

# Washington DC Forum: Bringing Long-Term Peace and Stability to the Balkan Region

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Amb. Srdjan, Amb. Galanxhi, Dr. Betancourt, Ralph Winnie, and Amb. Paro

## 1. Summary

2013 will bring many challenges to the region, especially dealing with the economic crisis of the entire continent. The ambassadors of Albania, Croatia, and Montenegro agree that: (1) hope still emanates for long-term peace and prosperity in the Balkan Peninsula (Southeast Europe), (2) there are shared goals for integration into Euro-Atlantic Structures (NATO) and the European Union, and (3) the U.S. and the European Union are strategic partners. The current financial crisis has brought concerns about jobs, health care, education, pensions, poverty, the impact on free elections, and questions on how to deal with organized crime and corruption that is so pervasive in the region. Transparency International ranks Albania not only as the most corrupt country in the region but also as the most corrupt in Europe (excluding former Soviet republics such as Moldova or Ukraine), followed closely by Kosovo, Montenegro, and Macedonia. The Balkan countries face an uphill climb to combat corruption and foster job creation and economic growth, but there are positive signs: (1) All countries in the region are democracies, (2) the impetus to be members of EU and NATO, (3) increased foreign investment, and (4) rising tourism. There was agreement among the discussants that the potential for conflict in the Balkans is not really great; instead, the central issue is the economic recovery. Leadership and integration into the larger community will hopefully bring about long-term peace and prosperity.

## 2. Welcome by Dr. Antonio Betancourt, Director, Peace & Security Affairs, UPF International-DC Office

Today's roundtable will focus on the situation in the Balkan Region and what is being done to bring about long-term peace and prosperity. We are pleased to co-host this roundtable with the Eurasia Center. Founded in 1988 by my friend, Dr. Gerard J. Janco, the Eurasia Center has made significant contributions to promote the ideals of peace, democracy, economic cooperation, and security between the United States and nations of Europe and Asia.

The Universal Peace Federation, our host organization, has also been following closely the situation in Southeast Europe. Several years ago, UPF launched the Balkans Peace Initiative with a goal to resolve the historical conflicts among the peoples and nations in the region, with particular focus on Albania, Kosovo, Macedonia, and Bulgaria. The primary means is through consultations among the political, social, and religious leaders in the region as well as from the wider European community.



Amb. Srdjan and Amb. Galanxhi

I would like to share a few words about our work in this important area of the world and give some specific examples to consider as paths to peace in the Balkans.

The uniqueness of the UPF approach to peacebuilding centers on the concept of good governance. Good governance begins with oneself and extends to the family, community, nation, and the world. In addition to supporting features of good governance in building democracies in the region, UPF emphasizes the importance of moral and spiritual principles, especially in educating our youth. This is especially important for resisting corruption and the effects of organized crime.

Last summer, UPF's chapter in Kosovo hosted a European Leadership Conference in the capital, Pristina, with the participation of international experts, government officials, members of the Kosovo parliament, and representatives from civil society. The main partners in this conference on "Principles and Practices for Sustainable Peace and Security in Kosovo and in the Wider Balkans" included the Speaker of the Kosovo Parliament and the Serbian Deputy Prime Minister.

In Kosovo, the President, Mrs. Atifete Jahjaga, who was elected to office in 2011, is also an Ambassador for Peace, which is a UPF initiative to recognize peace leaders who stand for universal moral principles, and practice "living for the sake of others." When the President was in town last year, she was interviewed by The Washington Times. On February 21-25, UPF will host its World Summit in Seoul, Korea. The Prime Minister of Kosovo, Hashim Thaçi, is invited to be one of the keynote speakers.

In Albania, last summer in Tirana, young people from six nations, especially from Albania, took part in a very successful project of the Religious Youth Service, a UPF service and leadership training project. The group was welcomed by the First Lady, a Vice Mayor of Tirana, and Members of Parliament. H.E. Alfred Moisiu, former President of Albania, serves as a special adviser to the UPF. This past September, the former President gave a eulogy at the memorial service for the UPF Founder, Rev. Sun Myung Moon.

In Bosnia-Herzegovina, UPF has tackled the issue of reconciliation. Former Prime Minister Hasan Muratovic has been working with us to bring peace to the area by encouraging the formation of interreligious councils with the heads of four religions, Catholic Christians, Orthodox Christians, Muslims, and Jews, to promote a culture of peace.

In Greece, the UPF chapter collaborated with the Women's Federation for World Peace International in hosting a "Conference for Peace in the Middle East." Women from 20 countries of the Middle East, Europe, and the Far East gathered to discuss the theme "Women in War and Reconstruction."

This past October, UPF-Macedonia hosted a conference on "Principles and Practices for Lasting Peace and Security in Macedonia and the Wider Balkans" at the FON University in the capital city of Skopje in commemoration of the UN International Day of Peace and International Day of Non-Violence.

UPF-Bulgaria regularly organizes activities in coordination with the United Nations, particularly the International Day of Peace which is held annually at the UPF Peace Embassy in Sofia.

UPF-Croatia hosted a forum in observance of the International Day of Families last summer in Zagreb, the capital city. The UPF joins in commemorating this day because it considers the family as a microcosm of the global community and because sustainable peace is grounded in the family as the most intimate social unit, the school of love.

UPF also has chapters in Romania and Turkey.

