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BALKAN STABILITY AND THE “SECOND MARSHALL PLAN”

BY

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ABSTRACT

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The current U.S. policy for reconstruction in the Balkans is represented by the Balkan Stability Pact and is being touted as a second Marshall Plan. The United Nations (UN) Security Council Resolution that brought an end to the recent conflict recognizes the need for a coordinated international effort to support Kosovo's reconstruction and recovery. Economic growth and prosperity in Kosovo is clearly a prerequisite to its stability. It is also a precondition to stability in the broader region. This strategic framework also sets a political framework for peace and stability in the Balkan region through the European Union-proposed Stability Pact. If the U.S. Administration heeds lessons learned from history, it will take steps to launch a comprehensive economic reconstruction plan for the Balkans. The development of a present day Marshall Plan for the Balkans will lead to stability and prosperity for the region much as the Marshall Plan did for Western Europe.
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BALKAN STABILITY AND THE “SECOND MARSHALL PLAN”

If the U.S. Administration heeds lessons learned from history, it will take steps to launch a comprehensive economic reconstruction plan for the Balkans. The development of a present day Marshall Plan for the Balkans will lead to stability and prosperity for the region much as the Marshall Plan did for Western Europe.

The Marshall Plan was publicly announced by Secretary of State George Marshall in his commencement address at Harvard in Cambridge, Massachusetts on June 5, 1947. Eleven months later Congress enacted the Marshall Plan by passing the Foreign Assistance Act on April 2, 1948. Signed on June 10, 1999 in Cologne, Germany and touted as a second Marshall Plan by President Clinton, the Balkan Stability Pact represents the current U.S. position in the Balkans. What was the Marshall Plan and what were the conditions prevalent in Western Europe at the time of its implementation? Are there parallels between the conditions in Western Europe in 1949 and today’s situation in the Balkans? To what degree does the Stability Pact resemble a second Marshall Plan and are lessons learned from the Marshall Plan being applied to the Balkans?

THE MARSHALL PLAN

The Marshall Plan called for a four-year program for the rehabilitation and reconstruction of western and southern Europe. Officially proposed by Secretary of State George C. Marshall on June 5, 1947, the plan represented the reaction of the Truman Administration to the indigenous threat of communism as exhibited by strong showings in postwar elections in France and Italy and further threat of expansion into an economically depressed Europe. The basic political aim was to strengthen independence, liberty and democratic institutions in western and southern Europe. Marshall’s general proposal was then translated into a specific program by the Administration, Congressional committees, and the assistance of the European countries. Concurrently, efforts were made to insure public and congressional support for the enterprise.

The Foreign Assistance Act (Marshall Plan) was enacted on April 2, 1948, and the Economic Cooperation Administration was created when President Truman signed the bill the following day. Despite the size of the program, the American contribution was only about 25% of the total cost of the European recovery; 75% of the burden was borne by the European taxpayer and worker.

CONDITIONS AT THE TIME

At the time of the Marshall Plan, the root of Europe’s difficulties was not communism but rather the war’s disruptive effect on the economic, political, and social structure of Europe. The agricultural and
manufacturing bases were still not responding to the needs of the people after the end of World War II despite the fact that a large amount of aid was received. The United States provided about 11 billion dollars between 1944 and 1947 for relief in the war-devastated areas. This aid was administered, in part, by the United Nations Relief and Rehabilitation Administration (UNRRA) to which the United States contributed 70% of the total budget. The programs through which this generosity found expression were, for the most part, stopgap measures in the form of direct relief that did little to regenerate the economy. In contrast, the Marshall Plan was an original and creative approach and in General Marshall's words, "a cure rather than a mere palliative." Aid was to be viewed not as a means of supporting Europe, but as a "spark which can fire the engine."

