

Europe's plan to control the Balkans

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A determined push is being made by Europe to dominate the Balkans in the aftermath of the war. Yesterday the Blair government organised a second meeting to encourage and organise bids by British construction firms and consultants for the rebuilding of Kosovo, worth an estimated £3 billion. Contracts for the entire Balkan region are estimated to be worth £30 billion. The pattern is being repeated throughout Europe. To the same end in Germany, the Schröder government is setting up a task force involving ministries and private firms. An industry executive told the *Guardian*, "Germans are traditionally the biggest trading partners with ex-Yugoslavia and the Balkans as a whole and, last year, trade amounted to DM25.8 billion. This region needs the reconstruction of its entire infrastructure, energy, transport, telecoms. In all these branches German industry is internationally competitive and we think we are in a position to deliver."

The cost of Balkan reconstruction, according to the European Union, will be £5 billion a year. This is to be presided over by the EU, in conjunction with the World Bank and the United Nations. This arrangement is laid down in the "Stability Pact" drawn up under the auspices of Germany and agreed to by the foreign ministers of the Group of Eight—the US, UK, Germany, France, Italy, Canada, Japan and Russia—meeting in Cologne two weeks ago. This pledges the eventual integration of the Balkan states into the EU, but it takes pains to reassure the US that this is a collaborative venture.

Diplomacy notwithstanding, there are clear signs that Europe wants to economically dominate the peace, just as the US was able to dominate the war through superior military might. In the medium term, the EU powers are intent on rectifying the military imbalance with the US and they see the Balkans as the first great test.

A more accurate indication of the scale of Europe's ambitions can be garnered from the document produced in May by a leading think tank, the Centre for European Policy Studies (CEPS). Entitled "A System for Post-War South-East Europe: Plan for Reconstruction, Openness, Development and Integration", it offers a template for a European take-over of the Balkans.

It lays down a 10-point strategy that is far more explicit than that envisaged under the Stability Pact. This includes: new Associate EU membership; emergency assistance; customs union with the EU and the immediate scrapping all tariffs; "euro-isation" [the adoption of the euro as the region's currency]; setting up a South East Europe Reconstruction Agency; Civil Society Foundations management; civilian security by EU customs services with police/paramilitary support of an extended EU Customs Union frontier; military security by EU-led peacekeeping forces; institutional integration and specialised (private/public) agencies.

Under the CEPS plan, Albania and Macedonia should open negotiations for EU membership on January 1 next year, followed by Croatia, if elections lead to a government committed to EU "norms". In Bosnia, the regime established under the Dayton Accord should be "Europeanised" and Yugoslavia could be considered for membership "once political conditions allow".

The document represents an aggressive assertion of European imperialist interests, which envisages the transformation of the entire

region into an EU protectorate. It notes that "NATO has been performing an indispensable task, deploying military force to try to stop the crimes against humanity. But as the military action ends the civilian order will have to be built up, and here the European Union must assume its responsibilities."

Having doffed its cap at US military strength, the document calls for the European powers to gradually take over all military/police functions, either under the NATO umbrella or directly. The paper was drafted before the EU agreed to establish an independent military force, but praises the EU for moving in that direction.

The CEPS plan envisages that the EU would have a permanent armed presence. There would be "progressive EU leadership of peace-keeping operations" and the EU would have overall control of "customs services and policing powers to control all port and frontier crossings, as a condition of New Associate Membership."

The "need for the EU to organise substantial capabilities for paramilitary and police support to take over where the military leaves off" is emphasised by the CEPS. "In general the EU faces the need now for a wide spectrum of operational capacities in the security domain in the case of South-East Europe, ranging from 'soft' cooperation through to 'hard' military intervention."

To illustrate this, the policy paper draws on the lessons of Bosnia-Herzegovina, writing, "Bosnia provides a unique experience on the practical organisation of a modern protectorate system, the lessons of which need to be drawn."

The extent of this dictatorship in Bosnia is illustrated in the following passage:

"Since the Dayton agreement of 1995 Bosnia has a complex protectorate regime, keeping the peace between ethnic communities and enforcing the multi-entity map. NATO/SFOR troops stand alongside the international High Representative, who has sweeping powers under the Dayton Agreement (as extended by the Bonn meeting of the Peace Implementation Council of December 1997). The monetary regime, a DM/euro-based currency board, is controlled by a Western central bank governor (from New Zealand), designated by the IMF. Large-scale reconstruction aid is being supplied by the EU and World Bank ..."