As you can see, the Balkan Peninsula or Southeast Europe is a major focus of the work of UPF. Given the region's long history of instability combined with the recent conclusion of the Balkan Wars and breakup of Yugoslavia into at least nine (and counting) separate wars, rebellions, and uprisings, we believe that the prospect of a peaceful, democratic, and prosperous Europe is predicated on the Balkans' successful transition to a more fully integrated and regional society.

The Balkan countries are focusing on the realization of their European integration aspirations as accession brings with it the modernization of their governments and the promise of stability and the rule of law, which are necessary prerequisites for long-term peace, prosperity, and democracy. Working closely with civil society groups and governmental institutions, we believe leaders of the Balkan countries should focus on the promotion of the region's cultural, ethnic, gender, and racial diversity in an effort to promote an inclusive and tolerant society.

Our roundtable today will examine the Balkan region and various related topics including U.S. policy regarding European integration, security concerns, the economies, unemployment, trade, and the growing energy dependence on Russia.

We have asked our friend, Ralph Winnie of the Eurasia Center to be our moderator today. Mr. Winnie is the Director of the Eurasian Business Coalition's China Program at the Eurasia Center. He received a Master of Laws in Taxation from Georgetown University Law Center and graduated magna cum laude from the Jacob D. Fuchsberg Law Center. He is a member of the U.S. Supreme Court Bar and studied international law at Oxford University in the United Kingdom and at Moscow State University in Moscow, Russia.



Carl Turin, Velma Anne Ruth, Francisco Molinero, and Elizabeth Elmore

### **3. Speakers and Participants**

#### *Moderator:*

Ralph Winnie, Jr., Director, Global Business Development, Eurasia Center

#### *Speakers:*

H.E. Gilbert Galanxhi, Ambassador, Embassy of Albania and Mrs. Galanxhi; H.E. Joško Paro, Ambassador, Embassy of Croatia; H.E. Srdjan Darmanovic, Ambassador, Embassy of Montenegro; and James G. Jatras, Former senior policy adviser to US Senate Republican leadership and former U.S. Foreign Service Officer.

#### *Participants*

Mr. Behiç Hatipoğlu, Counselor, Embassy of Turkey; David Boddie, Executive Director, Federal Allies Institute; Elizabeth Elmore, Attorney/International Affairs; Francisco Estevez-Molinero, Partner, 4 Innovation USA; Richard Marks, Executive Vice Chairman, Oakwood Park Associates; William Oldfield, Managing Partner, Greenovation Group, LLC; Velma Anne Ruth, President & CEO,

Independent Review, Inc.; Carl Tuvin, President, Tuvin & Associates; Mr. Arben Hanelli, Liaison Police Officer, Embassy of Albania; Mrs. Tomiko Duggan, Director of Public Affairs, UPF-DC; and Dr. William Selig, Deputy Director, Peace & Security Affairs, UPF International-DC Office.



David Boddie, Mrs. Galanxhi, Arben Hanelli, Behic Hatipoqllu, and William Oldfield

#### **4. Remarks by the speakers**

*Ambassador Gilbert Galanxhi (Embassy of Albania)*

First of all I wish to thank the Universal Peace Federation and Global Business Development, as well as Dr. Betancourt and Mr. Winnie, for the very timely initiative to organize this roundtable with the focus of the long-term peace and prosperity for our region, the Balkan region. I also want to thank you all for the interest shown and your active participation today in this very interesting discussion.

I wish to stress from the very beginning that Albania's goals for these last 20 years have been: integration into Euro-Atlantic Structures (NATO) and integration into the European Union. Albania views the United States of America and the European Union as its strategic partners; meanwhile, it considers of vital importance the integration of the whole region of the Western Balkans into these two geo-political and geostrategic entities (NATO and EU).

Our common sense and common-understanding is that all our nations and peoples have been living together in our region in good times and bad, or very bad times. We have survived wars and conflicts, but the historic fact is that life goes on, we all are there, in the very same region. I believe it would be wise to draw lessons from the past, from the good days and the bad days, and be brave to look to the future with optimism, pragmatism, wisdom, and a clear vision. I believe this is a must in order for our peoples to benefit from the opportunities we are having today.

In management theories, there is a saying: If you do not know where you are going, take any bus because it will take you there (and you can arrive anywhere, even in hell). The good news is that almost all our countries know where they are going, that is, the European Union. I believe this is the engine that motivates the leaders of our countries and also the citizens of our countries. This, in many aspects, is an historic opportunity which we must not let pass by.

Although these transition years have been really complex and difficult, internally, regionally, or globally, Albania has managed to shape and implement a very constructive and far-sighted foreign policy. Please do not forget that actually there are more Albanians living in the surrounding neighboring states than in the Republic of Albania, yet we enjoy very good relations with our neighbors; and the region or "the neighborhood" has never felt safer and with a clearer perspective for its future.

We understand that building such a harmonized regional mosaic is not at all easy, but we firmly believe that it is not impossible. A strong political will by each and every leadership remains the key to success. The Adriatic Charter 5 + is a very good example and a success story of political and military cooperation. It is a living example that the time of mistrust and enmities is left behind; instead, we have open borders and great cooperation. We hope and believe that soon Kosovo and Serbia can join in this initiative, to make the mosaic full and complete. The same good climate of economic and business cooperation is now structured in the region and being improved day by day. Yet, there is a lot more to be done and we all have to feel the responsibility for contributing toward it.