Politically, the Marshall Plan was written to counter two perceptions in respect to the Truman Doctrine concerning U.S. interests. The first was that the U.S. approach to world problems was only a reaction to communist pressure and not something we would be interested in doing if there were no communist menace. The second was that the Truman Doctrine was a blank check to give economic and military aid to any area in the world where the communists showed signs of being successful. Humanitarian as well as national self-interest should play a role in our reaction to problems; therefore, the Marshall Plan would be a positive program for reconstruction reflecting a response to humanitarian needs rather than a battle against communism. The Truman Doctrine had overextended American interests and foreign aid commitments. The Marshall Plan would demonstrate a limited program in harmony with the nation's interests and within its economic ability.

CHARACTERISTICS OF THE PROGRAM

The cost of the plan was estimated at the time of the debate to be from 12.5 to 17.2 billion dollars. Total funds made available by Congress for the European Recovery Program during the four-year period came to about 13.2 billion dollars.

Marshall's Policy Planning Staff felt it was important to distinguish between a program for the revitalization of Europe on one hand and a program of American support of such revitalization on the other. They also felt the initiative must come from Europe and that Europeans must bear the basic responsibility for it. Marshall also believed that it was of prime importance to put the emphasis on what the Europeans themselves would do, rather than on an out-pouring of American aid. He thought it "imperative that the European countries come clean—that is, that they come up with a workable plan based on actual requirements beyond the existing resources at their command, not on what they thought the U.S. would give." Furthermore, the program needed to be a joint one agreed to by several European nations and must come as a joint request from a group of friendly nations, not as a series of isolated and
individual appeals. Although not involved in the conception of the Marshall Plan, the Europeans responded immediately to Marshall's request.

GOALS OF MARSHALL PLAN AND HOW IT WORKED

In order to ensure that the program be shaped as a joint request from European nations, the Organization for European Economic Cooperation (OEEC) was established to coordinate the recovery programming activities of member countries. The OEEC had five main goals: 1. A substantial increase in production. 2. Restoration of internal financial stability in countries suffering from or threatened by inflation. 3. Greater integration with the rest of the European economy to expand markets and trade. 4. Dollar savings and increased exports to acquire dollar exchange. 5. A better distribution of income to bolster markets, incentives and social stability.

The OEEC analyzed the proposals submitted by all the member countries and, after careful study of the total European situation, drafted a master plan for Europe. The OEEC could cut back or increase allocations for a certain type of aid to one or another country, and in the end, arrived at what it considered a balanced program for over-all European recovery as distinct from the recovery of a single country. The OEEC allowed the United States to deal with the participating nations as a group rather than separately.

The Marshall Plan's positive features were its affirmative goals that translated into clear objectives and consistency between principles and actions. There was also mutual understanding, respect and commitment between the benefactor and beneficiaries.

DEALING WITH RUSSIA/PARTICIPATION OF PROBLEM NATIONS

During his commencement address at Harvard, Marshall stated, "It is logical that the United States should do whatever it is able to do to assist in the return of normal economic health in the world, without which there can be no political stability and no assured peace. Our policy is directed not against any country or doctrine but against hunger, poverty, desperation, and chaos." As Marshall's speech and the Economic Assistance Act of 1948 made clear, there was not an aggressive design against the Russian people or their government. Communism was to be countered instead by a constructive program that would produce strength rather than weakness in western and southern Europe. In place of the emphasis on ideological differences between Russian and the West and the stress on military aid via the Truman Plan, the Marshall Plan was an approach based upon a realistic appraisal of Europe's economic needs and on humanitarian considerations as well. Rather than launching a crusade against communism everywhere, the Administration was developing a program that concentrated on a positive effort to rehabilitate the economy of a specific area. Reinforcing the positive approach of the new
program instead of the negative tone of the Truman Doctrine was how the Marshall Plan dealt with the Soviet Union and its satellites in the offer of aid.

