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THE BALKANS AT THE TURN OF CENTURY:
CHALLENGES FOR GREECE AND EUROPEAN SECURITY
INSTITUTIONS
by
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June 2000

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Security concerns reflect both the defense and economic aspect international relations. Political and economic stability are the primary goals of the Balkan states. These states cannot solve their problems without external help from Western European countries and European security institutions, like the EU, NATO and Organization for Security and Cooperation in Europe (OSCE). Inevitably the European security institutions’ engagement in the Balkans raises questions of enlargement in the Balkans. However, enlargement for both EU and NATO involves more than simply accepting new members.

The subject terms of the thesis include Balkans, Economics and security, Greece’s security concerns, EU, NATO, OSCE.
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THE BALKANS AT THE TURN OF CENTURY: CHALLENGES FOR GREECE AND EUROPEAN SECURITY INSTITUTIONS

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ABSTRACT

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The views expressed in this thesis are those of the author and not reflect the official policy of the Hellenic Armed Forces or the Hellenic Government
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I. INTRODUCTION

The Balkans have been a region of instability and source of many ethnic conflicts in the past. After World War II, the Balkans, under the influence of the bipolarity politics of the two superpowers, remained silent. The changes that occurred in the Balkans since 1991, following Soviet Union’s dissolution and the breakup of Yugoslavia, revived the violent history of the Balkan Peninsula. The fallout of Yugoslavia’s dismemberment caused chain reactions in the relations among the Balkan states.

Greece couldn’t remain untouched by these changes. Greece realized that the Cold War setup, which was settled under the North Atlantic Treaty Organisation (NATO) umbrella, changed and its northern neighbors might pose a threat to its security. The continuous turmoil near their borders was a menace to the economic efforts of the Greek government and people to fulfill the requirements for joining the European Monetary Union (EMU).

The Kosovo war in 1998 aggravated the situation and increased fears among countries in the region for more ethnic strife, military operations and a massive exodus of refugees. The peace agreement, which was signed in 1999, is a first indication of peace, but far from a permanent solution for the Balkans’ problems.

Under this evolving situation, Greece has to redefine its role in the area and make use of its membership in both NATO and European Union (EU) to facilitate stability in the Balkans and solve its security dilemmas with its northern neighbors.
A. SCOPE

The term Balkans has been used by many scholars to cover an area from Hungary to Turkey; for the purpose of the thesis, the Balkans are defined as Albania, Bulgaria, Greece, Romania, European Turkey and the states created from the disintegration of the Former Yugoslavia. Within that area, this thesis will focus on the relations between Greece and both Albania, and the Former Yugoslav Republic of Macedonia (FYROM), because those countries border Greece and play an important role in Greece’s security concerns. Moreover, those countries were at the center of the Balkan events and played an important role in the recent evolution. Bulgaria is also a bordering country, however during the 1990s the Greek-Bulgarian relations were very good. Of course, the biggest element in Greece’s security concerns involves Turkey. This thesis will mention the Greco-Turkish relations in regard to the Turkish role in the Balkans and its impact on Greece’s security concerns, but as regards the pure Greco-Turkish relations it will assume a constant impact overtime; these relations could comprise a thesis of their own.

B. RESEARCH ISSUES

For someone unfamiliar with Greece, it is difficult to understand why Greece’s foreign policy toward its neighbors is so fragmented and different than that of other Europeans. To explain this, we need to know what drives Greek foreign policy.

This thesis will identify Greek security concerns, especially towards its northern neighbors, based on the area’s historic background, the changes that the evolution in the Balkans brought to the foreground, the economic situation across the countries in the
region, Greece's membership in NATO, EU, and Western European Union (WEU), the plans for expanding these organizations, and the role that Greece could play in the Balkans' reconstruction and stability.

C. THESIS ORGANIZATION

Chapter II describes the relations between Greece and its neighboring countries, Albania, FYROM and Yugoslavia, before the 1990's, in an effort to explain the differences between those countries. Furthermore, it will explain Greece's relationship with NATO and its influence on Greek foreign policy as well as the EU's influence on Greece's economic development.

Chapter III discusses the previous relations during the 1990's and identifies the problems that Greece faced during that period with its northern neighbors. It also examines how the changes in the Balkans during the last decade affected Greek foreign policy.

This chapter also redefines security concerns based on the influence of the economy on security. The main point is to identify the impact the economy has on security concerns. Security concerns are related to both the defense aspect of international relations and also the economic aspect. The goal is to identify the problems created by a country with a poor economy and the implications for neighboring countries. This is a major issue for Greece because Greece is at least twice as wealthy as the rest of
the Balkan countries.\textsuperscript{1} The problem is more obvious in terms of immigration and refugees. Due to its economic position, Greece is a major destination for immigrants from the Balkan states, especially from Albania.

Chapter IV explores EU and NATO policy and involvement in the Balkans. After the Soviet Union and the Warsaw Pact dissolved, EU and NATO considered the benefits of expanding to the former Soviet block countries. The Balkans initially were not considered but the quick and bloody break out of war in the Yugoslavia made them reconsider possible expansion in the Balkans.\textsuperscript{2} Initially NATO tried with the Partnership for Peace (PfP) programs to give an essence of security to those countries that suddenly remained without a security cover from a global power. Greece, as member of both organizations, has its own concerns about expanding the EU and NATO in this area; Greece wants to play a role in the Balkans through these organizations.

With the background of the previous chapters, Chapter V provides recommendations and predictions about the future of the Balkans based on NATO and EU plans in both defense and economic dimensions.

\textsuperscript{1} The Military Balance 1998/99, International Institute for Strategic Statistics, London, 1999, pp.55, 67, 73, 78, 89, 90. This argument is based on the comparison of the per capita GNP and GNP between Greece, Bulgaria, Turkey, Albania and FYROM

\textsuperscript{2} David S. Yost, NATO Transformed (Washington, D.C.: United States Institute of Peace Press, 1998) p. 128 "...The alliance has long argued that Europe’s security problems were on the continent’s peripheries: in the Balkans and the Baltics in particular. And yet, where was NATO proposing to begin the enlargement? In central Europe..."
II. GREEK AND THE BALKANS BEFORE THE 1990’S

A. THE BALKANS THROUGH TIME

In order to understand the current relations between the in the Balkan countries, we first need to understand the past. The Balkan Peninsula is a crossroads between Europe, Asia, and Africa. That contributed to the most mixed ethnic area in Europe. This ethnic diversity is one of the reasons for the area’s turbulent history. The Balkans include Slavic, Romanian, Albanian, and Greek ethnic groups. There are also substantial minorities of Hungarians, Turks, and Roma. The other source of contention is religious diversity. The main religious groups are Orthodox Christians, Roman Catholics, and those that adhere to Islam. In 19th century, the division of the Hapsburg and the Ottoman empires created states without respect for patterns of language or religious adherence. During the Balkan wars and World War I, the borders and the Balkan states’ identity changed many times, creating numerous ethnic problems. After World War I, the Greco-Turkish War of 1921-22 once again changed the borders between Greece and Turkey and left behind open wounds for the years to come.

During World War II, the Balkans became the apple of discord for the great powers once again. The end of war drew the final borders of the Balkan states until the 1990’s and the disintegration of Yugoslavia. World War II was also followed by the Cold War; with its bipolarity, it dampened the tension and conflicts, but did not eliminate them. The division of the Balkans after World War II, the imposition of the communist regimes in Albania, Yugoslavia, Romania, and Bulgaria, and the fear that local conflict could result in a major war between the two superpowers, kept the area without a major
incident. Tito’s regime in Yugoslavia, although it appeared to create a stable federal state, did not actually eliminate the huge ethnic and religious differences between the people who lived there.

The end of Cold war fired up the Balkans once more. The death of Tito in May 1980 had already fostered the conditions for Yugoslavia’s disintegration. His regime glued together the mosaic of ethnic and religious groups in Yugoslavia. The inevitable break-up started on June 25, 1991, when the Slovene and Croatian republics seceded from the Yugoslav Federation; the old hatreds woke up and every ethnic group tried to form a state for itself.\(^3\) The support of the European Union (then the European Community) for Slovenia and Croatia’s independence in January 15, 1992 quickened the quest for independence among the rest of the Former Yugoslavia’s republics and finally led once more to war within Yugoslavia.\(^4\) The results of the violent break-up of the Former Yugoslavia have direct and indirect effects on the neighboring countries.

B. GREECE AND ALBANIA

1. Albanian State Background

The Albanian state was formed in 1913 by the Treaty of London, signed by the six Great European powers (Britain, Germany, Russia, Austria-Hungary, France, and Italy). But it took until 1926 to establish the current Albanian borders. Under president Hoxha’s leadership after the World War II, Albania followed the Soviet economic model.


\(^4\) Ibid.
In 1962, Albania severed relations with the Soviet Union, ended its active participation in the Warsaw Pact and sided with the Chinese against the Soviets. Lacking a common border with Albania and having neither occupation troops nor overwhelming influence in that country, the Soviet Union was unable to use either persuasion or force to bring Albania back into the Warsaw Pact. Albania also objected to the Soviet invasion in Czechoslovakia in 1968 and indicated its disapproval by withdrawing formally from the Warsaw Pact after six years of inactive membership. Albania was the only member that got out of the Pact of its own free will and without suffering reprisals. In 1962, Albania moved to the influence sphere of the People’s Republic of China. Finally, Albania decided to follow an independent policy in 1978, with characteristics of Stalin’s economic system. Albania had been isolated from the outside world for a long time, but in the 1980’s it formed trade relations with Yugoslavia.

The economic and social reforms that started in Eastern Europe after the dissolution of the Soviet Union affected Albania, but to a lesser extent than Yugoslavia. Ramiz Alia, the successor to Hoxha (1985) as Albanian’s leader, introduced limited reforms. The 1992 elections brought the first democratically elected government to power headed by Sali Berisha. The government quickly launched a courageous and ambitious economic reform program to halt economic deterioration and put the country on a path toward a market economy. Results of Albania's efforts have been encouraging: real GDP grew 11% in 1993, 7.4% in 1994 and an estimated 7% for 1995. Inflation dropped from
250% in 1991 to 15.8% in 1994 and is estimated at less than 10% in 1995. Despite these improvements, Albania is still quite underdeveloped.\(^5\)

2. **Greek-Albanian Relations**

   The relations between Greece and Albania have been uneasy through time, and sometimes hostile. The main point of difference involves Southern Albania, which the Greeks refer to as Northern Epirus. The controversy involves the Hellenic and orthodox character of the region and the Greek population that lives there. The Albanians see this region as the southern part of their country and view the Greek people there as a religious and ethnic minority. Greece protested the great powers’ decision to cede this territory to Albania in 1913, but without success. During the World War II, the Italian invasion from Albania to Greece and the subsequent defeat of the Mussolini’s forces by the Greeks allowed Greece to gain control of northern Epirus. However, the follow-on Nazi-Germany invasion in Greece reversed this achievement. After World War II, in 1955 the United Nations accepted Albania’s membership without changing its pre-1940 borders.

   Greece and Albania remained in a *de jure* state of war until 1987, with the exception of three years beginning in 1971 when the Greek junta wanted to establish relations – without success – with the Albanian government. In 1987, the socialist Greek government, under A. Papandreou, formally ended the state of war and tried to establish relations with Albania to help the Greek minority. Unfortunately, the relationship did not

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work as planned. The disputes concerning the Greek minority were centered on size, educational, religious, and political freedoms, and other human rights issues.

The size of the minority has been a persistent problem between Tirana and Athens. Both sides present a different interpretation of statistics. Greece maintains the population is 400,000 people; the Albanians argue it is only 58,000, based on the 1989 census. Of course, both numbers are exaggerated and the reality must lie somewhere in between. The main problem with the ethnic identity involves years of isolation and depression under Hoxha’s regime. The size of the Greek community in Albania plays an important role in other areas, including education and religious freedoms. The Greeks argue that the Greek minority must have the ability to learn the Greek language in school. Furthermore, the Greeks asked for private schools, funded by Greece to help the situation. The Albanian government did not agree with that proposal, maintaining that there is no established framework for private education in Albania.

Another contentious issue involves religion. The Greek Orthodox Church with its Patriarchate in Constantinople (Istanbul, today) had been a point of reference throughout the years for Greek Orthodox people outside Greece. Especially during the Ottoman Empire, the Church conserved the religion for those people who suffered under the Ottoman rule. Furthermore, religious ceremonies and affairs were conducted in Greek, and the Orthodox Church’s influence preserved the Greek ethnic identity. This institution still possesses considerable leverage in many Balkan nations, and its influence as a political actor became evident with the role it played in the current ethnic Greek situation in Albania.
To reduce Greek influence in Albanian internal affairs, Albania created an independent Orthodox Church, recognized as the Autocephalous Albanian Orthodox Church in 1937 by Constantinople. However, the Hoxha regime never let the Greek minority exercise its religious beliefs and even tried to assimilate the minority by forcing them to change names and by spreading them around the country. The government change in 1985 did not bring any major change to the Greek minority's status.

C. GREECE AND YUGOSLAVIA

1. The Relations

Yugoslavia is a country with which Greece has consistently good relations. It had common borders with Greece until 1991. After that, the new state of the Former Yugoslav Republic of Macedonia formed and replaced Yugoslavia along the northern border of Greece.

The Yugoslav state was formed after World War I as the Kingdom of the Serbs, Croats and the Slovenes. It was supported by both the United States and Russia. In 1929, the name changed to Yugoslavia. With the end of the World War II, and according to the Yalta agreement between the victors in the War, Yugoslavia was placed under a shared fifty-fifty influence of the Russian and the Western block; Greece was under 90 percent British influence.