Albania's admission to NATO and Albania's contributions in Afghanistan, Bosnia-Herzegovina, Iraq, and elsewhere are examples of our serious engagement; but, please do not forget that we are still in the

process of building; we are still a new/young democracy which needs good, sincere, principled friends; and we consider the United States and the EU to be our great partners and friends.

Since the goal of Albania of joining the European Union is identical with that of our neighbors, we believe that the reforms we are undertaking and will undertake are very similar and of the same standards to those of our neighbors. This fact makes the whole region compatible, compatible to the EU, but at the same time compatible to the US. We have no other choice but to make good use of this compatibility for attracting as much direct foreign investment as possible, both from EU and US.

At the very end, it is the well-being of our citizens which counts, because this should be the ultimate goal, and all others mentioned above should be considered as the means and tools for achieving this goal.

Dear friends, as you may have noticed, I have stressed many times the wholeness of the region. I have done that on purpose, because we cannot boost economic development, we cannot attract important direct foreign investment, and we cannot facilitate trade exchanges and free movement of people unless we don't have a common strategy as a region.

We have to create a competitive market, interesting enough for important foreign investors to come and explore it, come and invest, and develop new chances and new opportunities for the region.

I am confident that this discussion will elaborate and throw light to many aspects of common interest for all our countries.

Thank you.



Dr. Betancourt, Ralph Winnie, Amb. Paro, and James Jatras

*Ambassador Joško Paro (Embassy of Croatia)*

We have to discern what the countries have in common and what they don't have in common. I will start with what they don't have in common. They belong to different traditions and religions. Certainly most of the Balkan countries have their own languages, habits, and histories. Too often, I would say, the Balkans are taken as one cultural, political, or economic entity which in reality is not true, and the ensuing mistakes in treating Balkan countries is very often based on that point.

Starting from Greece to Slovenia you will see an array of differences. What is, however, in common to the Balkans is instability. There are still internal and external reasons in each of the countries why they have not have stabilized their positions. Modern Europe and the European Union devised in the year 2000 the term Western Balkans for the countries that did not have any kind of contractual relationship with the European Union; that is, the whole of the former Yugoslavia plus Albania or minus Slovenia. Western Balkans is a technical term which probably will hold as long as all the countries of the area do not join the European Union. Once they join the European Union that is not going to be a political or geographical term; it's going to be a historical term.

There are countries in the Western Balkans that have not been in conflict. There are countries where there have hardly been any relationships that would bring them together as Balkan countries in terms of identity; these include Slovenia, Greece, and Albania. Croatia and Macedonia did share common states for a number of years, 80 years. We have had so little in common. But there is one thing that is not taken sufficiently into consideration when we try to find a common denominator which explains to a great degree the fact that the economies of the countries in the region are lagging well behind the mainstream of Europe; that is the following. I am deliberately provoking discussion.

I would say that what all the countries have in common are two things: One is the political system which we denominated as a partial democratic system and which is married to most of the economies I mentioned. This is certainly not a recipe for a quick perk in economic recovery or a high pace of economic development; nor is that the recommendation when we talk about other common denominators, such as the high level of corruption. When you have that marriage, it might be fatal. The corruption is very resistant to being eradicated because it lives in the public ownership over the economy. When I say "particracy," where a single party is in control, that means there is no clear system of representation or a representative democracy for voting parties. You're not voting for people who have responsibility. You have people who are selected rather than elected running the economy. This is not good for the economy, because a free-market economy likes freedom of management.

I would say that the matter of stability or potential for conflict in the Balkans is not really great. What is the problem in the Balkans is the very, very slow economic recovery. That is the problem which can eventually lead to the resumption of conflicts, rather than ethnic tensions. Ethnic tensions are to a large degree introduced, maybe deliberately, by the political elites, rather than being the substance of human relationships there.



Mrs. Galanxhi, Arben Hanelli, Behic Hatipoqlu, and William Oldfield

*Ambassador Srdjan Darmanovic (Embassy of Montenegro)*

My contribution will be eased by my distinguished colleagues. Probably I will refer to what they said in my contribution here. The Balkans is a very complicated region. Geographically it extends from the Soviet Union to Turkey, but politically it does not have great meaning because the Balkans were divided by the Cold War. When we speak about the Balkans today, or at least during the last two decades, we mostly are speaking about southwestern Balkans.

The great British Prime Minister Winston Churchill, when he wanted to warn somebody not to constantly quarrel, not to constantly insist on divisions, very often said "Don't Balkanize things," because the history of the Balkans is very often connected with quarrelling among ourselves, divisions on the issues that may seem bizarre to Westerners. We very often insisted on maintaining our ethnic identity, and we don't hide the different religious beliefs or our cultural differences. These facts at least partly laid the foundations for our terrible wars in the 1990s, which were the most terrible wars in Europe after World War II.

For those who are not familiar with the facts, at least 300,000 people lost their lives and more than 2 million became refugees or displaced persons. It seems like ancient history, something that happened long ago, but we are still living with the consequences of the breakup of this pretty important area of Yugoslavia.

Yugoslavia was not a democratic country, but in many ways it was much freer and more open than the former Soviet bloc. Under Tito, Communist Yugoslavia was a nonaligned communist nation. We could travel freely. It was different in many aspects, but it could not have survived into the Cold War. We could have divorced in a peaceful way. It was not necessary to go to war like the Soviet Union did or Russia.