In addition to the Soviet Union, Spain's participation in the Marshall Plan was also questioned because of conflicting attitudes in Congress toward the Franco regime. Congress eventually decided that any country would be eligible if it signed the initial OEEC report or adhered to a joint program of European recovery designed to accomplish the purposes set forth in the legislation. 27

PUBLIC/CONGRESSIONAL RELATIONS

The President worked with Congress to ensure passage of legislation supportive of the Marshall Plan. There was a public information campaign in the U.S. designed to keep the Marshall Plan before the American people. Contacts were established with all types of media to publicize the benefits and accomplishments of Marshall Plan initiatives. A variety of projects were also started both inside and outside the Administration to sell the program to Congress and the public. One of the most significant activities to broaden domestic acceptance of the Marshall Plan was a group of 300 prominent individuals that formed the "Committee for the Marshall Plan." This committee sought support for the Marshall Plan by informing the public and persuading Congress to enact legislation. 28

But there were difficulties. The actions of the Marshall Plan did not have an immediate or obvious effect on the day to day concerns of large numbers of people. Because there was not a large domestic interest group, it was difficult to overcome taxpayer resistance and the recurrent if unsubstantiated charges that "give-away" programs were impoverishing the country. 29 Although there were opponents, organizations supporting the Marshall Plan were successful because they were more organized and as people became more familiar with the Plan, resistance slackened. 30

Six months after Marshall's speech, President Truman presented his recommendations to a special session of Congress on December 19, 1947. President Truman justified the Marshall Plan in terms of American interests. The first interest was based upon the traditional humanitarian concern of extending a helping hand to people in distress. Secondly, the U.S. had an important economic stake in European recovery because if economic deterioration was not stopped in Europe, it would spread throughout the world including the U.S. A third interest was related to the security of the U.S.; if Europe fell, so could the U.S. 31

Congress became united in its support of the Marshall Plan proposal. In his book, *The Marshall Plan And Its Meaning*, Harry Price states, "Firsthand study—focused on realities abroad rather than on divisions at home—resulted not in confusion but in greater harmony of outlook and a release of constructive thought and energy. This was true among those who had been regarded as 'isolationists' as
well as among those looked upon as 'internationalist'.” The votes in favor of adoption of the Marshall Plan were 69 to 17 in the Senate and 329 to 74 in the House. There was also a public information campaign in Europe to acquaint Europeans with the goals and activities of the Marshall Plan. Officials used a number of methods, varying from country to country. They employed strolling minstrels travelling from village to village, trucks with sound equipment showing documentary films of the Marshall Plan, and fairs where balloons with attached cards bearing a message of goodwill and friendship were released.

In summary, the strategic objective of the Marshall Plan was to strengthen independence, liberty and democratic institutions in western and southern Europe. The program called for a strong effort from the participating countries on what they themselves would do, rather than an out-pouring of American aid. American aid would be meaningful only to the extent that it helped Europeans mobilize their own resources of initiative and creative energy. Lastly, the Marshall Plan had affirmative goals that translated into clear objectives and consistency between principles and actions.

**THE BALKAN STABILITY PACT**

The air campaign in Kosovo has stopped and there is a tenuous peace in the Balkans. Yugoslav forces have departed from Kosovo and NATO peacekeeping troops have been deployed. Nearly 800,000 Kosovar Albanians have already returned home and are rebuilding their lives. However, it is estimated that 180,000 Serb Kosovars have now left the province.

The United Nations (UN) Security Council Resolution, which brought an end to the recent conflict, recognizes the need for a coordinated international effort to support Kosovo’s reconstruction and recovery. Economic growth and prosperity in Kosovo is clearly a prerequisite to its stability. It is also a precondition to stability in the broader region. This strategic framework also sets a political framework for peace and stability in the Balkan region through the European Union-proposed Stability Pact. It is the Stability Pact that serves as the U.S. policy for reconstruction in the Balkans.

**CONDITIONS AFTER KOSOVO AIR CAMPAIGN**

There is a security presence and a civil presence in Kosovo. United Nations Security Council Resolution 1244 (June 10, 1999), further defined in the Military Technical Agreement (MTA) signed by military authorities from the Federal Republic of Yugoslavia (FRY) and NATO on June 9, 1999, authorized the establishment of an international security presence in Kosovo (KFOR). KFOR deployed on June 12, 1999 and has the basic mission to verify and enforce the terms of the MTA and to support and coordinate closely with the work of the international civil presence.
authorized the Secretary-General, with the assistance of the relevant international organizations, to establish an international civil presence in Kosovo to provide an interim administration under which the people can enjoy substantial autonomy. On June 12, 1999 the United Nations Interim Administration Mission in Kosovo (UNMIK) was established to fulfill the provisions of Security Council Resolution 1244. The Mission is composed of four main components led by the United Nations (civil administration), United Nations High Commissioner on Refugees (UNHCR) (humanitarian), Organization for Security and Cooperation in Europe (OSCE) (institution-building) and the European Union (EU) (reconstruction).\textsuperscript{43}