Greece traditionally had good relations with the Serbs. They have the same religion and they fought together against the Ottoman Empire and Bulgaria during the Balkan Wars. Of course, these relations were not always the closest possible. During the
interwar period, and specifically in 1924, Greece signed a Protocol with Bulgaria in which Greece appeared to accept that the Slavic-speaking people of Greek Macedonia were Bulgarians. That Protocol was never ratified by the Greek Parliament, but it was enough to cause serious problems in Greco-Serbian relations. The Yugoslav government had never treated the Slavic-speaking people of Yugoslav Macedonia as a minority, thus the Greco-Bulgarian Protocol set a precedent which might affect the Slavic-speaking people of Yugoslav Macedonia. Despite the failure to implement the Protocol, the Serbian government denounced the Greco-Serbian Treaty, which was signed in 1913, on the grounds that the 1924 Protocol had violated the letter and the spirit of the earlier treaty.  

In 1946, Tito established a federal state with six republics (Bosnia-Herzegovina, Croatia, Macedonia, Montenegro, Serbia and Slovenia) and two autonomous provinces (Kosovo and Vojvodina). Greece protested the name “Macedonia,” but it was not in position to influence the situation because of political instability in Greece. (Details in subsection 2, p.13)

After the World War II and until 1949, Greece was devastated by civil war between left and right wing groups. Although Greece was attached to the Western sphere of influence in the Yalta conference and Russia had no interest in putting a communist government in Greece, Tito helped the Communists in their fight against the right wing and the British. That cooperation did not indicate good relations between the communist parties of Yugoslavia and Greece. It was the solicitous desire of the Yugoslavs to annex

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Greek Macedonia and obtain an access to the Aegean Sea through the port of Thessalonica. President Tito himself made the Yugoslavs’ intention clear in a speech at Skopje on October 11, 1945:

We will never renounce the right of the Macedonian people to be united. This is our principle and we do not abandon our principle for any temporary sympathies. We are not indifferent to the fate of our brothers in the Aegean Macedonia and our thoughts are with them. We will steadfastly defend the principle that all Macedonians must be united in their own country.\(^7\)

That help was ended abruptly when Tito broke ties with Stalin (1948). He suddenly realized that he could not sustain enemies on all Yugoslav borders. In an effort to reinstate Greco–Yugoslav relations, he closed the Yugoslav borders to Greek communists and left them without support. Tito foresaw the impending failure of the communist rebellion and growing Western support for the Greek government. It was a strategic movement in his plans for a non-aligned Yugoslavian status. The Greek civil war ended with the United States’ support. Greece and Yugoslavia established friendly relations in 1950.

In 1952, under pressure from the United States, the Greek government recognized the Republic of Macedonia as one of the six republics of Yugoslavia. It was an obligatory recognition made under Cold War pressure and Yugoslavia’s status as a non-aligned country. An independent Yugoslavia meant a lot for the United States in that period because it worked as a buffer zone against further Soviet expansion in the Balkans. The Greek–Yugoslav relations improved after the split from the Soviet system and after

\(^7\) Ibid., 152.
President Tito’s official visit to Greece in 1955. Greece deliberately kept good relations with Yugoslavia until the early 1990’s, although the “Macedonian question” was never settled. Greece could not afford to have two threatened fronts, one to the north and the other to the east.

2. The “Macedonian Question”

Although the major conflict between Greece and the Republic of Macedonia appeared after Yugoslavia disintegrated in 1991 and Republic of Macedonia became independent, the roots of the problem lie back in the history of the Balkans and especially the Tito’s regime movement to create the Republic of Macedonia in 1946.

The geographical term “Macedonia” is a Greek word that was used to designate the area inhabited by the Macedonians in the ancient world. Under the Byzantine and Ottoman rule, the term was used in its geographical sense and covered an area greater than the “historic Macedonia.” In that period, the region was inhabited by different ethnic groups; Greeks, Turks, Serbians, Bulgarians, Vlachs, Jews, and Albanians.8

Under the Ottoman occupation, the people in the region were identified mostly by their religion and language. When the Bulgarian Church (the Exarchate) was founded in 1870, the Bulgarians tried to establish a distinct Bulgarian national identity for the Slav-speaking populace. Greece and Serbia followed in this cultural war, but nothing changed due to the Ottoman occupation. The Balkan Wars finally altered the area. The end of the

Second Balkan War and the Treaty of Bucharest (1913) partitioned the Macedonian region between Greece, Serbia and Bulgaria. Specifically, Greece annexed 51.5% of geographic Macedonia (covering 90% of the ancient Macedonia), Serbia got the 38.4% and Bulgaria 10.1%. During the next 12 years (1913-1925), the ethnological map of Macedonia changed. In Greek Macedonia, the mass exchange of population with Turkey replaced all the Muslim inhabitants by a larger number of Greeks expelled from Minor Asia. There was also a population exchange with Bulgaria.

In the interwar period, the term Macedonian began to reflect an ethnic description by the Balkan communist parties, under the instructions of Comintern (Communist International) to establish a unified Macedonia and Thrace.

However, the crucial step was taken by Tito, creating a federal state with six republics in 1946, as mentioned before (page 11). The People’s Republic of Macedonia was created at the southern part of Yugoslavia. The creation of the republic also established the Macedonian ethnicity. A new language was created, the Macedonian, based on a western Bulgarian dialect. It became one of the Yugoslavia’s official languages. Tito’s initiative behind creating this specific republic was the vision of a unified Macedonia with an outlet to the Aegean Sea, and at the same time safeguarding a region that had been claimed by the Bulgarians since the Second Balkan War.

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At the same time, Greece’s reaction to the Yugoslav provocation was very lukewarm, and remained so for the next four decades. The main reason for Greece’s attitude include:

a) The Greek civil war (1944-49) did not leave any space for a coherent foreign policy.

b) Tito’s decision to close the Greco-Yugoslav borders helped end the civil war and consequently allowed the Greek government to gain the power. For that reason, Greece had no strong incentive to start a diplomatic war with Yugoslavia over the name of the People’s Republic of Macedonia.

c) In the years that followed, Yugoslavia’s decision in 1950 to adopt a non-aligned stance made United States force improved Greco-Yugoslav relations; Yugoslavia was perceived as a strategically important country in the region.

d) Greece perceived during the Cold War period, especially after 1974 and the Turkish invasion in Cyprus, that the main threat came from Turkey and so Greece tried to secure its northern borders.

Nevertheless, Yugoslavia took advantage of the Greek remission and launched a cultural campaign around the globe, especially in Canada and Australia where immigrants from all three parts of Macedonia had established strong communities before and after World War II. The basic instruments of the movement included translating “Macedonian History” from Macedonian into English, the most important language of the world, organizing international conferences, and the generous dissemination of the
Socialist Republic of Macedonia's books in prestigious academic institutions. Hence, a de facto recognition of a Macedonian ethnic entity had been covertly attained internationally.

D. THE IMPACT OF NATO AND EU ON GREEK FOREIGN POLICY

1. Greece, United States and NATO

Greek-American relations have their foundations in 1947, when the British realized that they could no longer support the Greek government against its left rivals during the civil war. The British actually "invited" the Americans to Greece. The Truman doctrine was catalytic to the future involvement of the U.S. in Greece. President Truman said that the policy of the United States should be:

... to help free people to maintain their institutions and their integrity against aggressive movements that seek to impose upon them totalitarian regimes.  

Containing the Soviet Union was the United States' first foreign policy priority of that era. That was the framework in which Greek-American relations were formed in the first years of the post-war era. With American help, the Greek government ended its civil war in 1949 and tried to reconstruct the country through the Marshall Plan.

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10 In April 1963, Yugoslavia and its republics replaced the "people's Republic" by the "Socialist Republic."


12 Landmark Document in American History; Public Papers of the Presidents, Harry S. Truman, 1945, p. 176-180
In 1952, NATO included Greece and Turkey in its structure. That movement was a political one based on the Cold War strategic situation. For Greece, NATO was a necessary security umbrella, especially after with fresh memories of civil war and communist expansion near Greece's northern borders. For the United States, the main security issue including Greece was eliminating any possibility of reversal in Greece's political power. The focus was to build a military structure, maintain internal security and avoid communist influence or even domination. On the other hand, the Greek army's role was to delay any Warsaw Pact aggression.\(^{13}\) The United States played a role in Greek politics over the next twenty years, helping to stabilize the country. The 1967 military dictatorship of the colonels was supported by the United States. This was only acknowledged after 32 years as a mistake, when President Clinton visited Athens in November 1999 and said:

> When the junta took over in 1967 here, the United States allowed its interests in prosecuting the Cold War to prevail over its interests—I should say its obligation—to support democracy, which was, after all, the cause for which we fought the Cold War. It is important that we acknowledge that.\(^{14}\)

The dictatorship was followed by another major incident, which was the turning point for Greek security strategy and its relations with the U.S.: the 1974 Turkish invasion of Cyprus. Greece had joined NATO to increase its security; the trade-off was

\(^{13}\) Yannis Roubatis, “The US involvement in the Army and politics of Greece 1946-1967” (Ph.D. diss., Johns Hopkins University, 1980)

\(^{14}\) Charles Babington, “Clinton words cheer Greeks; supporting 1967 coup was misguided, president says” Washington Post, 21 November, 1999, Page A35
dependence on the United States. But the 1974 crisis showed that Greece was both dependent and insecure.\textsuperscript{15} Greece withdrew (17 August 1974) from NATO’s military structure, protesting the alliance’s failure to take any action in Cyprus.\textsuperscript{16} Greece followed a more independent defense policy, focusing on deterring Turkish aggression. For the next seven years, Greece’s primary goal was accession to the European Community (today’s European Union) and ensuring its east borders. Unfortunately, the latter required increasing the defense budget. On 21 October 1980, Greece returned to the NATO military structure under the Roger’s Agreement, which did not recognize the status of Greece as it was before the withdrawal. For the next ten years, Greece identified its security concern as maintaining of the regional balance of power. It was necessary for Greece to enhance its ties with the U.S. and its position in NATO, since these actors where capable of meeting the Greek security concern.

2. **Greece and the European Union**

The economic development of Greece was one of the major concerns of the post War governments. Indeed, Greece followed a very successful path during the period from 1960-1973. The gross domestic product grew at an average annual rate of 7.7 percent while the export of goods and services grew at an average rate of 12.6 percent. Those rates were the highest in Europe at the time and second only to Japan. The average

\textsuperscript{15} Athanasios Platias, “Greece’s Strategic doctrine: In search of autonomy and deterrence,” in The Greek-Turkish Conflict in the 1990s, ed. Dimitri Konstas (New York: St. Martin’s Press, 1991)

\textsuperscript{16} Dimitri Konstas, The Greek-Turkish Conflict in the 1990’s (New York: St. Martin’s Press, 1991) 231-233
inflation rate between 1963 and 1973 was 3.3 percent, which was lower than the rest of Europe.\textsuperscript{17}

Unfortunately, that path ended with the oil crisis of 1973 and political changes in 1974, including the collapse of the military junta and the major change in foreign policy due to the Turkish invasion in Cyprus. Greece had also signed an Association Agreement with the European Community in 1961, but the dictatorship led the EC to freeze negotiations. The inflation rate shot up to 16 percent in 1973 and to 27 percent in 1974.

With the collapse of dictatorship, Greece and the EC resumed negotiations; in 1981 Greece finally became the tenth member of EC. Two main reasons led Greece to the EC: first, the economic necessity to participate in the European integration; and second, the political stability that such a Union was expected to offer, especially after the seven-year junta.

EC membership changed the competitive environment for Greece. Greece had to compete with the advanced economies of the Western Europe and to support its development based on new standards. Industrialization in the country was very limited, making it difficult to absorb technology and generate productivity advances. Greece’s public sector was not ready to adopt the Union’s directives, making the road to “europeanization” difficult. However, the EU supported Greece with loans and subsidies, which helped the country integrate into the Union, although there were problems in that procedure. The integration was not complete in the 1980s, but it put the country on the

\textsuperscript{17} G. Allison, K. Nicolaidis, \textit{The Greek Paradox: promise vs. performance} (MIT Press, 1997)
right path and distinguished it from its Balkan neighbors. The majority of Greece’s neighbors have been under soviet influence with little differentiation.

E. THE TURNING POINT: THE DISSOLUTION OF SOVIET UNION AND THE DISINTEGRATION OF YUGOSLAVIA

As discussed, Greece had redrawn its defense doctrine during the Cold War to meet the perceived threat from Turkey, and also pursued European integration. The fact that NATO’s mission for Greece was protecting the north front was not fully considered by the successive Greek governments after 1974. On the contrary, Greece neglected the northern threat and focused its doctrine on the East. Furthermore, all Greece’s diplomatic effort was devoted to Greco-Turkish relations. Although Papandreou’s government tried to foster relations with the Balkans, and especially Bulgaria, the promissory initiative of a Balkan Nuclear Weapon Free Zone was strongly opposed by Greece’s NATO allies and was quietly shelved.\(^1\) Relations with Albania were frozen or in slow motion, even after 1987 when the Papandreou government terminated the state of war. The relations with Yugoslavia were not enough to counteract the strong relations of the Yugoslavia with other European countries, especially economic relations. In addition, the Greek-Bulgarian border was one of the most stable along the iron curtain. Eventually, Greek foreign policy concentrated only on the Turkish threat.

\(^1\) "In November 1982, Papandreou and Ceausescu of Romania declared their intention to hold a conference within 18 months to discuss ridding the Balkans of all nuclear weapons. The meeting took place the following January. Greece, Yugoslavia, Romania and Bulgaria attended. Turkey maintained observer status. A Balkan NWFWZ without the participation of Turkey was unthinkable; discussion of the concept was, therefore, shelved." Donna Klick, “A Balkan Nuclear Weapon-Free Zone: Viability of the Regime and Implications for Crisis Management.” *Journal of Peace Research*, vol. 24, no.2, 1987

See also articles in: *The New York Times* November 6, 1982 and January 17, 1984
The collapse of the Soviet Union and the Warsaw Pact in 1989 was the first warning of what would happen next. Greek governments had cultivated relations with the Warsaw Pact countries since 1970s, and especially during the 1980s with a socialist Greek government in power; nothing changed involving foreign policy. The disintegration of Yugoslavia in 1991 was a major concern for Greece, which was completely unprepared. The fact that Greece suddenly had to face new threats caused many problems during the next decade.
III. GREECE AND THE BALKANS IN THE 1990'S

The situation that developed in Balkans had a major impact on Greece’s security. Nation states that never existed before suddenly formed and asked for their stake in the region, while other states, like Albania, changed their isolated attitude looking for new alliances and cooperation. The new environment caused Greece to reconsider its security and foreign policy towards its northern neighbors, especially the newly created “Macedonian” state and the changed Albania. The new threat as currently perceived is more an economic issue than a defense matter. This chapter will examine the Greek response to the new situation as well as the impact of the continuing developments in the Balkans, such as the war in Kosovo, the further disintegration of Yugoslavia, and finally the influence of the economy on security issues.

