

tions. The states retain their full rights, in accordance with the domestic legislation, to supervise and control the transfrontier cooperation of their territorial communities and their authorities. Any provisions in such agreements that violate the domestic legislation are null and void, which again confirms the supremacy of the sovereign state in determining the type, mode and scope of transfrontier cooperation. In order for transfrontier cooperation to proceed in ways that are as similar as possible to interregional cooperation within the country's borders, it is important that both sides to an agreement should have information about the bodies that supervise the work of the territorial communities and their authorities. For this reason, each country should make this information available to the Secretary General of the Council of Europe. The states undertake to promote and facilitate transfrontier cooperation, seeking to resolve problems and remove obstacles that may impede it and to bring such cooperation as far as possible in line with interregional cooperation inside the state borders. Therefore, the states agree to supply all the relevant information to their own local and regional authorities and to the foreign countries with which

they conclude agreements on transfrontier cooperation.

The provisions for the coming into force of the Outline Convention are standard provisions like those for all the other conventions of the Council of Europe.

Given the wide range of freedom that the Outline Convention on Transfrontier Cooperation leaves to the contracting parties on the local level, without at all affecting the state sovereignty and fully preserving the right of the state to supervise and control the implementation of agreements and arrangements between neighbouring regions in different countries, it seems reasonable to conclude that such cooperation can only be beneficial to the countries involved, since the development of each country, in the nature of things, is dependent on the development of its smaller parts or regions. Therefore, rather than viewing transfrontier cooperation as an attempt to destroy the central authority and deprive the state of part of its sovereignty, I believe that it is a step forward towards progress and democracy and a sure way for any country to integrate itself into a wider European community. ■

Squaring the Balkan Circle

Dražen Vukov Colić

The Masses in the Streets of Serbia, Bulgaria, Albania and Romania Reveal Once Again the Balkans as a Hotbed of Danger to Europe's Security

In four countries of Southeast Europe (Serbia, Bulgaria, Albania, Romania), thousands of angry people flooded the streets of Belgrade, Sofia, Tirana and Bucharest last autumn, turning the Balkans yet again into a new European neutral spot, in which old historical and political prejudices are permanently at loggerheads with new economic and democratic challenges. Once the Balkans always the Balkans, concluded many uninformed sceptics, although many of the major

differences that marked these tumultuous events may be as important as were their numerous similarities. At the same time, their main characteristics - social and political crisis, the defeat of the new elites and the general impotence of the West - have made manifest that this is a specific regional transition crisis, and is - as opposed to the inevitable collapse of Yugoslavia - only parenthetically marked by heated national, state or boundary issues, such as used to be considered crucial in the past in the theoretical assessments of similar violent syndromes in the Balkans.

After the collapse of communism, all of these countries found themselves in unknown territory (Europe) and a hostile environment (challenges of transition), and questions of everyday subsistence far outweighed matters of the heart and patriotic zeal. At the same time, the way in which power was exercised and the degree of respect for fundamental human and democratic

rights became much more important than the ideological affiliations of the power-holders and their ruling parties. In places where the new figures (Presidents of Bulgaria and Romania, Stoyanov and Constantinescu) made possible some very unusual things (the voluntary withdrawal of the crypto-communists in Bulgaria; drastic economic reforms in Romania), politics was restored to politicians, and the streets became once more empty, irrespective of the fact that these are extremely vague promises and that, should they fail, the circle of violence may be repeated: in both Bulgaria and Romania the overall economic situation is so miserable that it is highly unlikely it might be improved with mere economies and severity measures, without massive foreign assistance.

And yet, Sofia and Bucharest have the good fortune at the moment of enjoying a much-needed civilizational respite, while Albania may be irreversibly ruined and Serbia is still to face the final showdown. The old rulers who managed to stay in power (Milošević in Serbia and Berisha in Albania) have saved their positions so far by half-way concessions (Berisha by yielding to the demand to dismiss his Prime Minister and by inviting international forces, while Milošević got away with electoral fraud by passing a *lex specialis*). However, all the main open issues have remained unresolved - even though the international community still needs Berisha to prevent complete disintegration and collapse of Albania, and needs Milošević to prevent Yugoslavia from following Albania's example and dissolving in bloodshed and chaos and to preserve the fragile Dayton truce in Bosnia.