The EU's vehicle to achieve reconstruction in Kosovo and southeastern Europe is the Stability Pact. The Stability Pact is an arrangement between the nations of southeastern Europe and other European nations, North America, and Russia for the southeastern region to lift itself up economically and politically, work together more cooperatively, and join the mainstream of Europe.\textsuperscript{44} The Stability Pact for southeastern Europe was signed in Cologne, Germany on June 10, 1999.\textsuperscript{45} The United States is a signatory to the Stability Pact and President Clinton issued a statement in support of this effort during the Stability Pact Summit in Sarajevo on July 30, 1999.\textsuperscript{46} Support for the Stability Pact is consistent across the executive branch as evidenced in numerous State Department statements, to include Secretary of State Madeleine K. Albright's joint press conference with Italian Foreign Minister Lamberto Dini, during her travel to Italy and Kosovo from July 28-29, 1999.\textsuperscript{47}

Not only Kosovo but Albania and Macedonia as well were greatly affected by the war. Bosnia and Herzegovina, Bulgaria, Croatia, and Romania also experienced the effects of the war and are facing sizable extra-budgetary and balance of payments gaps. The economies of all neighboring countries were affected by the war in Kosovo. Some of these effects are:

- The large number of refugees that had been present in Albania and Macedonia produced a huge strain on the social and economic infrastructure.

- Disruptions in trade have hurt the economies of Bosnia and Herzegovina and Macedonia for whom the FRY is a major export market.

- Bulgaria and Romania have been forced to find alternative and more costly transit routes around FRY.

- A negative effect has resulted from foreign investors' lack of confidence, a reduced flow of tourists and a higher country risk premium on capital markets borrowings.\textsuperscript{48}
OBJECTIVES AND IMPLEMENTATION

The U.S. is using the European Union sponsored Stability Pact as its major policy implementation tool to achieve its objectives as professed by President Clinton in Sarajevo on July 30, 1999. The objectives of the Stability Pact and U.S. policy are formed around three areas: democratization and human rights; economic reconstruction, development, and co-operation; and security issues. Further refinement of the objectives in the economic reconstruction, development and cooperation table include economic cooperation within the region and between the region and the rest of Europe and the world, promotion of free trade areas, border-crossing transport, energy supply and savings, deregulation and transparency, infrastructure, promotion of private sector business, environmental issues, and maintaining the integrity of the donor coordination process. By strengthening countries in southeastern Europe in their efforts to foster peace, democracy, respect for human rights and economic prosperity, stability will be achieved in the whole region. An additional U.S. objective is to remove Slobodan Milosevic from power. Then and only then will the Federal Republic of Yugoslavia be welcome as a full and equal participant in the Stability Pact.

In support of the Stability Pact and in consultation with Congress, the Administration will work with the European Bank for Reconstruction and Development (EBRD) on the creation of a trust fund to be used to help businesses in the region become more competitive and viable and to provide project finance. President Clinton stated he would be willing to contribute $15 million in the first year and consider up to $50 million overall, as long as the EBRD targets an additional $80 million for the region. Furthermore, the President would support the creation of a regional equity fund of up to $300 million, with financing from the international financial institutions, to make equity investments in the region’s private enterprises. The America’s Overseas Private Investment Corporation (OPIC) will establish a $150 million investment fund for the region and a $200 million credit line. In a press briefing on August 3, 1999, Sandy Berger, President Clinton’s National Security Advisor, said that the budgetary cost over four or five years is minimal - over five years the cost would be $120 million total. He also explained that OPIC does not have a budgetary cost because of the way it is structured and how the money is repaid.