A. MAJOR CONCERNS FOR GREEK FOREIGN POLICY

1. Albania

Albania represents a part of Greece’s security puzzle with its northern neighbors. Greek-Albanian relations have been through many ups and downs, driven largely by the treatment of the Greek minority in Albania as well as the great influx of illegal immigrants from Albania to Greece. Though Albania cannot represent a real military threat to Greece, the fact that their relations have been very unstable during the last 10 years causes skepticism for the Greeks, especially considering the warm relations between Turkey and Albania. However, the major issues that concern Greece are the influx of illegal immigrants from Albania and the future of the Greek minority there.
There is also concern about the official Albanian attitude towards the Kosovo crisis and the Albanian minority in FYROM.

The collapse of the Soviet Union and its economic system affected the political as well as the economic system in Albania. Initially, the reasons for emigrating from the country were mainly political, as many people disliked the Communist regime and wished for change. However, that changed quickly because of that transiting to a market economy caused. The shock therapy began in 1991. Hundreds of thousands of workers were left unemployed as 90% of the factories were closed. The first great exodus of Albanian refugees crossed the borders with Greece and the sea to Italy during the economic crisis of 1991-92. At that time, the Greek government decided to open the borders and issued a large number of visas, to let the Greek Albanian minority reunite with their families in Greece. Many ethnic Albanians also crossed the border at that time.

The number of immigrants that crossed the borders has never been calculated with accuracy. However, according to the Greek foreign ministry, the number of Albanian immigrants reached approximately 300,000 in 1995.\textsuperscript{19} For Greece, this influx of immigrants had positive and negative effects. The Albanian workers were employed in farming and less attractive jobs with much lower salaries and mostly without social security. This led to lower production costs and certainly had a positive effect on the competitiveness of Greek exports.

On the other hand, the low salaries paid to Albanian immigrants have pushed out Greek workers, especially in the farming sector and construction. As a result, there has

\textsuperscript{19} Hellenic Republic Ministry of Foreign Affairs. [http://www.mfa.gr/foreign/balkan_affairs.htm#b] 15 February 2000
been a general fall in pay in these sectors, and the laboring class has become weaker as a consequence of abundant alternative and cheaper employees. Moreover, the remittances, sent by the immigrants back to their families, amounting to more than 400 million USD per year, had a negative impact in the sense that part of Greece’s GNP and foreign exchange flowed out of the country.\(^{20}\) Most of the Albanian workers were also unregistered, which caused a tax loss since their income was untaxed. Another problem that appeared after 1994 was the cost to the Greek state for the repatriation of the illegal immigrants. Adding to that was the cost to monitor the borders, a job undertaken by the armed forces. That requires reallocating some military units from the east borderline of Greece to the borderline with Albania.

In the political scene, relations seriously deteriorated in 1994 when five members of the Greek minority political party in Albania were sentenced for secessionist activities. However, partly as a result of US pressures, the accused were released in February 1995.\(^{21}\) That was a beginning of a new era in the diplomatic relations between the two countries. In March 1996, the two countries signed a friendship and cooperation agreement during the visit to Tirana by the Greek president Constantine Stephanopoulos, the first visit to Albania by a Greek head of state since the founding of the modern Greek state.\(^{22}\) The agreement contained provisions for closer economic and military cooperation

\(^{20}\) Ibid.


as well as regulating the problems of the Greek minority in Albania and the status of illegal immigrants in Greece.

Regarding economic cooperation, Greece occupied (December 1999) the second place among Albania's trade partners. According to data provided by the Albanian Statistics Agency and published in the newspaper "Koha Yone" in December 1999, 37% of Albanian imports were from Italy and 32% from Greece.\textsuperscript{23}

Military ties have also strengthened. Greece is currently assisting in restructuring the Albanian armed forces, particularly the Navy, and is providing scholarships for Albanian officers to study at Greek military schools.\textsuperscript{24} In 1996, the Greek Navy held exercises with the Albanian Navy to improve training and bring the Albanian Navy to NATO standards.\textsuperscript{25} These military relations have also helped Greece to counterbalance the growing military cooperation between Turkey and Albania, a development that has been viewed with some concern by the Greeks.\textsuperscript{26} The improvement in Greek-Albanian relations had its impact on the Greek minority in Albania. The Albanian government


\textsuperscript{24} External Affairs, Albania, Relations with Greece, Jane's Sentinel Security Assessment, 25 February 2000

\textsuperscript{25} Albanian Telegraphic Agency: "Albanian Greek joint military exercise conducted in Albania," 16 September 1996

agreed to open Greek-language schools in Southern Albania resolving a persistent
demand from the Greeks.\textsuperscript{27}

Whenever relations between the two countries deteriorated for any reason, the
first victims were the Greek minority in Albania and the illegal immigrants in Greece.
Such a case occurred in 1997 with the uprising of the Albanian people, the theft of almost
700,000 firearms from the Albanian barracks and the terrorizing of the Greek minority in
Albania.\textsuperscript{28} Another occurred in 1999 with the hijack of Greek buses by Albanians – twice
in a year – that forced the Greek government to expel thousands of illegal immigrants.\textsuperscript{29}

The Greek security concern over Albania is dual. First is the external threat, the
instability in Albania itself. Greece favors a politically stable and economically
prosperous Albania. The disputes between the two countries have been mainly political
and do not involve any territorial issues. The second concern involves internal security in
Greece, considering the threat imposed by the large number of illegal immigrants. Inside
Greece, Albanian immigrants have been associated with an increase in organized crime,
including drug and arms trafficking, particularly increasing crime rates in the areas where
the immigrants live. Even if this impact is exaggerated, Greek public opinion reflects this
belief and that causes problems for the Greek government.\textsuperscript{30}


\textsuperscript{29} “Greece Begins Investigation Into Albanian Hijacker Case,” \textit{Athens News Agency}, 3 June 1999. and

\textsuperscript{30} K. Papoulias (Formerly Foreign Minister of Greece) “Synoreyontas me tin Albania” (Bordering to
Albania). \textit{Ta NEA} (Athens), 6 April 2000 (Greek text)
The latest efforts for improving the mutual relationship have shown that both the Greek minority in Albania as well as the Albanian immigrants in Greece could be treated more fairly. In the recent years, there were efforts to solve the problems caused by the uncontrolled flow of immigrants.

2. FYROM

On 17 September 1991, the Yugoslav Republic of Macedonia declared its sovereignty and started seeking international recognition as the “Republic of Macedonia.” The use of the name Macedonia and some irredentist articles in the Constitution of the new state made the Greeks react aggressively against recognizing the Yugoslav Republic of Macedonia, under its name and constitution. The emergence of an independent Macedonian state after Yugoslavia disintegrated revived the fear of a unified Macedonia and the territorial claims against Greece that were a major concern under Tito’s government after the end of World War II. Greece had an advantage because of its participation in all the major international organizations and alliances, and used its influence to delay recognizing the new state.

On 16 December 1991, the Council of Ministers of the European Community met to consider the de jure recognition of the new state that evolved after Yugoslavia disintegrated. The Greek objection concerning FYROM31 centered on using the name “Macedonia,” the future territorial claims that stem from the articles of the constitution

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31 To avoid confusion through the use of varied nomenclature, the Yugoslav republic of Macedonia will be subsequently referred to as FYROM, a name it officially adopted after its recognition by the United Nations in 1993 (United Nations Resolution 225 [1993])
and the hostile propaganda emanating from nationalist circles in Skopje. The Greek opposition and the fact that recognizing of Croatia and Slovenia was more important at the time, led the European Council to adopt the Greek views and include them in the final declaration:

The Community and its member States also require a Yugoslav Republic to commit itself, prior to recognition, to adopt constitutional and political guarantees ensuring that it has no territorial claims towards a neighbouring Community State and that it will conduct no hostile propaganda activities versus a neighbouring Community State, including the use of a denomination which implies territorial claims.32

The Badinter Commission, which was responsible for the recognition, endorsed FYROM’s recognition, but that was set aside and a diplomatic struggle started between Athens and Skopje. Greece had three major objections to recognizing the new state: the controversial articles of the FYROM constitution, the flag and propaganda, and using the name “Macedonia.”

- The controversial articles of the FYROM constitution. The constitution was drafted in late 1991, when the nationalist party VRMO had the biggest influence in the FYROM’s parliament. In particular, the Preamble to the Constitution called for creating an independent “Macedonian nation:”

Resting upon the historical, cultural, spiritual and statehood heritage of the Macedonian people and upon its centuries long struggle for national and social freedom as well as for creation of its own state, and particularly upon the statehood-legal traditions of the Krushevo Republic and the Historical decisions of the Antifascist Assembly of the People’s Liberation

of Macedonia and the constitutional-legal continuity of the Macedonian state as a sovereign republic within Federal Yugoslavia, upon the freely manifested will of the citizens of the Republic of Macedonia on the referendum of September the 8th, 1991, as well upon the historical fact that Macedonia is established as a national state of the Macedonian people...  

Article 3 of the constitution was also a point of contention:

a. The territory of the Republic of Macedonia is indivisible and inalienable.
b. The existing borders of the Republic of Macedonia are inviolable.  

Article 49 was viewed by the Greeks as an nationalistic one:

The Republic takes care of the status and rights of the members of the Macedonian people in neighbouring countries, as well as of the emigrants from Macedonia, assists their cultural advancement and promotes the link with them.  

FYROM, in order to satisfy the Badinter Commission’s criteria for recognition, added two amendments on 6 January 1992. Amendment I states that a) “The Republic of Macedonia has no territorial claims towards any neighbouring state,” and b) “The borders of the Republic of Macedonia can only be changed in accordance with the constitution and on the principle of free will, as well as in accordance with generally accepted international norms.” Amendment II clarifies that while exercising its constitutional responsibilities towards its diaspora, “the Republic will not interfere in the sovereign rights of other states or in their internal affairs.”  

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33 Ibid.
34 Ibid.
35 Ibid.
36 Ibid.
- Flag and propaganda. One of the Greek arguments against recognizing FYROM was the propaganda that official and non-official sources circulated in FYROM. One official example involved publishing maps in the school textbooks that included part of Greek territory as the land of "Greater Macedonia." The major weapon in the propaganda was the Slavic minority in Greece. For Greece, such a minority does not exist; for FYROM this is a minority that suffers under Greek suppression. The issue of the Slavic minority in Greece remained one of the thorns in Greek-FYROM relations until today, although it was used only when the relations were at a low ebb.

In August 1992, the parliament of FYROM adopted the Star of Vergina as an emblem on their flag. This move had a great impact on Greek public opinion, since the Star of Vergina was an unquestionable Greek historic emblem. It is worth noting that during that period in Greece the government had a marginal majority in the parliament and the nationalist voices were very strong. Viewed under that prism, one could interpret the FYROM's move as designed to increase its bargaining power in future negotiations - later in 1995 the bilateral negotiations justified that view.

- The use of name "Macedonia." The name issue became the major problem in relations between the two countries. For outsiders, it was very difficult to justify the Greek objections to this name, which was used for 45 years internally in Yugoslavia without any problem. For Greeks, the issue involved more than national pride; it involved their national security. This name was associated with territorial claims that reminded

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38 The Star of Vergina, which was the symbol of the ancient Macedonian dynasty, was found in Vergina (a small Greek town southwest of Thessalonica) in 1977 by professor Andronikos.
Greeks what happened in the beginning of the century when Greece fought for its independence. Undoubtedly, the power of the new state was not enough to pose a security threat to Greece, but if another power in the region, like Bulgaria or Turkey, backed the new state then the Greek fears had some merit. That view was prominent during the crisis with FYROM, and it was stated by many Greek officials including the Prime Minister A. Papandreou and the former Foreign Minister A. Samaras.

Papandreou argued: that territorial conquest could be achieved only if other countries rushed to achieve FYROM's objectives.\(^{39}\)

Samaras said: We are concerned about the future potential combination of forces in the region . . . a Greater Bulgaria, a Greater Albania, and a Greater Serbia. And always with Turkey looming in the back.\(^{40}\)

From the FYROM's point of view "Macedonia" has been its name from the Republic’s inception in 1944. FYROM is the only country situated integrally in Macedonia. Therefore it is well justified in using the name as far as geographical considerations go. Additionally, a change in the name counters the people’s will and might destabilize the country.

On 7 April 1993, the Security Council (S 817/1993) unanimously approved the accession of the new state to the UN under the provisional name Former Yugoslav Republic of Macedonia (FYROM) but without flag hoisting rights. During 1993, many countries recognized FYROM, including EU members. That led Greece once more to


protest against recognizing FYROM unless they fulfilled the requirements that the European Commission had set.

The European countries had already started to resent the Greek attitude, but it was the 1994 Greek trade blockade against FYROM that made them react with indignation to what was seen as Greek hysteria. The economic embargo that the Greek government imposed, combined with the UN embargo against Serbia, exacerbated FYROM's internal problems and increased the prospects of an internal explosion. However, Greece was the country most damaged from the embargo in terms of international relations. None of the EU members understood the rationale for the embargo, and Greece lost its bargaining power. Greece was charged with violating the free trade clauses of the Treaty of Rome by the European Commission to European Court of Justice (ECJ). Although the European Court rejected the EU Commission's request for an immediate injunction against the Greek trade blockade, on the grounds that the Commission failed to prove that these measures damaged EU trade with FYROM, Greece's image and position was already damaged.

