It is clear, that there are several parallels concerning arrangements for higher or lower stability for both the security and economic issues.

**Box 1: Security and Economic Issues**

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<tr>
<th>Security Issues</th>
<th>Parallels</th>
<th>Economic Issues</th>
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<tbody>
<tr>
<td>Collective Security</td>
<td>(HIGHER STABILITY?)</td>
<td>European Integration</td>
</tr>
<tr>
<td>Balance of power setting</td>
<td>(LOWER STABILITY?)</td>
<td>sub-regional economic accords (inter-regional accords)</td>
</tr>
</tbody>
</table>

As it has been shown elsewhere (see, e.g., Allison, G., Treverton, G. F., 1992), balancing mechanisms of collective security is far more effective than that of balance of power setting. Sub-regional economic accords can eliminate to certain extent new economic insecurities, but cannot contain them fully as they cannot lead to improvements in building of democratic institutions. This is possible only if there are some relicts of them among its member countries. Henry A. Kissinger (1960) put it clearly:

“Indeed, there is no country in which democratic institutions developed after industrialization and because of economic development. Where the rudiments of democratic institutions did not exist at the beginning of the industrial revolution, they did not receive impetus from industrial growth.” (p. 290).

Henry Kissinger was right in his analysis.¹ There should be an awareness of the fact that any improvement of economic performance does not repre-
sent a guarantee for stable political environment. On the other hand the European Union and other institutions should be aware of the fact that deep economic instabilities represent a threat for gradual improvement of societies in Balkan. Both elements should be improved simultaneously and with specific tools and approaches. Relative economic prosperity in some parts of Balkan leads to some kind of conservation of existing situation, to some form of „stabilization,” rather than to an ongoing institutional reform so necessary for a long-term improvement. Nevertheless, some above-mentioned arguments can sound not fully acceptable or understandable in countries with different cultural, social and political tradition. Such cultural and historical differences can make things more than less complicated.

6. Future horizons: Sub-regional integration as the “second best” solution?

Future can be shaped only through evolution of institutions and through implementation of proper regulatory frameworks. As mentioned earlier in the text, there is hardly to expect efficiency and stable outcomes based only on solution of the existing economic instabilities. Also, it is difficult to achieve proper balance of power by using bilateral and trilateral agreements or sub-regional cooperation. Rather it is a necessity to develop long-term linkages with other countries of the region using larger regional arrangement, which for Balkan can be the European Union. Common European security policy and arrangement may be the only viable way how to stabilize the whole region in the long-term perspective. However, the current situation is far from that perspective. Therefore, as has already been mentioned, building of sub-regional alliances of various types is intermediate and adequate form how to cope with both economic and security instabilities.

Delivering proper institutional structure through the membership in the European Union may be politically much more acceptable than by using ad hoc measures for some improvement of individual institutional arrangements. Therefore, the main lesson to be learnt, based on previous arguments, is that the ways how to avoid further worsening of the situation in the Balkan region and in European transition economies should be based primarily on complex approach. In that sense simultaneous building of economic capacities and political institutions is necessary. This argument is based on the earlier mentioned view that any improvement of economy does not automatically contribute to a political improvement. Other line of arguments goes through understanding that complex solution, here full integration in the
European Union and in collective security arrangements, is a better possibility than the “second best” solution, which is represented by sub-regional security and economic cooperation arrangements. This approach is, of course, not without problems. One problem, mentioned in our other study (Brzica, D., 1999), is that one represented by the European Union’s enlargement itself. Any enlargement has its welfare influence on existing members of the coalition (here members of the European Union) and on newcomers to such integration. A necessary precondition for acceptance of additional new members is some institutional reforms of the integration. Another problem may be more important one. It refers to potential tensions given the fact that somewhere should be done, at least temporarily a new borderline for the enlarged European Union. Insiders can gain more advantages, especially those without non-European Union members on their borders, can gain more advantages. Outsiders, especially larger or “more strategic” ones can feel threatened or disappointed by being outside or finding their former partners in the European Union.