In addition to the U.S. government, the success of the Stability Pact is dependent on other country governments, Non-Governmental Organizations, and the private sector. The U.S. Department of Commerce is working to promote commercial opportunities for U.S. companies in Kosovo and neighboring countries and hosting conferences that bring together trade ministers and business delegations from all the Balkan states to meet with U.S. companies interested in working in the Balkans. The President has pledged to take generous, immediate, and unilateral steps to improve market access for products made in southeast Europe by working with the United States Congress to establish a trade
preference program similar to the Andean Initiative, which will offer duty-free treatment for most of the region's exports.\(^{56}\)

To promote political stabilization in the region, President Clinton has stated, "None of us have any interest in redrawing borders."\(^{57}\) This statement is collaborated by Albanian President Rexhep Meidani who said, "Partition is not an option. Partition in Kosovo destabilizes Albania and the entire region."\(^{58}\)
DEALING WITH SERBIA

Concerning Mr. Milosevic, President Clinton stated during his remarks at the Stability Pact Summit, "Serbia will only have a future when Mr. Milosevic and his policies are consigned to the past. Therefore, the best way to express our concern for the people of Serbia is to support their struggle for democratic change." Sandy Berger put it bluntly when he said, "It is increasingly clear that Serbs from all walks of life have had enough of the brutal and hateful policies that have brought so much suffering to the Balkans. And let me stress this point: We will not provide a penny for reconstruction—and we will not work to bring Serbia into Europe, as we will do with the rest of the region—so long as in indicted war criminal rules in Belgrade."

U.S. Allies support this position. German Chancellor Gerhard Schroeder stated, "The Stability Pact can only be crowned with success in the long term if Yugoslavia joins it. We support the Serbs who share democratic values, but it would harm their aspirations if we sat down at the same table as the current government in Belgrade."

PUBLIC/CONGRESSIONAL RELATIONS

An indicator of the importance the Administration is placing on southeastern Europe is the establishment of the Office of the Special Advisor to the President and Secretary of State for Kosovo and Dayton Implementation. This office is responsible for the development, coordination, and implementation of the United States policy and programs related to Kosovo and the Dayton peace process. President Clinton also stated during his remarks at the Stability Pact Summit that he would "work with our Congress to provide $10 million this year, and more over the next two years, to strengthen non-governmental organizations in Serbia, the independent media, independent trade unions, and the democratic opposition." The Administration also appears to be working well with the Congress as they do have bipartisan support as the Senate is expected to ask President Clinton to sign the Serbia Democratization Act of 1999. This legislation promises $100 million to increase radio broadcasts to Serbia.

In remarks made in August 1999, Sandy Berger laid out the Administration's position on why U.S. participation in the Stability Pact is very much needed. "For many people in southeast Europe, as in so many other places around the world," he said, "America is a symbol of hope and resolve. And helping the region is strongly in our national interest. It will help make the whole of Europe a stronger partner for advancing our interests and values."

ALTERNATIVES/CRITIQUE

A criticism of the Stability Pact is that a great deal of responsibility and commitment to change is left to the countries of southeastern Europe and that they may not be able to follow through on the economic and political reforms required for cooperation with the West. Furthermore, financial
assistance requirements for the reconstruction and recovery of Kosovo are estimated at $2.3 billion to support a 4-5 year program where donors will require adherence to internal procedures with little room to maneuver.  

Additionally, although it is recognized that Serbia is the economic linchpin to southeastern Europe, the United States' refusal to work with the FRY until Slobodan Milosevic is removed from power limits the effectiveness of the Stability Pact. The exclusion of the FRY will likely cause difficulty in establishing and maintaining a relationship with Kosovo in the absence of the formal membership of FRY. While the UN Resolution establishes the principle of autonomy, implementation and policy-related issues related in particular to contact with Belgrade could have an impact on effectiveness. Potential issues include ensuring proper access of goods and people to Kosovo, clearance of goods and people through borders, and assurances from Belgrade regarding FRY's cooperation in other areas.