Finally, on 13 September 1995, and after intense bilateral diplomatic efforts, the Foreign Ministers of both Greece and FYROM signed an interim accord in the presence of UN mediator Vance. The basic points of the agreement were:

- Each side shall respect the territorial integrity and political independence of the other and reaffirm the inviolability of their international borders;

- Greece shall recognise FYROM as an independent and sovereign state; the two governments shall establish liaison offices at the respective capitals;
- FYROM shall refrain from using in any way the symbol which is now its flag;

- FYROM shall provide specific and binding assurances that its Constitution will conform to the principles of international law and good neighbourly relations;

- Freedom of movement of people and goods is restored between the two countries.⁴¹

Nevertheless, the accord did not clarify the most important issue, at least as perceived by both sides during the dispute: the name of the new country. The accord stated instead “that the Parties will continue negotiation under the auspices of the Secretary-General of the United Nations with respect to the outstanding difference between them.”⁴²

In the following years, Greece and FYROM established formal diplomatic and trade relations and in general tried to form a good relationship. Greece became FYROM’s second largest trading partner. Cross-border traffic and tourism also increased significantly. However, neither Greece nor FYROM changed their attitude regarding the name issue.

Greece confronted the issue of FYROM as a “security threat,” but its actions were also influenced by domestic issues, such as the nationalistic views of part of the parliament. In 1993, the conservative government lost its majority in the parliament, due to the FYROM case, and solving the name issue with FYROM was central to the

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⁴² Ibid.
elections that followed.\textsuperscript{43} FYROM posed a threat to Greece only because of its instability and its unresolved internal problem with the Albanian minority, not because it claimed a name that caused Greece emotional problems. It was in Greece’s best interest to have good relations and influence the new state instead of forcing it to turn to other countries in the region, like Turkey or Bulgaria.

The trade blockade of 1994 had the exact opposite effect of what Greece wanted. Bulgarian and Turkish influence in FYROM grew; although it isolated FYROM economically, it also isolated Greece politically from its initial supporters. While Greece had legitimate concerns over some of the issues involve in the dispute, it was very difficult to justify its position at that point in time. As Loukas Tsoukalis has noted:

\begin{quote}
Greece’s official message transmitted to the world at large was extremely unclear; it was highly emotional and it referred repeatedly to rights not immediately recognizable by foreigners. To make matters worse, the message was delivered in a language that hardly anyone else abroad could understand.\textsuperscript{44}
\end{quote}

The Greek-FYROM dispute occurred during a period when the Balkans were under violent evolutions and the threat was high that the conflict could spread to south. Greece was the only hope for stability in the region; it had the potential to play a stabilizing role in the Balkans. The dispute between FYROM and Greek foreign policy from 1991 to 1995 degraded the Greek role in the Balkans. It also minimized the capacity of Greek economic power to influence and help the new state become stable and


\textsuperscript{44} Loukas Tsoukalis, “Conclusion: Beyond the Greek Paradox,” in \textit{The Greek Paradox}, ed. G.Allison and K. Nicolaidis. (MIT Press 1997)
prosperous. After 1996, the Greek attitude eventually changed to a more constructive policy.

3. The Armed Ethnic Conflict and the Political Instability in the Area

In the previous two topics, the discussion focused on bilateral relations between Greece and both Albania and FYROM, respectively. Looking at these relations, Greece’s basic security concern was instability in these two countries and the effect on Greek security and economics. But these bilateral relations cannot be isolated from the events taking place in the Balkans. The Kosovo crisis that exploded in 1998 and its future resolution is going to affect Kosovo; but will also affect the stability in Albania and FYROM, and consequently Greece.

Kosovo was an autonomous province of Yugoslavia until 1989, when the Serbian government stripped its autonomous status and imposed direct control over this province; Kosovo’s population of two million people were 90% Albanian and only 7% Serbs. In 1991, the ethnic Albanians in Kosovo held a referendum in which they declared Kosovo a sovereign and independent state. Their appeal to the European Union for recognition was rejected and only Albania recognized this state. However, Kosovo elected their own president, Ibrahim Rugova, and parliament. Rugova supported a non-violence strategy, and for several years there was no violent explosion, despite the Serbian effort to change Kosovo’s status. The hope that the Dayton Accord could help Kosovo regain their
political rights was never satisfied. The shadow government that Kosovars elected in 1991 tried to get support from Albania. The Albanian government’s official position had never been clear. Responding to the external pressures from United States and European countries, the Albanian government tried to maintain a moderate attitude but it raised its nationalist voice when it was a matter for domestic politics. In general, Albania supported an autonomous Kosovo within Serbia, but it could not support the union of Kosovo Albanians with Albania.

The opposite situation involves the Albanian minority in FYROM. They represent 23% of FYROM’s population, and they seek equal political and social status with the Macedonians. The situation in Kosovo poses a serious threat to FYROM for two reasons. The first involves the reaction of the ethnic Albanians in FYROM if they decide to help Albanians in Kosovo, particularly if they mobilize, inspired by the Kosovars, against the FYROM’s government. The second reason involves the border status between Albania, Serbia and FYROM. Nobody can predict the outcome of a revolt in Kosovo, and the possibility of redrawing the borders is not a welcomed outcome for FYROM. FYROM is still trying to solve its own recognition problems. The preservation of peace in the country is maintained by the UNPREDEP (United Nations Preventive Deployment Force). This 1,044 person force, deriving from a December 1992 Security Council resolution, watches over FYROM’s western region, particularly the borders with Albania.

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45 For the summary of the Dayton Peace Agreement see online at http://www.state.gov/www/regions/eur/bosnia/dayton.html

46 This percentage is according to the 1994 internationally observed census
and Kosovo. Its main task is to protect FYROM from a spillover of the conflict in former Yugoslavia.

The Kosovo war that finally exploded in March 1999, which involved NATO, justified the security fears from neighboring countries. Although the war is over today, the problem of Kosovo's status remains unsolved, creating a fragile stability in the region.

Recent IMF research showed significant economic consequences of the Kosovo crisis in neighboring countries. Of one million refugees that fled Kosovo, 430 thousand went to Albania and 200 thousand to FYROM. These numbers represent 13 percent and 11 percent of the local population, respectively. This influx could cause major problems for internal security in those countries. Furthermore, trade routes through Yugoslavia were almost destroyed or became ineffective, causing problems for the neighboring countries, especially FYROM. Another important consequence is the negative effect the war had on international investors in the area.

Greece is not one of the six most affected countries of the Kosovo crisis (according to the previously mentioned IMF study). However, Greece has its own fears about the future. Extended instability in the region does not benefit Greece in either security or economic terms. As long as the Kosovo matter remains unresolved, there is the possibility of a new confrontation involving Albanian populations. On the economic side, Greece has strong investment interests in FYROM, Albania and Yugoslavia, and

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prefers a stable environment for these investments; the investments will help develop those countries.

Another factor that influences Greek security concerns is the Turkish presence in the Balkans. Turkey perceives itself as a Balkan country, due to geographical, historical, and cultural reasons, and therefore shapes its foreign policy accordingly.\textsuperscript{48} The war in Bosnia, and the future of the Muslim population there, gave Turkey - as a NATO ally - an opportunity to actively engage in the Balkans. Turkish military forces were engaged in peacekeeping forces in Bosnia, causing reactions from other Balkan countries, Greece included. During the same time period (1992-1995), Turkey foresaw an opportunity to bolster its diplomatic and political relations with Albania and FYROM, due to the pressures Greece applied on them. This could also be seen as a counteracting move towards Greek-Serbian relations in the game of influence in the Balkans.

Although Greece has changed its foreign policy towards Albania and FYROM since 1995, the Turkish engagement in the Balkans added a new dimension to the Greek-Turkish relations. Both countries want stability in the Balkans, but they have different starting points. Furthermore, both countries relate any cooperation in the Balkans to their dispute in Aegean Sea and the Cyprus issue.

\textsuperscript{48} The Significance Of The Balkans For Turkey, Republic of Turkey, Ministry of Foreign Affairs [http://www.mfa.gov.tr/grupa/ae/balkan2.htm] 9 June 2000
B. REDEFINITION OF SECURITY

1. Economics and Security

When there was a bipolar system during the Cold War, the main element of national security was military security. European countries were divided into three groups, those attached to NATO, those attached to Warsaw Pact and the unaligned countries. Throughout the Cold War, these alliances had a defensive character; NATO’s immediate purpose was defending its members against a military threat from the Soviet Union and the Warsaw Pact. The transformation of the Cold War security order after 1989, with the collapse of the Warsaw Pact and the Soviet Union, changed the relationship between military and economic security. As the central and eastern European countries and the new independent states of the Former Yugoslavia transition to the market economies and democracies, they need a stable economic and political environment.

The fear of a war between the two superpowers during the Cold War has been replaced by the fear of political and economic chaos in the CEE countries and in the Balkans. With the end of Cold War, these countries found themselves outside of the security institutions and in transition from a communist system to a market economy and democracy, therefore, they were prone to instability. For the CEE countries, the problem was less difficult. Their internal stability was not subject to ethnic conflicts. In contrast, the states formed when Yugoslavia disintegrated had to face both ethnic problems and economic transformation.
Europe ceased to be the divided continent of the Cold War, but it still has its diversities. The differences now involve economics, democratic institutions and membership in the central security institutions of Europe, like EU and NATO. The new dilemmas for Europe are successfully transitioning the CEE countries and the Balkan states to market economies and democracies. Now the focus is not the military balance but economic and political stability in these countries. Therefore the political economy possesses an enhanced role in the new security order of Europe. Economic interdependence is the new form of cooperation between the European countries, and the EU implements this approach. However, the need for political stability and settling the regional problems, like those of the Balkans, requires a security institution capable of executing “out of area” operations, like the new NATO. In the new European environment, without the constraints of the Cold War, increasing the security of the former adversaries increases the security for all of Europe. That indicates the need for a new approach from both sides.

Focusing specifically on the Balkans and Greece, there is also a new approach in international relations between the two. Political and economic stability are the primary goals of the Balkan states. These states cannot solve their problems without external help from Western European countries and European security institutions. The simultaneous transition from a centralized economic model to a market economy, and the effort for political stabilization in these states, inevitably needs the help of the EU and NATO. (See more on this in chapter IV.)
Greece during the Cold War, for the reasons analyzed in Chapter II, had perceived Turkey as its main security threat, and not its northern neighbors. The end of Cold War and Yugoslavia's disintegration changed that perception. Greece, in addition to its perception of Turkey's threat, faces an economic threat involving the consequences of political instability in Balkans. What seemed to be an economic opportunity for Greece, with the collapse of the communist system, turns out to be a permanent threat to its economic growth. Greece's borders with Albania, FYROM and to a lesser extent Bulgaria inevitably transfer the burden of the crisis to Greece. Immigrants from Albania, arms and drug trafficking, and an unstable environment for investors are some of the problems. An extended crisis in the Balkans isolates Greece from its European partners, because Greece has no common borders with the rest of the EU countries.

FYROM and Albania in particular are most vulnerable, in both economic and political terms, as long as the Former Yugoslavia remains unstable. Both of them depend politically and economically on Greece. Greece represents one of their major trade partners and the only Balkan country that is a member of all the European security institutions (NATO, EU, WEU). Therefore, Greece is their link to those institutions. For Albania, remittances from the large number of immigrants in Greece contribute considerably to the Albanian economy.

The economic indicators for Greece, FYROM and Albania show the large gap in economic terms between those countries. Compared to the rest of the Balkan countries, Greece has a considerably better economic condition; compared with the EU members, Greece looks completely the opposite. (Table 1, page 43)
This duality in Greece’s economic environment causes its economic security dilemma. On one side, fulfilling the criteria for the membership in the EMU puts a heavy constraint on the Greek economy and requires a strong commitment from the government regarding monetary policy. On the other side, the economic burden that the refugees pose, mainly from Albania, and continuous instability in the region keeps Greece
somehow isolated from the rest of Europe. As an example, Greece’s trading routes to the north have been a war zone since the early 1990’s, resulting in high transportation expenditures. At the same time, Greece represents a credible partner for political and economic recovery in the Balkan countries.

As a result, Greece is a small country (compared to its EU partners) that struggles to fulfill the criteria to join the big club of the EU; and on the other hand, Greece is a wealthy country (compared to its Balkan neighbors) that wants and is expected to help reconstruct and integrate its neighbors into the European environment.

Along with that dilemma, Greece’s perceived threat Turkey - due to the unresolved issues in Aegean Sea and Cyprus - puts another burden on economic development through high defense expenditures. A White Paper from the Hellenic Ministry of National Defense stated:

> The necessity of ensuring a reliable and effective deterrent force against the increasing aggression and arms build-ups of Turkey resulted in to a growing strain on the National Budget and Public Deficit due to defence expenditures. This is demonstrated by the steadily growing trend in recent years of the budget of the Ministry of National Defence and the total defence expenditures in absolute figures.⁴⁹

2. **Immigration and Its Impact**

Immigration, legal or illegal, contributes considerably to the crisis in the Balkans. It is like a coin with two sides. One side is the implications to the host country of

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refugees coming from the neighboring countries due to the ongoing conflict in Former Yugoslavia; the second side is the implications to a wealthy neighbor country from the immigrants who are looking for a better future.

The first case clearly involves a political problem and directly affects the stability of the host country, especially in the case of FYROM and Albania. Refugees entering FYROM during the Kosovo war reached the 11% of the local population, and most important they were Albanians. Considering the fact that almost one third of the FYROM's population is ethnic Albanians, any protracted stay of the Kosovo refugees will affect the inter-ethnic relations within FYROM. Further considering the high birth rate of ethnic Albanians, there is a strong possibility that they will soon be the dominant ethnic group in the country. In addition to these political implications, FYROM has to confront the economic consequences of the high number of refugees that exceeds the country's economic capacity, albeit FYROM received significant foreign aid. Therefore, today's refugees and possibly tomorrow's immigrants represent a national security problem for FYROM that will affect the country's stability and potentially its sovereignty.

With Albania, the problem is more economic and social, since there is no ethnic difference. The heavy economic burden that the refugees place on the poor Albanian economy, accompanied with the increased rate of crime, is capable of destabilizing the country.