Even this is not considered satisfactory by the CEPS. They complain that "Bosnia has so far wasted the chance to make a lasting economic recovery" and cite the remarks of Deputy High Representative Jacques Klein that "The economy of Bosnia will never prosper without free trade and market economics throughout the region.... The answer lies in more enlightened government, not more enlightened map-making, across the region."

What such an "enlightened government" would look like is made clear by Klein's call for a virtual one-man dictatorship, which the CEPS quotes uncritically. "In Eastern Slavonia, as UN Administrator," Klein writes, "I had control of both the civilian part of the mission and the military force.... The two sides of the mission were therefore completely integrated ... and working in tandem. In Bosnia ... the NATO-led force operates under its own mandate, and may—or may not—assist the implementation of the civilian aspects of the agreement.... [I]n drawing up future mandates,

there is no doubt in my mind that the chain of command is one aspect that needs careful attention, and that a single individual—be that individual military or civilian—in charge of both the civilian and military aspects would be preferable. This is regarded as heresy in some quarters.”

A war championed by many liberals and former radicals as a struggle for “self-determination” for the Kosovar Albanians would end in the complete negation of this concept under the CEPS plan. The conclusion to the document notes, moreover, that the launching of NATO’s war against Serbia was an explicit abrogation of traditional conceptions of national sovereignty. “The war over Kosovo,” it explains, “has been engaged because in Europe concepts of sovereignty and political norms have changed, such that (to paraphrase the words of the OSCE ‘Moscow Mechanism’ of 1991) the events in Kosovo are being regarded as a matter of internal European affairs.”

Europe’s efforts to establish overall military control of the Balkans are an extension of its drive to secure economic dominance and control of the region’s rich natural resources in coal and minerals.

The CEPS calls for the creation of a “market regime” that is “multilateral, pan-European” and based on “zero-tariff free trade”. Local currencies should be either pegged to the euro or the deutsche mark, or, preferably, replaced altogether by full “euro-isation” from January 1, 2003.

A new South East European Agency for Reconstruction and Development (SEARD), as a subsidiary of the European Investment Bank, would have “property rights in infrastructures”.

Regarding the proposed elimination of tariffs, the CEPS says, “The EU on its side has nothing significant to lose and all to gain by bringing the ‘5’ [Albania, Bosnia, Croatia, Macedonia and the Federal Republic of Yugoslavia] into a free trade relationship as soon as possible. The ‘5’ for their part need to exploit the shock of the present conflict in positive ways, thus to make a clean break from the present use of customs posts as instruments of state corruption and the protection of crony capitalism, which today means disastrous disincentives for the expansion of trade and investment.”

“Wage costs,” the document adds, “are sufficiently low in the ‘5’ to afford adequate opportunities for cost competitiveness. Moreover, the destruction, through war, of the Bosnian and Serbian economies means that industry has to start again. This should be done under conditions requiring international competitiveness from the outset, rather than recreating again an inefficient, protected and corrupted economy.”

The term “crony capitalism”, in this context, as in South East Asia, Africa and elsewhere, is a euphemism for any attempt by the local ruling elites to elaborate policies that do not directly serve the interests of the transnational corporations and the imperialist powers.

The document makes clear that “euro-isation” would pave the way for a de facto take-over of the region’s economic resources. “The crucial difference between the currency board and total euro-isation is that only the latter allows complete integration into the payments system, money and capital markets of the euro area. Complete monetary integration in particular requires participation in the Target system, which requires that the commercial banks accept common prudential and regulatory rules. For these standards to be met there would almost certainly have to be a large presence of EU commercial banks, such as is already the case in Latvia (70 percent foreign control), or Hungary (60 percent).”

The report only notes in passing the geopolitical significance of the Balkan region. Nevertheless, apart from extracting the mineral and coal resources of the Balkans itself, the other question that should concern the EU, according to the CEPS, is the creation of the necessary road, rail and pipeline networks for transporting the vast oil reserves of the Caspian region. They write, “Important decisions on the location of new oil and gas pipelines from CIS countries, which would pass through the region, can only be taken in the post-war context of increasing integration with

the EU.”