Thus, the new Balkan divisions do not follow the old religious, historical and political patterns, even though both Albania and the self-styled Yugoslavia have similar geo-strategic backgrounds: while in the communist flock, they were independent and self-reliant states which escaped from under the Soviet umbrella at an early date, although the isolated and autocratic Albania cannot be compared with the much opener, freer and richer ex-Yugoslavia. In these Balkan parallels, Belgrade fell victim to its ambitions of conquest rather than as a direct consequence of its political or economic legacy. This circumstance also demonstrates that in Serbia's case "crypto-communism" is a repeat performance of the "Mussolini syndrome" (from utopian socialism to fascist conquest), while Albania - but also Bulgaria and Romania - represent cases of doubly disjoined communities: they lost their strate-

gic and economic backing - for whatever it was worth - but did not know how to place the emancipated individual into the focus of the new society, how to ensure his life in dignity, and how to abandon once for all the model of arbitrary and autocratic government.

For the newly-formed political elites, in all these countries the freshly attained freedom turned into a suicidal curse: they were left to their own devices, without the shield of a super-civilizational and super-ethnic umbrella, as was the case in the times of the Ottoman Empire, Austro-Hungary or the Soviet Union. As a result, left to assimilation with themselves and with their peoples, they began to behave according to the despotic rules of those who assimilated them in the past. Europe and America generally demanded and prescribed more than they gave and forgave; yet, they remained the only mainstays, and consequently, after the fall of the Berlin Wall and the collapse of the Soviet Union, the only real-life enemy (apart from the historic foes from the blood-spattered Balkan photograph album) was to be found in their own midst. And here the circle is closed: the liberators have become the oppressors, and the liberated have become rebels, with their feeling that everything ought to be different after the fall of communism. This tension is the product of three simultaneous tragedies: the states feel let down, the people feel robbed and disinherited, and the power-holders misunderstood and threatened precisely by those they had counted on the most: the ungrateful people and the cynical West. To this explosive mix should be added also sweeping economic crisis, whose baneful general features are perceivable in all the mentioned countries: high inflation, unbalanced budgets, large trade deficits, limited state revenues, obsolete infrastructure, lack of fresh money, high unemployment, a deficient legal system, high political and ethnic tensions, and a sweeping, economic and political, domination of a "parallel", "black" or "underground" system which subjects all the major decisions to its own criminal rules of the game.

In such communities, two fundamental sacred principles are invariably violated: the sanctity of electoral results and the protection of social dignity. In Albania, it all started back in May 1996, with the general denouncement of the electoral fraud, which the most powerful world factors (the European Union, the OSCE, the USA) first sharply condemned and then nonetheless swallowed in a revised edition (Berisha became even stronger after repeated elections in 17 dis-

puted constituencies), and also in Serbia, after several months of street protests, provoked even more directly by election-rigging. In Bulgaria, at the same time, legal, but wrong, elections were practically annulled in a strange "non-parliamentary" fashion: due to public protest and the President's resistance, the ruling Socialists could not form a government and had to consent to an early general election.

However much Sofia might appear an embarrassing exception, this case demonstrates that the idea of the inviolability of democratic sovereignty has prevailed in all three countries, so that it may be justified to speak of a specific democratic spring at the end of another lost Balkan decade. This annulment of the original political will is inexorably attended by the equally pernicious abandonment of social security: strict centralization, family, tribal and regional ties; the predominance of contraband trade and smuggling; general crisis of law and order; and the collapse of accountability, in a situation of absolute domination of politics over the economy have switched off all safety mechanisms of responsible capitalism even before these had even started to act in any of these places.

As a result, while the West refers in general terms to "belated reforms", the East is suffering of a severe case of "entrepreneurship chaos", with an inadmissible degree of social stratification.

Thus there is not much difference between the average Bulgarian salary of twenty-odd, the Albanian salary of a hundred and the Yugoslav salary of two hundred dollars a month, because all of them are closed and backward economies, deteriorating without any firm rules of operation. They are not building up a new system by opening new possibilities, and represent a kind of "Wild West", since even the former *laissez-faire* system provided perhaps more social self-discipline. This type of commodity and investment market where confusion reigns holds a certain attraction because of its rudimentary nakedness. Thus, in a promotional leaflet, a London company openly states that greatest profits are to be made at the very beginning, when prices on the property market go down and general conditions prove the old rule: the more numerous the foreign visitors, the more comfortable the hotels and the streets cleaner and safer - the lower are the final profits.

These rules of investment encourage nepotism, corruption and organized crime, so that, for instance, the whole Montenegrin economy is based on smuggling across the Adriatic, while the

relatively orderly Macedonia almost went bankrupt because of investments into Albanian pyramid financial schemes. This provides fertile soil for international criminal activities - from arms to drugs - while, on the other hand, the strict rules imposed by the International Bank or the IMF are only too often conditioned by drastic systemic demands which go far beyond the political endurance of the generally underprivileged and impoverished citizens. The "most disciplined" governments in this respect are often the most unpopular, thereby creating new vicious circles of hopelessness. In March this year, the conservative opposition brought out into the streets of Budapest 50,000 people by inviting them to resist the "new colonialism" and the "international financial institutions".