In contrast there is the relatively wealthy country (Greece) that receives a considerable amount of immigrants, some legal but more illegal, who affect the economic
and social life of the host country. There are some plausible questions here. Why do these immigrants choose a specific country? What is the real problem to the host country? How should the host country react to this problem? The questions are focused on illegal immigration.

There are two major reasons why immigrants go to a specific country, in Greece's case. First, the tough economic conditions in the ex-communist countries have encouraged people to look for a better standard of living in the EU Member-States. Second, this immigration reflects the host country's demand for that kind of labor (which of course is not expressed officially but through interested economic groups like farmers, etc.), and the host country's limited capability to control its borders. For Greece, illegal immigrants come from both the north and east borders. The largest ethnic group is Albanians. These immigrants are mostly illegal and it is hard to count them; there are no official records by definition.

There are two kinds of problems from illegal immigration: economic and political. From an economic point of view, there are winners and losers. Those who have invested capital in the immigration economy win, because labor becomes less scarce. The average wage rate will fall and capital rent will increase. The native labor force that is complementary to the immigrant labor force might achieve higher productivity and will be better off with than without migration. However, the native labor force that is a substitute to the immigrant labor force will become more abundant and their average wage level will fall. It is also likely that immigrants will push natives out of the labor market, thus increasing domestic unemployment. What is arguable here is whether this is
a zero sum game. There are arguments that the winners fully compensate for the losers and that the unemployed labor force hides behind the illegal workers to cover inefficiencies.

From the political standpoint, this is clearly not a zero sum game. Illegal immigrants push the legal system as long the state's laws and regulations do not confront them. They are also accused of everything socially wrong in the country, even if there is another more plausible explanation. Over the last ten years, Greeks have become very cautious about immigrants and often accuse them of increasing the crime rate and unemployment among unskilled labor. The following figure indicates Greek public opinion concerning the illegal immigrants. It reflects a survey conducted by European Union in spring 1997.

**Figure 1. Our country has reached its limits; if there were to be more people belonging to these minority groups we would have problems. (by country)**

Although illegal immigration has negative legal, economic and social aspects, it exists and has grown extremely fast over the last decade. The economic explanation for this contradiction is twofold:

- Illegal immigration is a response to inefficient market regulation. For some migrants and some employers it is economically beneficial to break laws and rules and to take the risks of being punished. That means from the microeconomic viewpoint there is a supply of illegal foreign workers but also a demand that accepts the associated risk because the net result is a gain (otherwise they would not be employed).

- The optimal degree of illegal immigration is greater than zero. Beyond a certain level, the costs to avoid additional illegal immigration become more expensive than the damage that is caused by additional illegal migration. Therefore, it is cheaper for a society to accept some illegal immigration in order to avoid the higher costs of complete border controls or the negative impacts of extremely severe enforcement of internal controls.

The fact that the economically optimal level of illegal immigration is greater than zero stresses the need for a specific policy on illegal immigrants. Some illegal immigration is beneficial, too much is not. Illegal migrants have qualifications that differ from legal immigrants, they fill job opportunities not taken by legal workers, and they work more cheaply. So - at least to a certain level of illegal immigrants - they increase the welfare of the receiving countries as a whole.

However, the benefits are not equally distributed in the society, so a bargaining procedure will decide how many illegals are accepted and how severe controls and
punishments should be. This leads to questions of control and punishment. Immigration legislation could take action either at the external border or within the country. In the first case, the legality of entrance is enforced. In the second case, the legality of residence or work is examined.

One way to detect illegal immigration is to enforce external border controls. Border enforcement does not only address illegal entrance of foreign people. Border controls address the fight against smuggling and organized crime. They send out signals that "borders are under control" and that not everybody or everything is allowed to enter. Border controls are not only effective by actually apprehending illegal immigrants, their signaling effect is much more important. They give a sense of security to the people residing within the country. At the same time, pictures of guards patrolling the border and catching people crossing a river in the middle of the night are more spectacular and draw attention to their work. This might deter further attempts.

Greece has an inherent problem with its borders. The land borders with Albania and FYROM are mountainous and very difficult to monitor. Additionally, until recently the armed forces monitored the borders, which caused pressure for the Ministry of Defense. The armed forces were already over engaged with their duties on the eastern front. In 1998, the Ministry of Public Order formed a new body responsible for monitoring the borders.⁵⁰

Internal enforcement aims to detect illegal residents and illegal foreign workers. The host country needs to have a system for controlling and legalizing immigrants and a

⁵⁰ Ministry of Public Order, Press release 24 February 1998 (Greek text)
system to discover and punish those employers who break the law. For Greece in particular, there is no specific legislation for immigration; for years Greece has been a typical emigration country.

To summarize, it seems that the immigration problem is palpable, either with improvements in border controls or with more strict controls within the country, Greece continues to accept many immigrants, especially from Albania. There are two possible explanations: one economic and one political. From the economic side, the cost of monitoring the borders might be higher than the cost that the illegal immigrants cause to the Greek economy. From the political standpoint, the Albanian immigrants can be used as an instrument of pressure on the Albanian government to loosen pressure over the Greek minority in Albania.
IV. THE ROLE OF EUROPEAN SECURITY INSTITUTIONS IN THE REGION

The collapse of the Soviet Union and the related consequences changed the European security regime. The new environment without the West-East confrontation calls for cooperation and integration of the former East block countries. The existing security institutions (EU, WEU, NATO, OSCE\textsuperscript{51}) in Europe faced the challenge of transformation and enlargement to the East.

The EU is challenged with two difficult tasks, deepening and widening the Union. These tasks are not necessarily mutually exclusive. Deepening is necessary but is not necessarily consistent with enlargement, while enlargement will definitely affect the structure of the EU. While the EU was preoccupied with evolution in the CEE countries, the disintegration of Yugoslavia and the consequent instability in the Balkans intensified the need for a broader view of Europe.

The WEU is the defense component of the EU, as stated in the Maastricht Treaty:

WEU will be developed as the defence component of the European Union and as the means to strengthen the European pillar of the Atlantic Alliance. To this end, it will formulate common European defence policy and carry forward its concrete implementation through the further development of its own operational role

States which are members of the European Union are invited to accede to WEU on conditions to be agreed in accordance with Article XI of the modified Brussels Treaty, or to become observers if they so wish. Simultaneously, other European Member States of NATO are invited to

\textsuperscript{51} Organization for Security and Cooperation in Europe
become associate members of WEU in a way which will give them the possibility to participate fully in the activities of WEU.\textsuperscript{52}

It also had to adapt itself to the new environment. Under the new situation, EU/WEU alone cannot bring peace and stability to the Balkans; cooperation among all security institutions is a necessity.

The transformation of the security environment in Europe had a profound impact on NATO. The revised role of the Alliance is focused on: "a broad approach to security based on dialogue, cooperation and the maintenance of a collective capability."\textsuperscript{53} Beyond the organizational changes and the reduction of military forces, NATO has to deal with the same dilemmas as the EU regarding deepening and expanding the Alliance. Cooperating with former adversaries was new for the Alliance, but the explosion in the Balkans was the instigation for implementing a new role, including peacemaking and peacekeeping missions. Integrating NATO with the other security institutions in the Balkans has played and will continue to play an important role in bringing peace and stability to the area.

The OSCE, which emerged from the Conference on Security and Cooperation in Europe (CSCE) following the 1994 Budapest Summit, is the only forum that brings together all the countries of wider Europe, Russia and the successor states of the Soviet Union included, as well as Canada and the United States. As such, it represents a key component in Europe's security architecture. Cooperation between EU/WEU, NATO and

\textsuperscript{52} WEU online, Development of WEU's role, [http://www.weu.int/eng/info/role.htm] 10 June 2000

\textsuperscript{53} NATO Handbook. 50\textsuperscript{th} Anniversary edition. 1998-1999
OSCE is very important in the case of the Balkans, especially in the recent Balkan reconstruction efforts.

The Kosovo crisis was a milestone for involving European security institutions in the Balkans. The economic and political costs of the military conflict showed the need for a comprehensive approach from the European security institutions to bring permanent peace to the Balkans.

There are several economic and security issues still to be resolved in the region. On the economic side, the macroeconomic and microeconomic characteristics of the region are problematic. Starting with macroeconomic characteristics, the transition countries in the Balkans run large trade and current account deficits, their unemployment rates are high, and most of them run significant fiscal deficits. (Table 2)

**Table 2 Basic Macroeconomic Indicators (1998)**

<table>
<thead>
<tr>
<th></th>
<th>GDP</th>
<th>Industrial Production</th>
<th>Consumer Price Index</th>
<th>Unemployment</th>
<th>Current Account</th>
</tr>
</thead>
<tbody>
<tr>
<td>Croatia</td>
<td>78</td>
<td>57</td>
<td>6</td>
<td>19</td>
<td>-7</td>
</tr>
<tr>
<td>Bosnia and Herzegovina</td>
<td>40</td>
<td>9</td>
<td>16</td>
<td>40</td>
<td>-50</td>
</tr>
<tr>
<td>FYROM</td>
<td>71</td>
<td>47</td>
<td>1</td>
<td>35</td>
<td>-8</td>
</tr>
<tr>
<td>FR Yugoslavia</td>
<td>52</td>
<td>46</td>
<td>30</td>
<td>27</td>
<td>-8</td>
</tr>
<tr>
<td>Albania</td>
<td>89</td>
<td>28</td>
<td>20</td>
<td>18</td>
<td>-12</td>
</tr>
</tbody>
</table>

Notes: GDP and industrial production are presented as indices where 1989=100. In some cases, retail prices are used instead of CPI.

Current account is presented as % of GDP.

On the microeconomic side, the major problems are focused on the de-industrialization of the region, bad financial sector conditions and inefficient privatization.

In addition to the preexisting economic situation, one must add the economic consequences of the conflict in Kosovo. These can be summarized as follows:

- Damage costs from the war. Expressed in physical terms, this includes the number of refugees, which affect all the neighboring countries, the people killed, and the infrastructure damaged in the Federal Republic of Yugoslavia.

- The economic costs that affect mostly Albania, FYROM, and Bosnia and Herzegovina, which can be measured by the decline of GDP in those countries in 1999.54

- The macroeconomic costs include budget implications and balance-of-payments support for the neighboring countries.

- Recovery costs include investment that could be supported through the Stability Pact for South-East Europe or other similar initiatives. (Details for the Stability Pact in page 57)

In addition, the political future of the area is still unclear. Some of the issues that need immediate resolution are:

- The future of Kosovo itself. UN Security Council resolution 1244, according to which KFOR (with substantial NATO participation) entered Kosovo, provides for "substantial self-government" of Kosovo and reaffirms the sovereignty and territorial

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integrity of the Federal Republic of Yugoslavia. Thus Kosovo's future status remains unresolved.55

- The future of the Milosevic regime in Serbia. The possibility of a civil war in Serbia, especially in the province of Vojvodina, or of new conflicts in neighboring countries cannot be ruled out as long as Milosevic defends his political position using the instrument of instability, as he has done previously.

- The situation in Montenegro. Montenegrin society is polarized between those who support democratic reform and those who remain loyal to the Milosevic regime.

- The fragility of FYROM. Both the swelling Albanian population from the huge influx of refugees and opposition to NATO bombing by the Slav population has been highly destabilizing. The tension has been eased as refugees return to Kosovo; nevertheless, the viability of the state remains in question.

- The absence of rule of law in Albania. Ever since the crisis of 1997, the Albanian state has been fragmented and unable to control disorder in Albanian society or the widespread presence of organized gangs, especially in the Northern stronghold of former President Berisha.

A. THE EUROPEAN UNION AND ITS ROLE IN THE BALKANS

1. Background

The roots of the EU go back to 1950, when France and Germany decided to bring their coal and steel industries under a single joint authority, the European Coal and Steel

Community (ECSC). In 1957, six European countries (Belgium, France, Italy, Luxembourg, The Netherlands, and West Germany) signed the Treaties of Rome, which eventually led to today’s European Union, the EU. The objectives of the EEC (European Economic Community) Treaty were to establish a common market, and increase stability and closer relations between member states. The initial focus on economic development and integration of its members overlooked the necessity of a strong political voice in other than economic matters. Defense matters have been basically left to NATO and secondarily to the WEU, as a separate and independent organization.

The Yugoslav crisis in the 1990s tested the EU’s capabilities in conflict prevention or resolution. Starting with Slovenia and Croatia, EU supported the unity of the Former Yugoslavia, a position also supported by Greece. EU economically helped the Former Yugoslavia overcome the crisis peacefully. The then President of the EU Commission, Jacques Delors, promised economic aid and Yugoslavia’s future associate membership in the EU.\(^\text{56}\) On 24 June 1991, one day before Slovenia and Croatia’s actual declaration of independence, the Union provided a credit of $850 million to Yugoslavia’s federal government.\(^\text{57}\) It was for the good of all the countries in the area, a solution without border changes. But the declaration of independence from Slovenia and Croatia was enough to change EU’s policy on the issue. The unsuccessful EU diplomatic activity keep Yugoslavia united led the Union to develop a set of conditions for recognizing the republics’ independence.

\(^\text{56}\) *Keesing’s*, June 1991, p.38274

\(^\text{57}\) “Yugoslavia is Such a Bother,” *The Economist*, 29 June 1991, pp.41-42.
The events in Bosnia justified the problems of the existing EU policy towards crises, like that of the Former Yugoslavia. The EU's role in the Yugoslav crisis has been influenced by three interconnected but distinct factors: the foreign policies of EU member states, the independent impact of EU institutional norms, and the evolving external relations with the United States and with the former Communist states. During the period between 1991 and 1995, EU followed different approaches, depending on the influence of either member states or an external partner such as the United States.

Greece, the only member state in the region, pursued a policy that often times was contradictory to other member states' policies. This reflected Greek relations in the Balkans, especially with Serbia, Greece's unique interest in containing the Turkish influence in the Balkans, and finally Greece's problematic relations with FYROM.