I think the leadership was a very crucial factor in how Yugoslavia actually disappeared. For example, in the beginning of the 1990s, Gorbachev and Yeltsin were leading Russia. Can you imagine what would have happened in Russia if President Yeltsin, for example, made the same statement as the President of Serbia that "wherever Serbs live, we cannot allow those countries to freely leave Yugoslavia"? Can you imagine the Russian president saying that with his country armed with nuclear missiles?

So the leadership matters, and leadership mattered in the case of Yugoslavia very much. All the countries but Slovenia actually experienced not one democratic transition but two. Slovenia became a democratic

country more or less easily in the 1990s, and Slovenia was pretty advanced at the time. But all others struggle for democracy. We passed from the communism phase to some kind of authoritarianism or semi-authoritarianism. This was experienced in the Federal Republic of Yugoslavia.

We all struggle towards democracy in different ways, but we have also some good news today. Amb. Paro pointed out some problems. I will try to balance them with some good news. All countries in the regions are democracies, not perfect democracies, not liberal democracies, but they hold elections where governments cannot be formed by any other means but contested elections. Maybe I would say it is somewhat better in Slovenia and Croatia than many other places. More or less all international observing missions testify about our elections leading to a more or less normal forming of the government. I am a member of the Venice Commission. I work a lot in the former Soviet Union and Ukraine. I used to work on the Armenian election law and the Moldovan election law. These are totally different places than the former Yugoslavia. It is unimaginable for someone who loses an election to say "I do not give up." It's simply unimaginable today, but for some poor post-Soviet states, it is probably something I could still imagine. I can't compare our countries with Sweden. It is not a good comparison. I try to compare us with countries that also went through some transition. But I don't want to be unjust to poor Soviet states. We have something that they have never had in the last 20 years.

We all have what Amb. Galanxhi said. The impetus to be members of EU and NATO is very strong, and sometimes we are very exhausted by the bureaucratic standards of Brussels that we have to fulfill. You have to fill files if you want to become a member of the EU. But at least two of us did the job very well. Slovenia is the first to join the EU (in 2004). Croatia is still waiting for approval in national parliaments, but everyone in the Balkans considers Croatia a EU member. Montenegro is now taking the lead and is next in line. Montenegro, as you probably know, is the smallest state of the former Yugoslavia. It is the size of Connecticut and has a population equal to DC.

On the other side, we share with Croatia and Albania a very nice coast, and 25 percent of our total income comes from tourism. Luckily, our country was the only one in the region that almost didn't experience any war, although truly speaking, the Yugoslav Army conducted the most shameful action in the Dubrovnik in 1991.

I would say that we also shared some wrong perceptions of what was going on, but we quickly retreated and subsequently did not experience the war in that fashion.

In our new history, we even succeeded to divorce from Serbia in a very peaceful and organized way under the auspices of the EU. The EU imposed on us the pretty strange mechanism of a supermajority. We had to achieve a majority of more than 55 percent, but it contributed to the free, fair, peaceful referendum on both sides. Probably the fact that we did not have conflicts contributed to today's very good relationships with our neighbors. Also, we experienced the support of all our neighbors in the EU/NATO aspirations and the technical political expert support of Slovenia as our contact for NATO and for the creation of mentoring countries in the EU process, because we really rely very much on what Croatia just accomplished a year or two ago.

So I repeat what Amb. Paro said that we cope with our problems, most of them related to the not quite transparent system of the economy or the influence of the state on enterprises. What we also cannot understand is the problem with the rules of law and our coping with corruption here and there with organized crime. It is not just by chance that EU decided to put a strong emphasis on rule of law with Croatia and now Montenegro. We are the first country to start negotiating in the rule of law area. We do not complain because we don't understand the EU negotiation process, which is only making files for Brussels; but it is making ourselves better.

That's a short report on Montenegro. Regarding the issues mentioned in the invitation backgrounder, for example, US policy towards the Balkans regarding European Union, in my view the US pretty strongly supports our aspirations and those of the others to join the EU. The US is very much involved in our security concerns. Our neighbors experienced strong cooperation with the US. The reform of our armed forces was a small requirement for our NATO aspirations: our police are combating organized crime on our borders. We, along with our neighbors, would like to go forward. We really do hope that Macedonia will find a way to resolve issue with Greece over its name. I do think they need help in resolving this issue. Greece simply holds all the keys in their hands. They are a EU member and can veto Macedonia. We are very uncomfortable in the region. We all feel the effects of any problem in the region. We also believe that Serbia will also go forward with the EU integration.

One of the key countries in the region that needs more impetus to go forward is Bosnia. Bosnia suffered the most of all of us. Bosnia's constitution, the Peace Agreement documents, was signed in Dayton, Ohio. The peace process is a very complicated system. Very often I explain to my students that Bosnia is like Belgium but without money. Security and progress are keys for all of us in the region because, symbolically, anything successful in Bosnia can become successful any of the Balkan countries. We are

all interconnected. Fortunately we witnessed some progress between Serbia and Kosovo to normalize relations.

*James George Jatras, Former policy adviser to the U.S. Senate Republican leadership, former U.S. diplomat; Director, American Council for Kosovo ([www.savekosovo.org](http://www.savekosovo.org))*

The topic today is bringing long-term stability and peace to the Balkans, by which we primarily mean the aftermath of the bloody breakup of the former Yugoslavia. It is a region that figured prominently in the news in the 1990s but which most Americans have been happy to forget ever since.

Forgetting is not always bad. Sometime to move forward on a productive basis, we need to stop reopening old wounds and focus on what can be done now and in the future.