The Balkan leaders, including the Presidents of Albania and Bulgaria, their foreign ministers, the foreign ministers of Bosnia and Herzegovina, Croatia, and Romania, and other regional representatives and experts, gathered in Washington D.C. at a U.S. Institute of Peace conference on April 23, 1999. Conference recommendations included the importance of engaging Serbs in Serbia while isolating Milosevic and his regime. Conference members agreed that Serbia is central to regional stability and must eventually be integrated into regional associations and institutions. "None of us will gain if Serbs are humiliated in this process," said Ivan Krastev, Chairman for the Center for Liberal Strategies in Sofia, Bulgaria.

Fearful that the FRY Republic of Montenegro may become a hostage to the leadership in Belgrade, the Center for European Policy Studies (CEPS) supports Montenegro's participation in the Stability Pact. CEPS believes that economic and social reforms can be encouraged through the efforts of the Montenegrin democratic leadership in building a new, open and democratic society. The Stability Pact appears to agree by stating a need to consider ways of making the Republic of Montenegro an early beneficiary of the Stability Pact.

The Stability Pact is clearly a worthwhile undertaking. This plan for an open society in southeastern Europe will impose minimal costs on EU members and the United States, but the amounts are small because, in economic terms, the whole region is small. The costs would hardly exceed those of humanitarian intervention, but the benefits would be incomparably greater.
STABILITY PACT/MARSHALL PLAN PARALLELS AND PROSPECTS

In comparing the Stability Pact with the Marshall Plan, many things stand out. The greatest resemblance the Stability Pact has to the Marshall Plan is the similar nature of the objectives. In each case the prime objective is postwar reconstruction. The Marshall Plan united 16 countries that were, generally speaking, on equal footing74 while today some Balkan countries such as Croatia and Slovenia would rather work bilaterally with the EU than under a Balkan regional effort.75 In some ways the task at hand is easier than was the effort of the late 1940s. Milosevic’s devastation of the Balkans is minuscule compared to what Hitler brought down on Europe in the 1940s. In one respect, however, the task will be harder; Hitler was dead when reconstruction began whereas today Milosevic is still in power and able to obstruct.76

CHARACTERISTICS

Like the Marshall Plan, the concept of the Stability Pact is that of reinforcement of democratic values and economic growth in the region. The aim is not to provide money but to promote the conditions in which investment becomes attractive. Near term goals are press freedom, new investment, and the fight against crime. Dodo Hombach, special coordinator of the Stability Pact, stated, “Peace is the basis of economic development,” insisting on the need for the countries in the region to change themselves. He also stated, “The Stability Pact is not Santa Claus.”77

The OEEC was the European’s answer to the Marshall Plan’s request for a joint response. Today’s need for a collective response is advanced by the Bulgarian ambassador to the United States when he says that it is important that the nations of southeastern Europe do not idly wait for foreign aid. He further insists, “The governments of the region are aware of their role and responsibilities in bringing peace and development to the region—implementing structural reforms to modernize the agricultural, industrial, and financial sectors, combating corruption and organized crime, and creating an environment that will attract Western private-sector investment to offset the negative effects of the war.”78 The need for cooperative action, as during the Marshall Plan, is also reflected by Sandy Berger’s statement that “The pact is a framework for promoting democracy, prosperity and security across the region. As was the case with our earlier efforts for Europe, we will look to the leaders of the region to define their own plans for political and economic reform at home and cooperation across borders. ... The nations of the region will commit to deepen cooperation among themselves, for economic growth and for greater security.”79

The development and implementation of the Marshall Plan signaled a sense of determination and resolve on behalf of the U.S. Endorsement and a firm commitment to the Stability Pact by the U.S. have the ability to send an unmistakable signal of U.S. resolve to the rest of the world. On this point, Bulgaria’s
Prime Minister Ivan Kostov recently stated, "We need not so much the money but rather clear signals for acceptance and commitment." 80