The need for further integrating and deepening the EU was reflected in the Maastricht Treaty, signed in 1992, which introduced the new name of EU (formerly the European Community since 1986 when the Single European Act was signed succeeding the EEC and boosting the European integration process).

The ongoing crisis in Former Yugoslavia also affected the outcome of the Treaty. The new European Union was based on three pillars: "a reformed and strengthened European Community, and two areas in which there was to be more formal intergovernmental cooperation: a Common Foreign and Security Policy (CFSP), and home affairs and justice."58 In 1997, a new treaty was signed in Amsterdam that focused on enlarging the Union and activating the CFSP and its cooperation with WEU. The need

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for a strong political European voice was apparent, the Amsterdam Treaty came into force on May 1999.

The EU has to cope simultaneously with two difficult tasks, enlarging and implementing a strong and credible common foreign policy. Both of these tasks have to be implemented through the consensus of the 15 members of the Union.

While EU was dealing with procedures for enlargement, the CFSP, and relations with WEU, the Kosovo crisis occurred. Formulating a response was very difficult for the Europeans, and the final result involving NATO intervention showed that CFSP has a long way to go. The EU seemed reluctant to take a leading role in the military solution for the Kosovo crisis, because it did not have either the willingness or the capability to fulfill such a mission. Nevertheless, it is the only institution in Europe that can help the Balkan states escape from their quagmire. Any solution for the Balkans requires a stable economic and political background.

2. The EU Involvement in the Balkans

a) The EU Assistance to the Balkans

The EU's principal objective in the Balkans is creating an area of political stability and economic prosperity. On the other hand the countries of the region (except Greece which is already a member of the EU) hope to join the EU for the perceived stability and economic development that it offers.

Until recently, the EU has addressed the Balkans through bilateral relations without a common regional approach. But in 1996, the crisis in Bosnia and the
Dayton Agreement was the spark for a new EU Regional Approach toward the countries of South East Europe (SE Europe). In 1993, the European Council established political and economic conditions to be fulfilled by these countries, as the basis for a coherent and transparent policy towards developing bilateral relations. Under those conditions and in accordance with the Dayton Agreement, the countries of the region benefited with economic and financial assistance and trade cooperation. The main EU financial instrument at that time was the PHARE program that was designed to:

- assist its partner countries in their transition from an economically and politically centralised system to a decentralised market economy and democratic society
- support the reintegration of their economies and societies with western Europe and the rest of the world.

Albania and FYROM were included in this program in 1991 and 1996, respectively. For Albania, the PHARE program concentrates on the following key areas: public administration and institutional reform, local community development, large-scale infrastructure development, and agriculture. For FYROM the focus areas are: creating an inter-bank clearing facility, improvements to commercial banking capabilities, public

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59 In EU the definition of SE Europe is greater than the definition used in this thesis for the Balkans. It consists of all the Balkan countries (i.e., Albania, Bulgaria, Greece, FYROM, Romania, Slovenia and Turkey) plus Hungary.

60 Details for the Regional Approach are available on the web site of the European Commission at http://europa.eu.int/comm/external_relations/see/councils/bxl_26-27_feb_96.htm

61 PHARE is the acronym of the Program’s original name: ‘Poland and Hungary: Action for the Restructuring of the Economy’

administration reform, a public investment program, cultural development, and the environment. The total EU assistance for the SE Europe is shown in Table 3.

Table 3 EU Assistance to South-Eastern Europe 1991-1999

<table>
<thead>
<tr>
<th>Beneficiary country</th>
<th>European Community</th>
<th>Member States [1]</th>
<th>EIB</th>
<th>EU TOTAL</th>
<th>EBRD</th>
</tr>
</thead>
<tbody>
<tr>
<td>ALBANIA</td>
<td>816,73</td>
<td>712,8</td>
<td>46</td>
<td>1.575,53</td>
<td>68</td>
</tr>
<tr>
<td>BOSNIA AND HERZEGOVINA</td>
<td>2.061,87</td>
<td>507,9</td>
<td>0</td>
<td>2.569,77</td>
<td>70</td>
</tr>
<tr>
<td>CROATIA</td>
<td>353,76</td>
<td>1.165,90</td>
<td>0</td>
<td>1.519,66</td>
<td>511</td>
</tr>
<tr>
<td>FEDERAL REPUBLIC OF YUGOSLAVIA</td>
<td>471,8</td>
<td>712,4</td>
<td>0</td>
<td>1.184,20</td>
<td>0</td>
</tr>
<tr>
<td>FYROM</td>
<td>403,89</td>
<td>178,2</td>
<td>60</td>
<td>642,09</td>
<td>143</td>
</tr>
<tr>
<td><strong>Regional cooperation</strong></td>
<td>462,15</td>
<td>0</td>
<td>0</td>
<td>462,15</td>
<td>0</td>
</tr>
<tr>
<td>ROMANIA</td>
<td>1.813,20</td>
<td>3.069,40</td>
<td>1.134,50</td>
<td>6.017,10</td>
<td>1.283,00</td>
</tr>
<tr>
<td>BULGARIA</td>
<td>1.480,50</td>
<td>754,8</td>
<td>751</td>
<td>2.986,30</td>
<td>296</td>
</tr>
<tr>
<td><strong>TOTAL B</strong></td>
<td>3.293,70</td>
<td>3.824,20</td>
<td>1.885,50</td>
<td>9.003,40</td>
<td>1.579,00</td>
</tr>
<tr>
<td><strong>TOTAL A + B</strong></td>
<td>7.863,91</td>
<td>7.101,40</td>
<td>1.991,50</td>
<td>16.956,81</td>
<td>2.371,00</td>
</tr>
</tbody>
</table>

Financial perspectives 2000-2006 (indicative allocations):
Albania, Bosnia and Herzegovina, Croatia, Federal Republic of Yugoslavia, FYROM: approx. 5 billion euros
Romania and Bulgaria: 6.2 billion euros
[1] Provisional figures; figures on '98-'99 are not included as only provided by LUX, I, SV, DK, UK, EL, SF.


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63 Ibid.
The next big step from the EU came after the Kosovo crisis when the EU established the Stability Pact for SE Europe. That Pact grew out of a number of previous regional initiatives, including the Royaumont Process, the South-East European Co-operation Initiative (SECI), and the Black Sea Economic Co-operation (BSEC). However, the impact of these initiatives has not been widespread. The basic premise was to secure stability in the region by promoting co-operation, either on economics, politics or security. The Stability Pact for SE Europe continues to promote peace, stability and economic development in the region, but now in a broader sense. All the transition countries in SE Europe are included (Yugoslavia was invited to join once it satisfies the appropriate conditions) plus the EU, the United States, Russia and a number of other countries and international organizations, including most importantly the OSCE. (See Section C)

Another important sign of the EU’s willingness to help integrate the Balkans was the Stabilization and Association Process for the countries of the Western Balkans. Under this process, the EU established new contractual relations embodied in the Stabilization and Association Agreements. According to the official report:

These SAAs will draw the region closer to the perspective of full integration into EU structures. They would be tailor-made, i.e. taking into account the individual situation of each country, while the timing for the

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65 As defined by the EU, the Western Balkans include Albania, Bosnia-Herzegovina, Croatia, FR Yugoslavia and FYROM.
start of negotiation for such agreements will be differentiated according to
the countries' compliance with the relevant conditions.\footnote{66}

The main purpose of all these programs and initiatives is to bring security
and the prosperity to the area, but they will not succeed if they continue to rely on
external economic and institutional aid. The countries of the area need reconstruction
with a long term view, otherwise the deep political problems will remain unresolved. The
term "reconstruction" tends to presuppose a decisive political settlement, as was the case
after World War II. In the Balkans, this has not yet happened. Borders and sovereignty
continue to be contested in several parts of the region. Reconstruction in the Balkans
needs to be perceived principally as a conflict prevention strategy, which should focus on
restoring the rule of law as well as strengthening democratization. The latter depends in
turn on security. For some time at least, security in the region will require active
involvement by the international community, including both internal and external
security tasks in Kosovo, Bosnia-Herzegovina, and elsewhere if and when the need
arises.

Reconstruction should also be intimately linked with progressively integrating the
countries in the region into the European system, leading to full membership in the EU.
This will inevitably be a lengthy process, during which the EU will require political will
and financial resources. The enlargement question leads to a complicated debate about
the criteria and the costs and benefits of such a movement, especially in a region like the
Balkans where the economic indicators are far lower than the EU average.

b) The Economic Perspective of EU Enlargement

The EU is already in the process of enlargement, but the focus is limited to a small number of countries. The criteria for accession are difficult to meet, even for the CEE countries. During that process, there have been many debates concerning the approach to enlargement.

The Western Balkans are not yet ready to participate fully in the EU, although some of them (Albania and FYROM) are one step ahead of the others after entering the Stabilization and Association Agreements. The Western Balkans need a transition period to reach the EU accession criteria. The EU Council has already identified as problems peace and stability at its doorstep with South-East Europe. The EU president expressed his willingness to help:

The EU must play its full part in this enterprise. We have to hold out to the Balkan countries the real prospect of a brighter future as part of the European family and to help and encourage them along the road to reform, the “road to Europe.” Only Europe can offer them a long-lasting political solution. We have a moral responsibility to do this, and we have a strategic and political responsibility as well. If we fail, we face continued instability and conflict - and fresh waves of refugees.\(^67\)

Thus, the EU has reaffirmed its willingness for shared security by proposing a widened European security space, from which no country would be permanently excluded and to which each would accede in accordance with predetermined criteria. However, the real chances for the Southeastern European countries to integrate into the rest of the continent do not seem encouraging, for the foreseeable future.

\(^{67}\) Romano Prodi, “EU Must Bring Peace to the Balkans,” *International Herald Tribune*, 21 March 2000
The EU is at a critical point in its development. There are major issues to be resolved, including: negotiations with the CEE countries for the EU's East Europe enlargement, the deepening procedures with the implementation of the EMU, and the prospect of an EU with an enhanced political role in Europe under the integrated CFSP. With the double challenge of internal and external transformation, the EU also faces the challenge of promoting peace in SE Europe and integrating those countries to its structure.

The Stability Pact for SE Europe was one step towards meeting that challenge, but its promises are far from what the countries of SE Europe expect. EU membership is beyond their capabilities, especially for the Western Balkans. EU officials highlight this difficulty:

The criteria are unchangeable and no discount, not even out of superior political consideration, should be given. In doing so, the EU would put herself in jeopardy. Therefore, we have to admit honestly that the process might take relatively long.⁶⁸

These words hide the fear of some Europeans regarding an uncontrolled enlargement. The EU started back in the 1950s with a core of six more or less homogeneous countries; after four enlargements, the EU now faces its most challenging enlargement, involving 15 completely heterogeneous countries with deep economic and institutional problems. There are two views inside the EU regarding enlargement. One advocates that the EU must follow its statutory criteria for any enlargement and focus on deepening its structure with the EMU; the other supports a wider Europe with the SE

European countries included. Nevertheless, integrating SE Europe cannot follow the path of the recent EU enlargement (with Sweden, Austria and Finland), or even that of Greece, Spain, or Portugal. The most commonly suggested solutions for SE Europe are: the wave approach, forming a separate organization closely linked to EU, and parallel enlargement (EU and NATO). Each one has its advantages and disadvantages, which are beyond the scope of this thesis.

In May 1999, the EU foreign ministers agreed on a common position regarding the future integration of SE Europe. They did not offer unconditional membership and they stressed that the SE European countries have to put the membership criteria into practice before they can join the EU. This position is summarized as follows:

The EU will draw the region closer to the perspective of full integration of these countries into its structures through a new kind of contractual relationship, taking into account the individual situation of each country, with a perspective of EU-membership on the basis of the Treaty of Amsterdam and once the Copenhagen Criteria have been met.\(^\text{69}\)

These official statements show the difficulty of integrating SE Europe into the EU structure, and the effort by EU officials to avoid creating false expectations among the SE European countries.

c) The Defense Perspective of EU Enlargement

Enlargement is not only an economic issue, but also a security issue. The EU embodies the new CFSP, which raises the question of co-operation with NATO and WEU, and incompatibilities between a non-NATO EU member and vice versa.

The recent crisis in Kosovo and the resulting EU declarations for an enhanced CFSP showed that the EU, although one of the biggest economic powers in the world, is not capable of exercising its political will because it lacks military power. Although the CFSP was introduced early on with the Maastricht Treaty, it remained inactive because the EU defensive role was assigned to WEU, and indirectly to NATO. The WEU ties its defense capabilities to NATO assets.

Although the WEU has 28 members (full members, associate members, observers, and associate partners) it was always a low profile organization. WEU acquired some significance in 1987-88 when it deployed a comprehensive mine countermeasure force in the Persian Gulf following the Iran-Iraq war. A second operational involvement occurred in the 1990-91 Gulf War when it conducted naval operations to enforce the embargo against Iraq, in accordance with the UN Security Council decision. Finally, since 1992, WEU has helped enforce the UN embargo on former Yugoslavia, first in the Adriatic Sea, which later became the WEU-NATO joint operation “Sharp Guard,” then along the river Danube, assisting Bulgaria, Hungary and Romania in cooperation with the OSCE.

Though WEU became active in the last 10 years, it has never been given any military forces under its direct command. It depends on NATO for surveillance,
intelligence gathering and long-range transport. In relation to the EU, the Maastricht Treaty referred to the WEU as its prospective defense pillar. The problem with WEU was and still is the diversity of its membership and difficulties associated with co-operation between NATO, EU and CFSP. Although they seem to support the same task, they cannot work together.

To illustrate the problematic European defense policy, consider the Albanian crisis of 1997. The United States had remained disengaged and left the Europeans to deal with the problem. However, the WEU did not have the command structure to co-ordinate a multi-national military effort in Albania and the EU failed to reach unanimous agreement on an intervention in Albania under the existing CFSP provisions. Finally, an ad hoc “coalition of the willing” - Austria, Denmark, France, Greece, Italy, Romania, Spain and Turkey - set up Operation ALBA, with a UN/OSCE humanitarian mandate and Italy as the “lead nation.”