That, however, is not possible when the dead hand of the past continues to exert a tenacious grip on the present and precludes fresh and honest approaches. That, unfortunately, is the case with the Balkans, where outside powers – primarily the American and secondarily the European foreign policy establishments – insist that the Balkans’ future must be confined by the reverent preservation of past idols.

We can discuss the specifics in detail today, but two of the idols that have distorted our understanding of the Balkans and block genuine progress are especially noteworthy:

First, the notion that the United States and NATO intervened in the Bosnian war of 1992-95 to rescue European failures, and brought “peace” by imposing the Dayton Agreement (To End a War, in the self-congratulatory and dishonest title of the book by the late Richard Holbrooke). But in fact, not only did Washington play a key role in touching off the Bosnian war in 1992 but the U.S. was instrumental in prolonging the war and opening the door to radical Islamic influences, including Iran and al-Qaeda.

Second, the notion – even more zealously maintained as an article of faith – that in the Serbian province of Kosovo and Metohija in 1999 the U.S.-led NATO war was the textbook example of a successful “humanitarian intervention.” But in fact, far from stopping a claimed “genocide” of Albanians in Kosovo – a claim about as real as Saddam Hussein’s weapons of mass destruction it precipitated a genuine eradication of most of the province’s Serbian community, along with Roma and others. Even more dangerously, the “Kosovo precedent” has become the template for U.S. interventions in contempt of the international legal order such as in Iraq, Libya, and now in Syria. (See, for example, “To deter extremists in Syria, Obama must heed lessons of Kosovo intervention,” *The Christian Science Monitor*, 1/7/13.) Such operations outside the authority of the Security Council have led to more instability, not less, and have empowered not “moderates” and “democrats” but Islamic radicals and criminal groups.

At the macro-level, the Balkan interventions and their legacies have fed the dangerous notion that “American exceptionalism” means that the rules of international conduct don’t apply to the U.S. and that whatever the U.S. does is right because it claim that its goals promotion of democracy and human rights. It also has reinforced NATO as the favored mechanism for U.S. hegemony, first in Europe, then globally.

At the micro-level, U.S. policy in the Balkans is based on two simple identity-based rules and one corollary, which apply to all questions in a variant of the game “rock-paper-scissors,” where right and wrong are determined not by actions but by the identities of the actors and of those acted upon.

Rule One: The Serbs are always wrong, and all claims and interests they might have must be thwarted.

Rule Two: Muslims are always right, and all claims and interests they might have must be facilitated.

The Corollary: Deriving from the two rules, the claims and interests of non-Serbs, non-Muslims – notably Croats – are dependent on their relationship to Serbs or Muslims respectively. Thus, Croats are right when they are in conflict with Serbs (who are always wrong), for example in the former Krajina; but Croats are wrong when in conflict with Muslims (who are always right), for example on the former Herceg-Bosna.

These rules and the corollary apply in all circumstance: verdicts at the Hague so-called “tribunal” (cf., treatment of Gotovina, Markac, Oric, Haradinaj, vs. Serbian defendants), allocations of territory, constitutional arrangements, participation in international organizations, and others.

In closing, I wish to note the predominance of the second rule: in U.S. eyes, the Muslims are always right. It cannot be emphasized enough that American policy-makers trotted out a commitment to Muslim causes in the Balkans specifically because they are Muslim causes. This is a complex phenomenon, going back at least to the U.S.’s support for the 1980s anti-Soviet jihad in Afghanistan, and continuing to support for jihadists in Syria today. In general, the idea seems to be that if Washington continues to adopt the political agendas of Muslim (especially, Sunni) communities, these communities will reject violence and be



friendly toward the United States. It appears this idea was consciously patterned on American support during the Cold War for socialist and social-democratic parties as the best “antidote” to possible sympathy for communism.

In the Balkans, this has meant support for Bosnia’s Muslim community and the Albanians in Kosovo specifically because they are Islamic movements. For example, the late Rep. Tom Lantos (D-CA) -- Chairman of the Foreign Affairs Committee -- said the following at a hearing on Kosovo in 2007:

“Just a reminder to the predominantly Muslim-led government[s] in this world that here is yet another example [i.e., “another” example after Bosnia and Herzegovina] that the United States leads the way for the creation of a predominantly Muslim country in the very heart of Europe. This should be noted by both responsible leaders of Islamic governments, such as Indonesia, and also for jihadists of all color and hue. The United States' principles are universal, and in this instance, the United States stands foursquare for the creation of an overwhelmingly Muslim country in the very heart of Europe.”

Not to be outdone, Mr. Lantos’ Senate counterpart at the time, now Vice President Joseph Biden, expressed similar views (Financial Times, January 3, 2007):

“ . . . [A]droit diplomacy to secure Kosovo’s independence could yield a victory for Muslim democracy, . . . a much-needed example of a successful US-Muslim partnership . . .”

In other words, American support for Islamic communities in the Balkans is not primarily driven by Balkan realities. Rather, this aspect is guided by a larger, global concept regarding how the United States wants to be perceived in the Islamic world.

Still, it remains paramount to our approach to the Balkans today, for example in a recent American proposal to reform the absurd Dayton structure of Bosnia and Herzegovina in favor an even more absurd structure to strengthen the hand of the Muslim community over Orthodox Serbs and Roman Catholic Croats. To this day, real progress is stymied because Washington insists on championing the concept of Bosnia as a “Muslim country” (in Mr. Lantos’s words) even though it in fact has a Christian majority. Similar observations could be made with respect to Kosovo and to Albanian efforts in the name of “natural Albania” to dominate parts of FYROMacedonia, Montenegro (the so-called “Malesia” region), the Presevo Valley in southern Serbia, and southern Epirus (“Çameria”) in Greece.