It is easy to draw some visions of a possible future. But our future development is much less predictable, as we have witnessed especially since mid-1990s. Proper institutional design, so needed for Balkan countries, to be successful requires more consent and mutual understanding. This is still missing. The truth is that both more economic and political stability would be welcome. Any further worsening of the present situation can make a lot of harm. The outcome for this paper can be that current initiatives can serve only as temporary and “second best” solutions. They are adequate in time of difficulties to obtain the full consensus on participation on more broad integration or liberalization processes. Under such condition they have its positives but cannot guarantee full-scale effects. However, the existing accords can be useful for the potentially new European Union’s members currently involved in them because of their property to serve as a basis for the future development of member–non-member states’ relations.

Despite an enormous effort to stabilize the whole region there is no certainty as to the final long-term result. The existing problem is much more about building of functioning institutional structure than just improving poor standard of living conditions. Coexistence of major ideologies is far difficult to reach than is to secure some necessary restructuring in industry and continuous building of economic institutions. In the coming future it can be possible expect also some support provided in the framework of active development assistance by several European countries, among them also transition ones.
Based on our contribution we are skeptical in ability of sub-regional accords to fully substitute the positive effects of full European Union’s integration in the long-term perspective. For the time being, these arrangements can be, at least in their economic areas, considered as a viable way or “the second best” solution for immediate or intermediate stabilization and transformation changes. It is on both sides, namely the European Union and Balkan states, to make necessary steps for further coordination of membership. Nevertheless, the existing accords can be useful also for the new European Union’s members currently involved in them because of their property to serve as a basis for future development of the member – nonmember relations.

Notes:

1. In this conflict, not surprisingly, he had been involved suggesting some initiatives for the region.

Sources:

6. Southeast European Cooperative Initiative’s and Black Sea Economic Cooperation Pact’s web-sites.

Resumé:

Daneš Brzica: Nepriame zaisťovanie národnej bezpečnosti: Môžu subregionálne ekonomické dohody prispieť k riešeniu problému „nových ekonomických rizík“?

V súčasnosti sa čoraz väčšia pozornosť venuje otázkam určujúcim bezpečnosť v regionoch strednej a najmä juhovýchodnej Európy. Medzi ne patrí aj to, ako subregionálne ekonomické bilatérálne a multilateralné dohody môžu prispievať k riešeniu problémov „nových ekonomických rizík“. Tento príspevok kladie dôraz na to, ako existujúce kooperačné dohody môžu byť
spochybňované (a nahrádzané) potenciálnou stratégiou ďalšieho rozširovania Európskej únie (EÚ). Aj keď existuje veľa otázok súvisiacich s budovaním a rozširovaním EÚ, ktoré by si zaslúžili pozornosť, v tomto príspevku vynechávame diskusiu o tých problémoch, ktoré sú priamo zvázané s vnorným inštitucionálnym usporiadaním EÚ a pracujeme s jednoduchou hypotézou, že zo strednodobého hľadiska je pre niektoré balkánske krajiny lepšie stať sa členom EÚ, ako si zvoliť nejaké slabšie usporiadanie.


Otázkou teda je, aké sú hlavné ekonomické nebezpečenstvá v tranzitívnych ekonomikách. Možno povedať, že ich je veľa, ale ide najmä o tie, ktoré majú okamžitý dopad na miestne ekonomiky. K nim patria:

• nižšie úrovne ekonomickeho rozvoja a dôchodkov;
• neneefektívna správa;
• korupcia a kriminalita;
• slabá infraštruktúra;
• obmedzené zdroje/kapitál;
• menej rozvinutý inštitucionálny a právny rámec;
• nižšia úroveň regionálnej integrácie (uzatvorené ekonomiky);
• environmentálne problémy.