However, the continued crisis in Yugoslavia fostered a new development for European Defense: the St-Malo declaration. It stated that the EU:

... must have the capacity for autonomous action, backed by credible military forces, the means to decide to use them, and a readiness to do so, in order to respond to international crises. ...The [European] Union must be given appropriate structures and a capacity for analysis of situations, sources of intelligence, and a capability for relevant strategic planning, without unnecessary duplication, taking account of the existing assets of the WEU and the evolution of its relations with the EU. In this regard, the European Union will also need to have recourse to suitable military means (European capabilities pre-designated within NATO’s European pillar or

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national or multinational European means outside the NATO framework).\textsuperscript{71}

A year latter, the EU Council in Cologne declared the goal of “strengthening the common European policy on security and defense.”\textsuperscript{72} Finally, at the Helsinki EU summit, the EU declared its willingness to implement an independent European defense policy and to create an independent rapid reaction force for crisis management.\textsuperscript{73}

The EU’s defense function is still evolving and it faces co-operation or confrontation with NATO. From the defense perspective, any integration of the Balkans seems impossible, at least in the near future. The EU’s intention regarding the Balkans is to guarantee what has been achieved as of today, through its newly developed crisis management capability.

3. **The Greek Perspective**

The recent developments in the Balkans present another chance for Greece to play a significant role in the area. Successfully integrating the Balkan area into the European structures is strategically important to Greece. Such a development will provide Greece an opportunity to participate in the same geopolitical area as all its northern neighbors for


the first time since the interwar period. Furthermore, the economic integration of the Balkan countries will greatly contribute to well-being and prosperity of this area and of Europe as a whole.

Greece engaged very actively in all the initiatives concerning the Balkans and promoted co-operation between the countries of the region. An example of this attitude is Greece’s active participation in the Royaumont Process, the SECI, and in the Stability Pact through its EU membership. After 1995 Greece, also spectacularly enhanced its economic ties and influence with Albania and FYROM, improving the economic status of these countries. After the Kosovo crisis, Greece also prepared a plan for reconstructing the Balkans. This Plan, for the period 2000-2004, anticipates allocating GRD 100 thousand million ($ 284 million), an amount equal to 0.0043 per cent of the country’s GNP for that period. This amount, paid in part by the private sector, is within Greece’s capabilities and shows the country’s specific interest for growth in the region.74

Greece also launched a 1997 initiative in Crete for co-operating with the SE Europe countries, including Albania, Bulgaria, FYROM, Romania, Turkey, and Yugoslavia and a representative from Bosnia. A second meeting was held in Antalya, Turkey in 1998. In February 2000, the third meeting took place in Bucharest, where a “Charter of Good-Neighbor Relations, Stability, Security and Cooperation” was signed. The main issues of the last meeting involved the future of Kosovo within the borders of Yugoslavia, promoting relations between the Balkan states and the EU, and implementing the Stability Pact. The only Balkan country not represented at the summit

74 TO VIMA (Athens), 5 December 1999 (Greek text)
was Yugoslavia. Yugoslavia’s leader, S. Milosevic, continues policies which are inconsistent with inter-Balkan cooperation, and efforts to join the European Union and Euro-Atlantic structures. However, the Greeks stressed the implications of isolating Yugoslavia and that any plan for reconstructing the Balkans must include Yugoslavia under a new democratic regime.\textsuperscript{75}

Greece’s expectation for the region is to create a regional Balkan market in which it will have a central and influential role. Greece’s role in that development focuses on enhancing the co-operation between countries in the region and the EU, and future integration into the EU structures. It will be the first time after the post-war period that the Balkan countries interact and cooperate without systematic or military block barriers. This would leave the level and type of their relations to be an affair of markets, preferences and geography.

\textbf{B. NATO AND ITS ROLE IN THE BALKANS}

\textbf{1. Background}

In the post-cold war era, NATO has confronted the challenge of remaining an institution relevant to the new European security environment. The Balkan crisis became the major test of NATO’s new strategy, as it was described in the new Strategic Concept published in November 1991. According to the new Concept, NATO is retaining its fundamental commitment of collective defense, while recognizing security risks derived from the proliferation of weapons of mass destruction, terrorism, and regional crises. It is

\textsuperscript{75} \textit{TO VIMA} (Athens) 13 February 2000 (Greek text)
also restructuring and reducing its military capabilities to enable the Alliance to perform crisis management and peacekeeping roles.\textsuperscript{76}

In 1992, under pressure from the ongoing crisis in the Former Yugoslavia, NATO announced its support, on a case-by-case basis, to peacekeeping activities under the authority of the UN Security Council.\textsuperscript{77} During the period 1992-95, the Alliance took part in many operations, either in conjunction with the WEU or under the mandates of the UN Security Council. In 1995, a NATO-led multinational Implementation Force (IFOR) was created to enforce the military aspects of the Bosnia Peace Agreement. Although NATO was eventually engaged in the Balkan crisis, it is worth mentioning that it took almost one year for the Alliance to agree to its engagement. There was no existing plan for such missions and the United States was reluctant to intervene in a matter that seemed to be a European concern.

The NATO involvement in Bosnia was not without internal problems for the Alliance, although the mission was finally a success according to NATO officials. There were times when the United States had difficulty cooperating with their European partners. The culmination of the internal crisis was well described by U.S. Secretary of State Warren Christopher:

The crisis in Bosnia is about Bosnia and the former Yugoslavia. It is not about NATO and its future.\textsuperscript{78}

\textsuperscript{76} NATO Handbook. 50\textsuperscript{th} Anniversary edition. 1998-1999

\textsuperscript{77} Ibid.

\textsuperscript{78} Washington Post, 30 November 1994
The NATO engagement in the Balkans became more intense with the Kosovo war, when the Alliance decided to intervene without any UN Security Council mandate. The question of authority or the legal basis on which NATO can use military force in other than collective defense actions divided not only the academic circles but most importantly the allies. Although they finally reached a consensus on that question, it took time and the question was never really answered.

It is too early to derive conclusions from the NATO intervention, but one thing is clear: once NATO decided to play a role in the Balkans, it committed to stay until peace is established.

2. NATO Enlargement and the Balkans

Beyond its military engagement in the Balkans, NATO has another important role to play in the area. The security vacuum that was created with the collapse of the Warsaw Pact and the security dilemmas that arose from Yugoslavia’s disintegration opened the question of NATO expansion in the area.

Even if the countries of the region wanted the security that NATO membership offered, it is difficult for the Alliance to expand in the Balkans for three main reasons. First, expansion requires consensus for the existing members. Second the candidate countries have to adapt to western political and economic standards. Lastly, Russia expressed concern over NATO’s eastward expansion.

The expansion debate was already very hot with the question of membership for the CEE countries. The allies had to agree on expansion and unanimously approve the
candidates, considering the political and economic cost of their decision. While the allies agreed upon the first three candidates (Czech Republic, Hungary and Poland) they left open the debate for succeeding rounds; it seems that the next round will be more difficult than the first. An indication is France and Italy’s unsuccessful effort to include two Balkan countries in the first expansion round, Slovenia and Romania.

Regarding the political and economic standards of the candidates, NATO previously emphasized the strategic importance of the country under consideration to be a member. The most profound examples were Portugal in the initial formation of the Alliance and Greece and Turkey in 1952 expansion. That logic seems to be valid today, especially looking at the vague criteria for NATO membership. There is no roadmap or specific timeline for a candidate country, unlike the EU where the criteria are very strict and clearly defined.

Finally, Russia’s reaction to NATO’s eastward expansion has worried NATO officials for the first time during the enlargement discussion. There are two points of view inside the Alliance. One maintains that Russia is still a threat to Europe and it must be treated like one. Therefore, any expansion towards Russia must be cautious.\(^79\) The other view promotes that Russia is not the same threat as in the past, and must be part of NATO’s expansion policy. The last dilemma is also crucial for the NATO’s future role. An appropriate NATO strategy must depend on the interpretation of Russia’s international standing.

In this new environment, NATO set up the North Atlantic Cooperation Council (NACC), in which all non-Alliance states had equal standing. The NACC was formed in December 1991 to promote dialogue, cooperation and partnership between former adversaries. However enormous the NACC acceptance rate from the former communist states, the CEE states’ need for further discussion on NATO enlargement revealed NACC’s limitations.

In 1994, the PfP was launched to communicate NATO’s long-term commitment to expansion while leaving vague both the criteria and the timelines for accession. The PfP was viewed as a means of indefinitely putting off formal questions of enlargement. However, its purpose changed during its formulation and it finally became the chamber for future NATO membership, though not necessarily all PfP partner nations are intended to join the Alliance. In 1995, NATO prepared a study where it tried to clarify the goals of enlargement and the PfP program:

Enlargement of the Alliance is aimed at extending stability in the Euro-Atlantic area and enhancing long-term security for all NATO countries and others as well.

PfP will play an important role both to help prepare possible new members, through their participation in PfP activities, for the benefits and responsibilities of eventual membership and as a means to strengthen relations with partner countries which may be unlikely to join the Alliance early or at all. ⑧0

The PfP program made a step beyond the NACC. The idea of bilateral relations between the member and the Alliance, and the concept of the Individual Partnership Programs (IPP), helped the members follow their own path to integration and adaptation

to NATO standards. Another step forward involved the operational aspect of PfP. The IFOR was the best example of the cooperation between the PfP and NATO members.

PfP and NACC were improved in 1997. NACC was replaced by the Euro-Atlantic Partnership Council (EAPC). It was created to "be a new cooperative mechanism, which will form a framework for enhanced efforts in both an expanded political dimension of partnership and practical cooperation under PfP."\(^8^1\) PfP was enhanced with new initiatives:

- strengthening the political consultation element in PfP, taking into account EAPC and related outreach activities
- developing a more operational role for PfP
- providing for greater involvement of Partners in PfP decision-making and planning.\(^8^2\)

Albania, Bulgaria, FYROM, Slovenia, and Romania are members of both EAPC and PfP and they have expressed their willingness to join the Alliance. The first round of enlargement has been both a source of hope and disappointment for the aspirant partners. In 1997 at the Madrid Summit,\(^8^3\) NATO decided to offer membership (that eventually became active on 12 March 1999) to the Czech Republic, Hungary and Poland; that demonstrated that membership was an achievable objective. However, including only three CEE countries was bitterly disappointing to the rest of the aspirant members, especially those in the Balkans considering the ongoing crisis in the Former Yugoslavia.

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\(^{8^3}\) NATO Summit Madrid [http://www.nato.int/docu/comm/m970708/home.htm] 19 May 2000
The Kosovo crisis amplified the need for security, especially for Albania and FYROM (two of the most affected countries in the Kosovo crisis). Their governments responded positively to NATO’s call for cooperation during the conflict - in most cases against their own public opinion - and incurred substantial economic losses as a result; they now have high expectations. They eagerly seek to join NATO and the European Union. For them, it is payback time.

FYROM is in the most difficult position among the SE Europe countries. The NATO engagement in Kosovo has been a matter of dispute among the country’s citizens. The Albanians of FYROM fully supported NATO and the air strikes. They gave guarded support to the Kosovo Liberation Army (KLA) and for independence for Kosovo. However, they also took care to restrict KLA recruitment and activities in FYROM itself, so as not to destabilize the country.

The Slavic Macedonians, on the other hand, were much less supportive of NATO and were generally opposed to the air strikes. Some 50,000 Macedonians live in Serbia, and even more have relatives there. Their business partners and trade routes have traditionally been in and through Serbia. They could not forget that FYROM will need to live with Serbia in the future. During the conflict, NATO had almost 15,000 troops in FYROM and it is very possible the country will remain a valuable logistics support area, providing lines of supplies and communications for KFOR and other NATO forces in the Balkans for many years to come.

Based on the way that FYROM helped NATO during the conflict, it expects support from NATO towards possible Alliance membership and future assistance.
Foreign Minister Aleksandr Dimitrov has argued that only membership in NATO will provide the security guarantees that are needed to bolster democracy.\textsuperscript{84} Although its army is small and under equipped, FYROM has done its best for several years to seriously participate in the Partnership for Peace; it is now preparing its Membership Action Plan (MAP).

Albania, on the other hand, has been in a very bad economic and political situation since 1997, and was hit even harder by the Kosovo crisis and the large influx of refugees. The Albanian government put the country at the disposal of NATO, which established a planning cell in Albania and was prepared to use the country as its prime basing area in the Balkans should it become necessary to deploy ground forces in Kosovo. NATO forces in Albania included approximately 18,000 soldiers and, more importantly, the Alliance used the airstrip in Tirana for Apache helicopters during the war.

Albania applied for NATO membership in the mid-1990s, but there was no reason for NATO to consider that application important at the time. Now, with the new international attention afforded to Albania as well as its participation in the MAP, Albania perceives itself as an important player for the stability in the region. Its officials expect a closer relationship with NATO.

There are two important elements that make the SE Europe countries anticipate more from NATO and the other security institutions. First, as long as the crisis in the Former Yugoslavia continues, the Balkans will be at the center of interest for security

\textsuperscript{84} Macedonian Press Agency. (Thessalonica) 20 December 1999 (Greek text)
institutions. For Albania and FYROM, in particular, their security and stability is linked with NATO, EU and the bilateral relations with their neighbors. Second, NATO is keeping its door open and giving the countries of the region strong reasons to believe in a future membership.\textsuperscript{85}

However, NATO’s Summit in Washington (April 1999) left a contradictory image concerning the Alliance’s intentions. The announcement of the MAP explicitly states that:

The Membership Action Plan (MAP), building on the Intensified, Individual Dialogue on membership questions, is designed to reinforce that firm commitment to further enlargement by putting into place a programme of activities to assist aspiring countries in their preparations for possible future membership.\textsuperscript{86}

On the other hand it does not identify the specific criteria ("The list of issues identified for discussion does not constitute criteria for membership,"\textsuperscript{87}) or the timeline for the next enlargement. The consequences of the last enlargement have not yet been studied and the cost of expansion remains a controversial topic among the Alliance members. In addition, SE Europe is not the only area of interest for NATO expansion. The Baltic countries are also interested in joining the Alliance, which means that NATO also has to consider the problems of a possible enlargement towards the Baltic countries.