Until the dead hand of the idols that were wrong in the 1990s and even more out of place today is removed, real progress – which might otherwise be achieved – will be blocked. Instead, what we will have is a permanent lock consisting of:

Perpetual U.S. hegemony via NATO, with the EU playing handmaid

Re-Islamization of the region – in effect, reversal of the liberation wars fought by the Balkan Christian peoples in the 19th and early 20th centuries – with major roles assigned to a neo-Ottomanized Turkey under Prime Minister Recep Tayyip Erdoğan, and secondarily to Saudi Arabia, UAE, and other Sunni states.

Continued imposition of a “Carthaginian peace” on Serbia, abetted by successive quisling governments in Belgrade.

None of these bodes well for the future.



Ralph Winnie, Amb. Paro, James Jatras, and Richard Marks

## 5. Comprehensive Report on the Balkans: Economic Growth in a Post-Conflict Environment

(The UPF Office of Peace and Security Affairs is very appreciative for the following report by Ralph Winnie, Jr., Director, Global Business Development, Eurasia Center and Velma Anne Ruth, M.Ed., President of Independent Review, Inc. & Executive Director of Middle East Democracy Federation.)

When embellished in a recent history of warfare, extensive loss of family, friends, associates, and countrymen, complicated by international interests and varied interpretations, notwithstanding an ongoing struggle for advancement and quest for futures beyond the remaining conflicts; it is imperative to take a step back, and rise above those issues with a concrete grasp of current positioning, and detailed prospectus towards achieving advancement.

Financial assistance is only a part of resolves, given the dynamics of strategic planning, policy, capacity of implementation, variables of international partnerships, and risk management determine the capacity of funds to be effectively allocated. As we have seen in recent years of US financial crises, when combined with a lack of answers, sizable blank checks can fuel further complications due to mismanagement and a lack of committed applications and prevention of abuse of funds. Government spending and economic and fiscal policy are best planned with committed partners who can map growth in short- and long-term outlooks through procedural standards that positively impact both the people, industry, and government.

There are five fundamental principles for addressing stabilization plans in post-conflict and near post-conflict environments:

Implement economic development initiatives that promote the well-being of all citizens of the country, address targeted consumer demographics, and may involve partnerships between government, corporate and charitable sectors, with prospective benefit to immediate neighbors

Remove the cultural debate by focusing on equal provisions for all types of consumers as applied through advancing industry standards, such as equal access to medical care and protective policies of diversity in labor

Preserve ethnic and historical values by addressing prevalence of issues and areas for advancement per demographic, such as provision of social services for survivors of human rights atrocities, advanced immigration policy, or restoration of citizenship rights

Restore strategic communications and develop a public image with corrective and competitive address to policy, media, corporate sector, and any misrepresentation that may be skewing local realities, which may include public debate, cultivation of spokespersons, coalition of organizations, and development of evidentiary reporting systems, while preserving a level of transparency that recognizes challenges with proposed resolves

Strengthen independent records systems, intelligence, and security apparatus towards lesser dependence on foreign advisement, education for foreign powers with regards to local issues, and contribution to regional and international stability



Richard Marks, Carl Turin, Velma Anne Ruth, and Francisco Molinero

### *The Balkans*

In a recent speech by a German member of the European Parliament, the MEP cited the expedition of additional national membership to the European Union as a means to leverage out of current economic crises. The Balkans were very much a part of the dialog, including lingering questions on resolves for

Greece, and suggestions to bring industry, technological advancement, exports, education, and streamlined qualification standards to Europe.

While EU membership is a key to economic advancement, it is also an expensive and intensive process of preparation towards future commitments. For long-term development, especially towards greater involvement in the global economy, any prospectus should address improvement of a nation's credit ratings, reflecting both prosperity, approach to citizenry, and risk, which impact a country's capacity to participate at highest levels in the global market (see Table: Balkan Regional Credit Ratings).

As reflected in the Balkan diplomatic panel hosted by the Universal Peace Federation, focus areas for regional advancement include the following: energy, communications, forestry, agriculture, science, education, health, security, anti-corruption, and information technology. In a concerted approach to economic development, components of each sector would provide mutual benefit through partnered and parallel initiatives over the long-term.

In the course of introducing investors, loans or grants towards development, varying areas of growth require different forms of financing in order to preserve any intentions for nationalized or more free-market approaches to the advancement, while public-private partnerships may also leverage opportunities to effectively balance influence between government, charitable, and corporate partners. However, as a core economic principle, the generation of revenues, reduction of costs and debt, lessened dependency on grants, and increased focus on free-market strategies, application of income to furthered advancement are all crucial to sustainable growth.

### *Croatia*

With Croatia's successful completion of prerequisites, the nation will enter European Union membership on July 1, 2013. Amidst the range of areas for economic growth, regional empowerment, and potential positive impacts on Europe's stability, is a \$13.7 billion euro elephant in the room: an equivalent \$10 billion USD in sponsorship from the European Union to Croatia.

No doubt, Croatia may be bombarded by a host of proposals, offers, and demands for participation in the economic development program that stretches to 2020. However, terms and mandates for use of the grant, guarantees and non-guarantees of 5 - 8.7 billion, historical trends, and future outlooks are all in question.