As for the equally harmful Atlantic policy of "opposing national rear mirrors", which has made many bad things even worse, much is being said - but little is being done. Many European governments tend to be more concerned with what happened in the past than what the new times - for better or for worse - could and should bring to each of them and to all of them together. Habits feed prejudice and dogma reinforces misconceptions, so that, in both the Serb and the Albanian stories, the same kind of mistakes are made all over again, those which marked the bloody Yugoslav episode: permanently too late, always too little, narrow-minded as a rule, and only exceptionally far-sighted.

Many claim that the world today is characterized by a leadership crisis and a crisis of conceptions: more and more people are ceasing to believe in Fukuyama's optimism, though unable to accept Huntington's pessimism. They know that there has been no democratic end to history but are not sure what they themselves could and should do if the Balkans are really the scene of a clash of worlds and civilizations. That is why they are afraid of any resolute programme, so that, striving to maintain control, they opt for compromises that hold the least risk, such as do not distinguish between good and evil, the future and the past, the individual and the state. They know how to assume control but not how to maintain it, how to win elections but not how to conduct world affairs.

Thus, in these very sensitive times of transition, we are indeed faced with the conflict of democratic and autocratic models, on the one hand, and with a clash between a sort of post-socialist pre-civilizational entrepreneurship and disputable moral and social values, on the other. In

this, the scales of history may still tilt to either side, and the hands on the clock of civilization be turned back for several decades. It would be necessary, for this reason, to think in bolder terms about a contemporary equivalent to the Marshall Plan and about a more spacious Atlantic umbrella. What especially recalls the old times in all this is the fact that European security is today more threatened by the current turmoil in the Balkans than by the Russian appetites in the past, and the West would do well to adapt its new tactical and strategic parameters to these new conditions.

In this general confusion, Serbia is still considered very important strategically; Romania is

being promised membership in NATO, Bulgaria support to economic recovery, while Albania has already been declared a model EU-cooperant and a trusted member of the Partnership for Peace. However, all that has taken place so far in this group of countries demonstrates beyond any doubt that tacit support to latter-day autocrats is a most perilous compromise, to which the West takes recourse too lightly and too often. Economic assistance is important, but it would seem that these days the protection of basic human dignity has become even more important. And if this is so - we are no longer telling a typical Balkan story. ■

Croatia - an Open Country

*Vanja Kalogjera**

Like other Central and East European countries, Croatia is passing through a highly complex period of transformation from a centralised to a market economy. This process was made even harder by the armed conflict that was raging in these parts and that ended only two years ago. In the coming weeks, the last occupied section of Croatia - the Croatian Danubian Region - will be fully integrated into the administrative and legal system of the Republic of Croatia, by peaceful means this time.

The major task to be accomplished in the transformation of the Croatian economy is beyond doubt the privatisation of the former social enterprises.

Ever since Croatia gained independence, one of the main proclaimed goals of economic policy was to attract foreign investments. Even while the fighting was still going on, this orientation attained certain results. The end of the war gave impetus to more investment in Croatia. To encourage such activity, Croatia enacted a law in 1995 which provided to foreign investors the same terms as were offered to domestic investors, and even some privileges.

The Constitution guarantees foreign investors the free repatriation of profits from capital

invested in Croatia. Practically all economic sectors are open to foreign investors, with restrictions only in the defence industry and the communication media. The profit tax is relatively low (35 percent). Under the mentioned Law, foreign investors are exempted from import charges on equipment brought into Croatia as part of the investment project, of course subject to certain conditions, but these are also liberal: the investment must not cover a period shorter than five years; the foreign share in the investment cannot be less than one-fifth of the total amount, and the benefit does not apply to equipment for games of chance.

Even while the fighting was still going on, economic policies were designed so as to establish a favourable setting for investments - both long-term and short-term. The Croatian currency, the kuna, has been practically convertible from the moment it was launched into circulation. Inflation has been reduced to less than four and a half percent annually, not only this year but also last year and the one before. A legal system is being evolved that guarantees the security of investments and full respect of contractual obligations.

To date, after seven years, foreign investments to the value of almost two billion Deutschmark have been made in Croatia. Arguments in favour of such projects are not just the efficient macro-economic policy but the advanta-

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