\textsuperscript{86} NATO Press Release, Membership Action Plan (MAP) [http://www.nato.int/docu/pr/1999/p99-066e.htm] 12 June 2000

\textsuperscript{87} Ibid.
Another point amplified during the Kosovo crisis was the decision making process within the Alliance. NATO is a 19-member organization that requires unanimity; it needs the consensus of all members to undertake any action. During the Kosovo crisis, there have been times where consensus was very difficult to achieve.\(^8\) The dilemma for NATO is to consider what will happen if the 19 members become 25. How would the expanded Alliance work under the existing decision making system? These questions among the others make the decision for a future expansion even more difficult.

On the other hand the aspirant countries face two problems. The first concerns their stability and the second is their expectations from NATO. If they fail to receive a membership invitation, nobody knows how they will react. Right now these countries count on NATO for their security. They support their expectations on the facts as they perceive them, but they forget the basic rule of the Alliance: NATO entry is above all a political decision made by the members of the NATO club.

To conclude, the SE Europe countries have high expectations from NATO, but the Alliance needs to define the NATO of twenty first century. If the Alliance decides to proceed with the enlargement it needs a transformation that may be more intense than the transformation after 1991. It may become a looser organization, relying on the Europeans to deploy their defense strategy. If NATO decides to maintain its current strategy, it must make its intentions clear to the aspirant countries of SE Europe and ensure their security and transition to the western system within a different framework.

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\(^{8}\) "In the period leading up to the initiation of the air operation, there was not a consensus in the United States or the alliance to aggressively pursue planning for a ground force option in other than a permissive environment." Report to Congress, Kosovo/Operation Allied Force After-Action Report, 31 January 2000
3. The Greek Perspective

As a Balkan country, Greece faces the regional problems with a different perspective, the perspective of the country that must live with the solution that NATO or any other security institution promotes for the Balkans.

During the Bosnian conflict, Greece advocated a diplomatic solution rather than military operations. The Greek position has always emphasized not involving the country’s armed forces in any Balkan conflict and attempting to maintain the existing borders among the Balkan countries.

The Kosovo crisis was a real challenge for Greece as a member of NATO. Facing an overwhelming majority of the Greek people that opposed the bombing, the government found itself in a very difficult position when it signed the resolution for the air campaign against Serbia. Greece had to simultaneously maintain NATO solidarity and its domestic cohesion. Although Greece supported the NATO decision, it never stopped looking for a diplomatic solution, and its relations with Yugoslavia were often used to reach such a solution.

On the expansion issue, Greece supported Bulgaria and Romania in their request for NATO membership, and in general favors NATO enlargement in the Balkans. However, it has some concerns. One concern involves the criteria for admission. These criteria include stable democracy, a market economy, full respect of human rights at home, and rejection of force as an instrument of “dispute settlement” with neighboring states. The issue again is possible NATO expansion based only on political criteria. Another concern, shared by most of the NATO members, involves the financial cost of
NATO expansion, particularly infrastructure and logistics. A related question involves apportioning burden sharing among the 19 current member states. As a NATO member and a Balkan country, Greece has to keep tight balances to support regional stability and maintain Alliance cohesion.

4. EU and NATO Enlargement

With various proposals offered for widening the European political and security sphere, there is a question about whether creating multiple, interdependent security frameworks is interlocking or interblocking. This relates to issues of boundaries and to cooperation among the security institutions.

EU enlargement has many sides and the outcome depends on the viewpoint. The member states focus mainly on economic development and integration and for defense issues rely on the cooperation within NATO; the candidate countries have a two-way interpretation. They look for economic prosperity and economic security through the EU and hope for defense security from NATO. However, economic and defense security must go together. For that, it is important to link the two procedures for enlarging NATO and EU. At the moment there is no obligation either from EU or NATO that all EU members must belong to NATO or vice versa. NATO membership criteria are mainly political and strategic while EU membership criteria involve the candidate country’s ability to fulfill the Maastricht economic criteria and the requirements inside the “acquis communautaire.”
There are problems surrounding every aspect of the enlargement, particularly those involving security issues. Economic issues must meet strict criteria and cannot be resolved easily with political decisions. The EU is trying to establish a leading role in the global economic environment and the a-priori acceptance of new members might harm this objective. On the other hand, the recent events in Balkans showed that the EU is unwilling or unprepared to cope with such defense issues; it relies on NATO. The Russia factor seems to be an issue, although not major one at the moment. Every common European Defense Policy has to consider Russia.

There are two viable options for EU and NATO enlargement. The first is continuing the status quo, including NACC and PfP programs. This doesn’t preclude EU and NATO membership and at the same time doesn’t infringe on Russian security interests. The second is to lower the barrier to EU entry, which would pave the way for NATO membership. This has a number of advantages: it would recognize the difficulty of full EU membership for the aspirant countries, it would remove impediments to the parallel expansion of the EU and NATO, and it would lessen Russian security concerns surrounding NATO expansion.

C. THE OSCE AND ITS ROLE IN THE BALKANS

Since 1975, when the Helsinki Final Act was approved, what was then called the “Conference on Security and Co-operation in Europe” (CSCE) has provided a highly significant political forum. It has been a meeting point between two different worlds (as the eastern and western blocks then were), to establish the essential principles for
developing co-operation in Europe. In 1990, with the Charter of Paris, the CSCE transformed into a regional security organization to adapt its role to the major changes occurring in Europe with the collapse of the communist system. In 1994, it changed its name from CSCE to the Organization for Security and Cooperation in Europe (OSCE). The change reflected the determination of the participating states to give the body a new political impetus.

The OSCE has unique attributes that make it the forum of choice in many situations. First and most important is the OSCE’s wide membership; its geographical diversity stretches from Vancouver to Vladivostok, and it includes all of the Central Asian republics that were once part of the Soviet Union (a total of 54 states). Second, all OSCE states have equal participatory rights. Every decision needs consensus.\(^9\) Third, the absence of a rigid legal structure allows the OSCE to respond quickly and flexibly to breaking political events.

In the case of Balkans, the OSCE role has not been emphasized as much as the EU and NATO role, but its presence is significant and valuable. The OSCE has missions in Bosnia and Herzegovina, Croatia, Albania and FYROM. The latest involvement is the mission in Kosovo alongside the UN and EU.

From its inception, OSCE had the primary task to resolve humanitarian problems. Although it lacked the EU and NATO’s resources, it worked with these alliances to

\(^9\) "In very specific instances decisions can be made without consensus. The Prague Ministerial Council in January 1992 decided that appropriate action could be taken without the consent of the State concerned in ‘cases of clear, gross and uncorrected violation’ of OSCE commitments. This is the so-called ‘consensus-minus-one’ principle. This option was first used in 1992, in regard to the conflict in the former Yugoslavia, resulting in the suspension of Yugoslavia (Serbia and Montenegro)." OSCE Handbook Online, OSCE Structures and Institutions, [http://www.osce.org/publications/handbook/3.htm] 12 June 2000
promote stability. The Stability Pact for SE Europe is the latest joint effort between the OSCE and EU to stabilize the region. Through the Pact, OSCE and EU have established a forum where the participants can discuss measures to strengthen democracy, respect for human rights, economic growth, confidence building and arms control. This will help ensure greater security and stability in the region. Although the EU has the leading role in implementing the Pact, the whole effort is directed by the OSCE, illustrating the Organization’s importance.

The OSCE is more focused on the human dimension of the Balkan situation. According to the definition provided in the OSCE handbook, that dimension includes:

the commitments made by OSCE participating States to ensure full respect for human rights and fundamental freedoms, to abide by the rule of law, to promote the principles of democracy and, in this regard, to build, strengthen and protect democratic institutions, as well as to promote tolerance throughout the OSCE area.90

Based on that definition, the human dimension of international security is the most important contribution the OSCE can make towards long-term stability and security in SE Europe. However, ethnic conflict is even more complicated in that region. It is not only a problem of conflicting ethnic groups but also a problem of a depressed economy and lack of infrastructure. Therefore peace and stability cannot be imposed from outside. What is needed is an international call to the people of the region to work together to solve common problems. Another important element is including Yugoslavia in the stabilization process. This is the most difficult part of the OSCE’s contribution, especially with the Milosevic government in Yugoslavia and the isolation that the recent Kosovo


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war created. While this task is challenging for OSCE, it also reveals the importance of the Organization. OSCE members like Russia and Greece (countries that traditionally have good relations with Yugoslavia) have the capability to play the mediator role to solve the problem.
V. CONCLUSIONS

The end of Cold War and the chain reactions from that event significantly changed the security environment in Europe. The collapse of the central economy and the communist regimes created a new security environment to which both the West Europeans and their former eastern adversaries had to adapt. The transition of the CEE countries was more or less controlled. However, transition in the former Yugoslavia caused major problems, not only to the countries involved but also to the European security institutions.

The crisis that followed after former Yugoslavia disintegrated surfaced old but well hidden hates, and regional instability during the 1990s made the EU and NATO reconsider their policies towards the Balkans. Being a Balkan country, Greece had to deal with the region’s evolution and to reconsider its security concerns based on the environment shaped after Yugoslavia disintegrated.

Greece has a unique position in the area. It is the only country that is a member of NATO and EU/WEU, institutions that played and will continue to play a major role for Balkan security. Greece’s initial reaction to the crisis however, was not what somebody would expect from a country with Greece’s advantages with respect to the rest of the Balkan states.

In the early 1990s, after the former Yugoslav Republics began to be recognized, Greece was preoccupied with issues concerning the recognition of FYROM. At the same time, it had to deal with Albania, including issues involving the Greek minority in Albania as well as the wave of Albanian immigrants that came to Greece. During the
period 1990-1995, while the situation in the Former Yugoslavia deteriorated, Greece did not use its capabilities to play a major role in stabilizing the Balkans, it was consumed with confronting the perceived threat from FYROM, which finally proved more minor than initially perceived. After 1996, Greece recognized that the major threat from the ongoing Yugoslav crisis was not the expansionist ideas of some politicians in FYROM but sustained instability in the region. This created a new dimension of security issues: economic security. The uncontrollable waves of immigrants and refugees, poor economic conditions in the region’s countries, and the lack of foreign investment in the area due to the ongoing crisis became major concerns for the newly established states and for Greece. Greece saw the regional instability as directly threatening its goal for economic integration into Europe.

Greece has the potential to play a significant role in the Balkans, although it lost its initial chance when the crisis first started. Now that both NATO and the EU are deeply involved in the Balkans, it still has the opportunity to play a major role in establishing peace and reconstructing the Balkans. The renewed Greek foreign policy is constructive in two senses. First, it no longer sees any neighbor to the north as a direct threat to its territorial integrity and national security. Second, it understands that it is necessary to help secure and stabilize the region economically through investment and reconstruction. Greece is well positioned to play a leading role in this process.

Regarding Albania and FYROM, Greece has significantly changed its attitude. Recognizing that the integrity of FYROM is a factor of Balkan stability, Greece became one of the strongest supporters of that state and its territorial unity, regardless of the name
dispute. Second, Greece remains concerned about political and economic conditions in Albania that could precipitate a larger outflow of refugees to Greece. It is in Greece's direct interest to reconstruct the Albanian state and economy on more durable foundations.

However Balkan stability is not a bilateral relations issue with Greece; it is a broader and long-term strategy involving institutions like EU and NATO. The EU involvement in the Balkans followed three stages. Initially, the EU facilitated the disintegration of the former Yugoslavia, when at a very early stage it recognized Croatia and Slovenia’s independence. Later, it hesitated to become actively engaged in the Bosnian crisis opening the door to NATO. Finally it realized that instability in the Balkans would be a major threat to the stability of Europe, so it engaged very actively in reconstructing the Balkans after NATO’s Kosovo mission Allied Force by introducing the South-East Europe Stability Pact in partnership with the OSCE. The Stability Pact is one major step, but the Balkans need a long-term strategy based on solving their political and ethnic issues and constructing healthy institutions capable of moving the region towards European integration. For Albania and FYROM, the economic effects of the Kosovo crisis have interrupted serious progress on recovery and reform and again threaten their growth rate and political stability.

The Balkan countries welcomed economic support from the EU but they expect more in terms of Union membership. The membership issue is not simple. It is a contradictory issue. On one hand, the EU requires a certain economic and political level
to discuss the accession of the applicant country; on the other hand, the SE Europe countries need EU membership to help them reach that level.

NATO engaged in the Balkans by implementing its new strategic concept for the first time and raised membership hopes for the Balkan countries. However, NATO lacks a clear strategy for security in the region. The PfP programs and the MAP are the main NATO instruments for the region, but are far from actual NATO membership. Countries like Albania and FYROM that supported NATO’s Kosovo campaign now expect NATO membership and not a substitute alliance like the PfP.

The situation in the Balkans isblur and measures with a short-term horizon cannot guarantee a viable solution for the region. Right now, both the EU and NATO are engaged in the Balkans but they work in different ways. Many scholars support that NATO expansion in the region must be matched by expansion in the EU. However, the enlargement issue for either institution is not simply accepting a new member. Both EU and NATO were built with a specific limited number of members and their organization was based on that premise. The enlargement process that is under consideration involves a total of 12 new members. That requires reconstructing the institutions themselves, which is a very difficult concept.

Bringing peace in the Balkans is a necessity, not only for the countries of the region but also for Europe. It requires a combined effort from many countries and organizations. Any solution for the Balkans must include a democratic Yugoslavia.

Finally, the Greek national interests are firmly linked with overall stability, security, and development of SE Europe. As the only full member of the EU and NATO
in the region, Greece is trying to help its neighbors integrate into the European framework, based on the principles of respect for sovereignty and territorial integrity, recognition of existing borders, and the discouragement of separatist tendencies and divisive ideologies. The Greek goal is to convince its European partners that any solution in the Balkans must start by solving regional political problems and understanding the Balkans’ particularities. A solution imposed from outside, that does not consider these particularities, cannot be viable.
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