As of November 2012, "Under the Commission's proposal, during the 2013-2020 period Croatia would have access to 13.7 billion euros, and the greatest part of this amount, 8.7 billion euros, comes from the cohesion and structural funds. The 8.7 billion is not a guaranteed amount but can be drawn based on projects that meet strict criteria."

Already, Gazprom has targeted Croatia's energy sector through a developing deal for pipeline construction, providing benefits also to Serbia, while offering to reduce some local Croatian prices by as much as 20 percent. Energy cost-cutting is crucial for Croatia, given their high level of imports and consumption while struggling with extremely high unemployment numbers. However, national adoption of alternative energy resources may more significantly cut expense of imports by removing demand, promoting job growth, and increasing energy resources for local consumption.

Croatian medical standings are also very positive, which includes medical tourism programs. This positioning may promote Balkan advancement. For example Montenegro is limited in reporting their medical indicators, which suggest a need for physicians, facilities, and educational improvements. And Albania has positive initial measures but may need a children's hospital to lower infant mortality rate. However, given the expense of medical care per patient, Croatia and its neighbors may want to review their social security programs for impact of nationalized care on local economies and explore options for public-private partnerships and insurance packaging.

According to a report by the Institute of Public Finance, Croatia has historically applied state aid in a range of areas, including but not limited to employment and training, research and development, environmental protection and energy saving, ship-building, transport, and tourism.

Moving forward, Croatia may benefit from a renewed review of its national market and potential for regional, European, and international partnerships.

### *Albania*

Amidst the country's quest for EU membership, many Albanians are villagers; there is a need for increasing access to fundamental resources such as electricity and medical care, while the nation contributes to NATO in Afghanistan; 5 million Albanians reside in Turkey while 4 million are in Albania.

Albania is seeking a long-term plan, participation in the competitive market, and invitation for investors to the Balkan region. A starting point for Albania may be to address local issues and to leverage greater internal stability for national growth, which then fosters higher capacities for increased regional and international contributions.

While the life expectancy of Albanians is moderate at 77.59 years, the infant mortality rate is high at 14.12 deaths per 1000 live births, suggesting a serious need for increased infant and pediatric medical care. According to an Albanian Ministry of Health report from 2009, “levels of cardiovascular diseases, cancer, and external causes of death are increasing. The burden of communicable diseases is decreasing in general terms, but some infections as HIV/AIDS are increasing.” The nature of the worsening health situation suggests also a need for specialized medical services and facilities. In addition to strengthening the population, advancements in the area of medicine would inspire increased access to fundamental modern resources such as electricity and technology, promoting Albania’s capabilities and job growth in all sectors.

From a high-level view, it appears that Albania’s energy production and electricity consumption is relatively flat, predominantly from hydro resources, and limited in capacity for expansion. As compared to Croatia, national adoption of alternative energy resources may leverage the limited accessibility of hydro-power and natural gas, promote job growth, and increase energy resources for local consumption.

Given a stronger internal infrastructure, Albania may see increasing opportunities for leveraging small-to-medium-size businesses and enterprises, and advancing their regional and international position such as through agricultural exports.



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### *Montenegro*

With a population of 650,000 people, and 25 percent of the economy in tourism, Montenegro is seeking EU membership and working to address market nationalism, transparency, organized crime and corruption.

As of November 2012, “Justice Ministers of Montenegro and Bosnia, Dusko Markovic and Barisa Colak, signed the extradition agreement...[that] will allow for the extradition of Montenegrins charged with grave crimes, particularly in the field of organized crime, corruption and money laundering, to Bosnia and vice-versa...Montenegro has already signed extradition agreements with Serbia, Macedonia and Croatia, and is preparing to do the same with Kosovo and Italy.” Exhibiting a strong commitment to cross-border security issues, the addition of Bosnia to extradition partnerships furthers the capacity of Montenegro to promote a stable environment for regional economic growth. Effective implementation of justice crack-downs, combined with industry advancements, establish grounds for Montenegro and its partners to improve credit ratings and become an increased part of the global market.

Upon preliminary review of Montenegro’s medical indicators, a significant amount of health data was missing from standard international sources, indicating an overall need for expanding the medical infrastructure in terms of facilities, physicians, and supportive resources to assist the Ministry of Health in oversight. A thorough June 2011 report by Montenegro’s Ministry of Health outlines proposed areas of improvement, while further analysis is required to determine the country’s status in optimizing the healthcare system.

In comparison, while a more extensive medical infrastructure may strengthen Albania's population, advancements in the area of health would inspire increase in access to fundamental modern resources such as electricity and technology, promoting Albania’s capabilities and job growth in all sectors. Further,

the combination of strong tourism industry and advancement of medical care opens Albania as a potential market for international medical tourism.

In Montenegro, 75.8 percent of electricity is hydro, while there is little to no presence of oil and gas. Albanians consume almost twice as much electricity as is locally produced, resulting in a high level of dependence on electricity imports. Compared also to Croatia and Albania, Montenegro's national adoption of alternative energy resources may leverage its limited accessibility of hydro-power, significantly cut expense of imports by removing demand, promote job growth, and increase energy resources for local consumption.

Similar to its coastal neighbors, Montenegro may benefit from a multi-national Balkan approach to parallel advancements in medicine, energy, and security that leverage growth from tourism, and to which education, communications, technology, science, forestry and agriculture may follow.