The attitude expressed towards reconstruction and investment confirms that NATO’s destruction of Yugoslavia’s industrial infrastructure was in line with the policy imposed in the former Stalinist regimes throughout Eastern Europe of scrapping large sections of industry that are not competitive on the world market.

The EU should not make any attempt to rebuild the region’s industry, the CEPS insist. This is made more explicit still in a companion document to the CEPS strategy, “An Economic System for Post-War South-East Europe”. This states baldly: “A second basic point that must be kept in mind is that a large part of the region had already practically no viable industrial activity before the hostilities erupted. The few industries that existed in most of the poorer parts of the former Yugoslavia (and Albania) had been implanted under the old regime and cannot survive in an open market. In economic terms one starts essentially with a tabula rasa....

“Reconstructing the factories destroyed by allied bombs might cost more [than bridges, roads, etc.] but would not make economic sense. Experience has shown over the last decade that a fundamental condition for success in the transition to a market economy is the acceptance that most of the large industrial dinosaurs inherited from the socialist period cannot be saved. That Bosnia-Herzegovina, Albania and Kosovo have no heavy industry left should be viewed as an advantage.”

After declaring that “Economic activity in the part of the region directly affected by war is virtually at a standstill”, the companion paper makes clear that no change is to be expected. “Growth in the region will have to come from the grassroots or it will not be sustainable. It is unlikely that FDI [foreign direct investment] will play a large role, as the region is not an attractive site for large industrial plants. Fostering the growth of small and medium-sized enterprises cannot be done from the outside.”

The CEPS proposals refute the claims that the imperialist powers were fighting a war for humanitarian aims. This was a war to assert their economic, military and political dominance over a strategically important region of the world. What follows in the coming weeks and months will only confirm this. In this respect, it is worthwhile drawing attention to what the CEPS has to say on the question of refugees, in whose name the war was nominally waged.

Its main policy statement notes, “The EU faces the policy dilemma of wanting to protect itself against importing floods of refugees, illegal migrants and (from some countries of the region) large-scale criminal activities, while not wanting to create a new iron curtain between itself and countries which should be integrating with it. For this reason the EU will have to develop pro-active policies within the countries of South-East Europe, to limit the problems at their origin. Moreover these policies have to be comprehensive and multi-dimensional (from peace-keeping, to law-and-order actions, to the economic, etc.) in order to have any chance to answer the amplitude of the problems.”

The CEPS notes that the EU has “adopted a list of countries for which visas are required by EU Member States, and this is part of the rules that the accession candidate countries will need to adopt”. The companion document also advocates a “market-based approach to refugee finance”, under which “any local who accepts to host refugees in his home” will be given “5 euros [US\$5.40] per day and per person”. This, they argue, is “actually at the lower end of what is being spent anyway on the refugees. In Bosnia the average cost to sustain a refugee was estimated at about 20-25 DM, or about 10-13 euro per day, more than twice the amount proposed here. This approach could thus actually save some money.”

The CEPS strategy document is not official EU policy and, though well-received, large sections of it may never see the light of day. Nevertheless, it does indicate the discussions taking place within the highest echelons of the European political and economic establishment.

The CEPS report was drawn up with the collaboration of Romano Prodi, president of the European Union Commission. In a subsequent discussion

on the documents, Peter Ludlow, director of the CEPS, noted that “European Security through integration is already emerging ... as the focus to the Prodi presidency.”

Also taking part was Carl Bildt, the Swedish conservative politician and former EU High Representative for Bosnia-Herzegovina. Bildt has been tipped as a possible EU co-ordinator for the Balkans. At the CEPS discussion, Bildt called for the commitment of long-term military force and disarmament across the region alongside full membership of the EU by 2010. The *Economist* magazine in Britain praised him in its June 12 edition for his plan for a “de facto UN protectorate, protected by NATO”. It explained that, according to Bildt, the Balkans should be treated as one big region, with “a transfer of sovereignty to EU institutions in matters of economics and structural issues”.



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