PARTICIPATION OF ROUGES

The Marshall Plan was emphatic in its inclusion of all countries. This is where the Stability Pact has its sharpest differences from the Marshall Plan, especially the U.S. insistence on the exclusion of Serbia. Although not as harsh and seeming to keep the door open for the Serbian people, Dodo Hornbach, a special coordinator for the Stability Pact, said it was important that Serbs realize the Stability Pact is designed to help them, not to hinder them. He went on to say, "When you talk to people in Serbia, they seem to believe that the Stability Pact is a wall built around Serbia. This is not true. We're very keen on Serbia becoming a partner, when the conditions are met." 81 Mr. Hornbach's allusion that the Serbian people feel that the U.S. is attempting to build a wall around Serbia further illustrates its separation from the Marshall Plan on the point of inclusion of all countries. Marshall felt that the U.S. should not assume the responsibility for dividing Europe by limiting the offer. 82

DEALING WITH THE PUBLIC/CONGRESS

Beyond Milosevic, today's dangers to European security are difficult to identify and even more difficult to understand or explain to the American people. Without an easily defined enemy and the rallying cry to oppose the Communist menace, many Americans find it difficult to see why they should get involved. 83 Adding to this is the tough question, "Why, half a century later, should the U.S. still be viewed as the 'indispensable nation' needed to guarantee peace in Europe?" 84 It should be remembered some of these same issues existed in 1947; the actions of the Marshall Plan did not immediately effect the day to day concerns of large numbers of people, there was no large domestic clientele, the notion of providing aid to a defeated enemy was illogical to some, and there were charges that give-away programs were impoverishing the country. 85 The difference here seems to be in the intensity by which the Administration is attempting to garner public support. The Truman Administration bombarded the media with information concerning the benefits of the Marshall Plan as compared to a scarcity of information released to the media that exists today concerning the Stability Pact.

The Marshall Plan also brought a message to the people of Europe. The Marshall Plan was never just an abstract affair of economic numbers, nor was it a frontal assault on European communism. Instead it aimed to get as close as possible to the people it was benefiting in order to channel attitudes, mentalities and expectations. 86 "You Too Can Be Like Us" was the message of the Marshall Plan and it was the task of the propaganda effort to bring that promise home to Europeans everywhere. 87 Other than radio broadcasts aimed at removing Milosevic from power, there does not appear to be a concerted effort
to inform and educate the people of the Balkans on the benefits of the Stability Pact and that through economic stability and prosperity, it might be possible to break the cycle of ethnic violence and hatred.

COSTS

The Marshall Plan united 16 generally viable countries that needed only a jump-start provided by the U.S. and sustained by a common fear of Communism. The less visible curtain that divides Europe today runs between the nations that have made it economically and those that have not.88

Will the West have the political will to commit large financial resources to a region which is geographically far from the U.S. and has been depicted as a region possessed of centuries-old hatreds? In response to the economic crises of post-war Europe – declining production, shortage of capital, balance of payment deficits, and food shortages, George Marshall was able to garner popular support for his plan. It cost 13.3 billion dollars, about $88 billion in today’s dollars of which 90% was in the form of grants.89 For the Balkans, the area of reconstruction is small and the population limited. The task at hand does not have the dimensions of restoring post-war Europe.90 Comparatively, an early estimate of Stability Plan costs was from $20 billion to $100 billion dollars.91 However, this is in contrast to the financial assistance requirements for the reconstruction and recovery of Kosovo which have more recently been estimated at $2.3 billion to support a 4-5 year program.92

In contrast to the Marshall Plan, the Stability Pact works harder to promote private investment, not large-scale economic aid. A large part of the U.S. effort is to encourage our private sectors to play a strong role in the development of the southeastern European countries. And while it will be difficult to get private investment into the Balkans, the skills and resources of the U.S. private sector are urgently needed. The U.S. Government should make every effort to encourage private sector engagement.93

In the Marshall Plan the U.S. provided a large amount of money and determined the manner in which it was to be used.94 This degree of control is not present in the Stability Pact and without an important economic stake, U.S. input and leverage could decline over time. U.S. involvement is essential to catalyzing the process and keeping Balkan reconstruction an urgent and continuing priority.95

The greatest resemblance the Stability Pact has to the Marshall Plan is its prime objective of postwar reconstruction. Other similar key objectives are reinforcement of democratic values and emphasis on economic growth. Both stress the importance of a strong effort by the participating countries to help themselves by working together. In contrast to the Marshall Plan, the Stability Pact works harder to promote private investment, not large-scale economic aid. The Marshall Plan had a clear political agenda due to the backdrop of a worldwide threat of communism while the case for U.S.
involvement in the Balkans is tenuous at best. But perhaps the greatest dissimilarity is that the Marshall Plan was an invitation to all European nations while the Balkan Stability Pact effectively excludes Serbia.