Ktorékolvek z týchto nebezpečenstiev predstavuje potenciálny rizikový a destabilizujúci faktor pre akúkolvek krajinu v tomto regióne. Ak je subregionálna iniciatíva voľne koncipovaná, môže, dokonca aj za nestabilných podmienok a pri rozdielnych záujmoch jednotlivých členských krajín, pozitívne prispievať k budovaniu infraštruktúry potrebné pre budúci rozvoj. Nedá sa však očakávať, že možnosti dané takýmto usporiadaniami budú môct slúžiť k vytvoreniu formy plnej integrácie medzi heterogénejší-
mi partnermi. Je zrejmé, že voľné usporiadanie je schodnejšie a potrebnejšie v časoch, keď konflikty medzi krajinami sú časté a záujmy sa podstatne líšia. Spoločný záujem by potom mal byť hladaný a nájdený v oblasti politickej slobody a demokratických hodnôt a inštitúcií. Práve toto môže byť základom pre väčšiu náboženskú, ideologickú a politickú toleranciu a startovacou základňou pre udržateľné ekonomický rozvoj a modernizáciu.

Jedným zo spôsobov, ako zlepšiť situáciu z dlhodobého hľadiska, je vytvorenie a práca s iniciatívnami rôzneho typu. Obidve subregionálne iniciatívy, zmienené nižšie, sa snažia zlepšiť fyzickú infraštruktúru a/alebo niektoré inštitúcie v regióne. Podstatná zmena technickej infraštruktúry môže ulahčiť bariéry pre obchodnú výmenu a získanie väčšieho množstva zahraničných investorov do tohto regiónu. Budovanie politických inštitúcií, tolerancie, demokratických a ľudských hodnôt tam, kde sú narušené, alebo tam, kde nie sú plne rozvinuté, môže viest k lepšiemu porozumeniu a spolupráci. Pre západné krajiny je však obtiažné až kótekoformu inštitucionálneho usporiadania pre balkánske krajiny. Akýkoľvek vplyv v tomto smere by mohol byť považovaný za nežiaduci tok na kultúrne alebo sociálne tradície, ak nie za narušanie medzinárodných zákonov a diplomatických Standardov.


Budúcnosť môže byť utváraná len evolúciou inštitúcií a zavádzaním vhodných regulačných rámcov. Je ľahké očakávať efektívnosť a stabilné výsledky, ktoré by boli založené len na riešení existujúcej ekonomickej nestabilit. Takisto je ľahké dosiahnuť vhodnú rovnováhu moci využítim bilaterálnych a trojstranných dohôd albo subregionálnej spolupráce. Skôr je nevyhnutné rozvíjať dlhodobé väzby s inými krajinami regionu pri využití výťažných regio-nálnych usporiadávaní, pre Balkán je to EÚ.

Zaistenie vhodnej inštitucionálnej štruktúry cez členstvo v EÚ môže byť politicky oveľa prijateľnejšie ako prostredníctvom použitia ad hoc opatrení na isté zlepšenie individuálnych inštitucionálnych usporiadávan. Hlavným poučením z prechádzajúcich argumentov je, že cesty, akými zabrániť dalšiemu zhoršovaniu situácii na Balkáne a v európskych tranzitných ekonomiách, by mali byť založené na komplexnom prístupe. V tomto zmysle je nevyhnutné simultané budovanie ekonomických kapacit a politických inštitúcií. Tento argument spočíva v názore, že akékoľvek zlepšenie ekonomiky neprispieva automaticky k politickému zlepšeniu. Iná argumentácia smeruje cez pochopenie, že komplexné riešenia, v tomto prípade úplná integrácia do EÚ a v bezpečnostnom polohy forma kolektívnej bezpečnosti, sú lepšou možnosťou ako „druhé najlepšie“ riešenie, ktoré je reprezentované subregionálnou bezpečnostnou a ekonomickou spoluprácou. Aj pri volbe integračného modelu tu však sú isté problémy súvisiace s problémom reforíom integrácie pri rastúcim počte členov, rovnako ako aj s obavami nečlenských krajín, ktoré sa môžu citiť ohrozené, že zostanú mimo, resp. že ich susedia sa stali členmi EÚ.
Záverom sa dá konštatovať istý skepticizmus, pokiaľ ide z dlhodobého hľadiska o schopnosť subregionálnych dohôd plne nahradí pozitívne efekty úplnej integrácie do EU. V súčasnosti však tieto usporiadania môžu byť, pri najmenej v ekonomickej dimenzii, považované za schodné cestu alebo „druhé najlepšie“ riešenie pre okamžité alebo strednodieň stabilizáciu a transformačné zmeny.