### *Extended Global Participation*

Successful high-level participation in the European Union and global markets often requires coalitions of nations from both within their immediate region and outside, which can tie in with the leadership of UK, France, Germany, and the United States and maintain standards of human rights and anti-corruption in policy.

As a partner to Turkey, the Balkans offer fresh eyes to Middle East conflicts that impact global stability both in terms of market and security. Just as Albania offers boots in Afghanistan, diplomatic voices from the Balkans may also empower shifts towards more positive and expansive western alliances. In the crux of the cultural and historical debates, a deepened relationship for Turkey in the Balkans may leverage stronger economic growth and more positive impacts on comparable areas of diplomacy and NATO involvement.

For example, while the Syrian people are seeking a post-war environment, and Egyptian people are rioting against a new dictator installed by election fraud, Turkey is caught in a cross-fire of varying international influences including finance from Saudi Arabia to Qatar, political pressure from Egypt and coalitions seeking to remove secularism from Middle Eastern governance, intensive conferences with European and American leaders, plus ongoing threats from Iran and Syrian regimes, compounded by a complex web of terror groups conflicting inside Syria, the heated presence of Israel, and hundreds of thousands of refugees fleeing Syria, many taking respite in Turkey.

Turkey's economic position is further complicated by the intended "pipelineistan" project that would connect Iran, Syria, Iraq, and Turkey through regional energy dominance. While Iran and Syria back the PKK and exploit their presence against both Turkey and the Kurdish people, they are no more representative of the Kurdish people than are the Muslim Brotherhood to the Egyptians or the Syrians.

The Balkans have experienced comparable conflicts in their own region and heard the secular and diverse voices unified in the streets; yet, these are not echoed in the chambers of policy makers nor the press; they have witnessed the process through International Criminal Court. The Balkans are in a unique position of leadership through example, standing in their post-conflict moment towards a plateau of influencing stability. While organized crime is less violent than terrorism, it operates in much the same fashion and just as globally.

Internationally, diplomacy is immediately tied to economic issues; while global transparency, anti-corruption, and government financial management initiatives are still in the early stages of influence, they have far-reaching challenges due to lack of information technology, reporting strata, and administrative infrastructure for effective management.

For example, in the case of Syria, the United Nations has received and been pledged over \$1.5 billion in assistance from the United States, Europe, and other countries; these funds are then distributed for humanitarian aid and related issues. As a vessel for distributing funds, the UN has a responsibility to assure that every dollar is applied in accordance with the sponsor's intent. However, the UN also works with a vast network of subdivisions, partner organizations, and partner organizations to those subdivisions, while being responsible for determining which entity or foreign government agency is to receive the funds for appropriation to given cause. When funds are transacted through a series of hands, each with independent internal structures and risk management procedures, sponsorship becomes more liable for misuse through each additional transaction while the UN should maintain responsibility for oversight from the point of original receipt.

There are two current controversies with regards to use of this \$1.5 billion in funds:

\$500 million may go straight to the Syrian regime for distribution, of which both the Muslim Brotherhood aligned and non-aligned opposition assert that Assad and partners will seize up to 90 percent for use in

furthering violence, not excluding murdering Syrian Arab Crescent emergency medical technicians (EMTs) who assist the Free Syrian Army or other opposition bodies;

As is also the case with Iranian refugees, Syrian refugees are reporting that supplies and funds that are processed through the UNHCR are ultimately stolen on the ground, almost immediately upon arrival to beneficiary locations (such as storage facilities or offices), and that refugees see neither food, heating supplies, or cash awards, and some are personally threatened against reporting.

Given the Balkan personal experience in warfare, working with UNHCR, hosting or otherwise being part of a humanitarian aid and refugee crisis, the Balkan voice to the European Union and United Nations may offer advice and recommendations from recent history as a cathartic means to leverage understanding over cultural diversity and conflict towards greater stability.

The Balkans are positioned on a horizon of liberty and democratic shifts and may offer guidance to more troubled nations which tie-up trillions of dollars in the global market, while establishing local economic empowerments and expanding international partnerships. With commitments to anti-corruption and organized crime, the Balkans may also offer models of advancement for peer and more troubled nations to follow. And by seeking equality and free market principles in national growth, the Balkans can look within as see themselves as champions of liberty and and embrace internal capacities for deeper sustainability.

*Table: Balkan Regional Credit Ratings*

| Nation               | Fitch Rating  | Moody's       | S&P              |
|----------------------|---------------|---------------|------------------|
| Bulgaria             | BBB- Positive | Baa2 Stable   | BBB Stable       |
| Greece               | CCC Negative  | Ca Developing | CC Negative      |
| Albania              | None          | B1 Stable     | B+ Stable        |
| Bosnia / Herzegovina | None          | B2 Negative   | B Watch Negative |
| Kosovo               | None          | None          | None             |
| Macedonia            | BB+ Stable    | None          | BB Stable        |
| Montenegro           | None          | Ba3 Stable    | BB Negative      |
| Croatia              | BBB- Negative | Baa3 Stable   | BBB Negative     |
| Serbia               | BB- Stable    | None          | BB Stable        |
| Italy                | A- Negative   | A2 Negative   | BBB+ Negative    |
| Romania              | BBB- Stable   | Baa3 Stable   | BB+ Stable       |
| Slovenia             | A Negative    | Aa3 RUR-      | A+ Negative      |
| Turkey               | BB+ Positive  | Ba2 Positive  | BB Positive      |