**PROSPECTS**

The Stability Pact's vision is "a southeastern Europe with its future founded on peace, democracy, economic prosperity and internal and external security." 96 Philip Dimitrov, Bulgarian Ambassador to the U.S. states, "We have learned through many years of conflict and instability in southeastern Europe that peace is more than the mere absence of war. Peace implies economic growth and improving living standards. It implies building democratic institutions and pluralism and tolerance of ethnic and religious minorities." 97 The states of the region must be able to envision a better future, one that holds out the prospect of bringing them into Europe's political and economic mainstream. 98

Much has been written about the hatred that has festered for centuries between the peoples of the Balkans. It is also argued that the struggles in Eastern Europe are primarily about security and economics, not culture. 99 The following excerpt from the Council on Foreign Relations holds out a vision of peace and reconciliation:

That vision is one of respect for the territorial integrity of all states, but of states that permit free circulation of people and ideas: where states no longer fight over borders, because borders are channels of communication and exchange, not mere mechanisms of exclusion; where nations no longer fight for their own states, because their identities can flourish in free, plural societies; and where people need not look to exclusive identities for security, because states observe universal principles of human rights. Such a vision may contradict the whole history of the Balkans, but it offers the only alternative to a bloody past, and it is the region's only means to gain the security and ultimately the prosperity enjoyed by the rest of Europe. 100

It does appear that lessons learned from the Marshall Plan are being applied to the Balkans. However, the Stability Pact's biggest mistake may be its departure from the Marshall Plan in its exclusion of Serbia. Lessor but still significant is its failure to work to educate the Balkan people of the benefits of the Stability Pact. They need to attain economic stability and prosperity in hopes of breaking cycle of ethnic violence and hatred and the Stability Pact is the vehicle through which this can be accomplished.

Milosevic should be isolated but Serbia must be offered the opportunity to participate in the Stability Pact. Serbia is a vital part of the economy of this region. The United States must focus on and work toward a positive program for reconstruction, not a battle against Slobodan Milosevic.

**WORD COUNT = 5970**
ENDNOTES


5 Hartmann, 28.

6 Todd, 5.

7 Todd, 7.

8 Price, 22.

9 Todd, 43.

10 Todd, 43.

11 Price, 44.

12 Price, 23 and Hartmann, 34.

13 Hartmann, 34.

14 Hartmann, 35.

15 Price, 43.

16 Price, 88.

17 Price, 22-25.

18 Hartmann, 37.


20 Price, 260.

21 Todd, 10.


23 Price, 320.
24 Price, 25.
25 Price, 293.
26 Hartmann, 34.
27 Price, 67.
28 Hartmann, 44.
29 Price, 243.
30 Price, 59.
31 Price, 47.
32 Price, 52.
33 Price, 70.
34 Todd, 32.
35 Price, 6.
36 Todd, 5.
37 Price, 320.
43 "Resolution 1244 (1999)."
45 "Stability Pact for South Eastern Europe."


William J. Clinton, “Statement to the Stability Pact Summit, Sarajevo, Bosnia and Herzegovina.”

For a complete delineation of each panel see: “Stability Pact for South Eastern Europe.”

William J. Clinton, “Statement to the Stability Pact Summit, Sarajevo, Bosnia and Herzegovina.”

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Marshall, “Clinton’s Plan ...”

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65 David Ellwood, "You can too be like us": Selling the Marshall Plan," History Today October 1998, [database on line]; available from UMI ProQuest Direct.

67 Ellwood, "You can too be like us": Selling the Marshall Plan.

68 Daniel Schorr, "Marshall Plan Memories."


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