

ENSURING PEACE AND STABILITY IN THE ECE REGION THROUGH COOPERATION: THE ROLE OF THE UNITED NATIONS ECONOMIC COMMISSION FOR EUROPE

Danuta Hübner

*United Nations Under Secretary General and Executive Secretary,
United Nations Economic Commission for Europe, Geneva¹*

Peace and stability do not come without a systematic effort aimed at preserving them. Regretfully, people tend to forget how destructive violent conflicts and wars are; how easy and quickly the entire livelihood of a nation can be destroyed, and how long it takes and how difficult it is to restore it. The temptation to solve a societal conflict by coercive methods is always there, so, it is crucial to continuously work on mitigating risks of conflict that could otherwise lead to the outbreak of violence.

One of the most important risk factors is the lack of economic growth, and a significant group of the UN/ECE member states has been suffering from prolonged economic stagnation and decline. Given the economic situation and development trends in the ECE region, the Economic Commission for Europe has been focussing on promoting cooperation between member states at the regional and sub-regional levels in order to expand opportunities for growth. The Commission provides support for cooperation in such economic areas as transport, trade, energy, human settlement, environment, entrepreneurship, industry restructuring, and small- and medium-sized enterprise development. This support in such cases like SECI, SPECA and South Caucasus aims at expanding newly emerged economies by the creation of a sub-regional market. This can be achieved by promoting a reduction of non-economic barriers, the harmonisation of standards and regulations, and the improvement or build-up of national capacities in an attempt to compensate for insufficient market space and limited income-generating opportunities. In some other cases, for example the CEI, the UN/ECE has been assisting member states in their efforts to develop an enabling environment for entrepreneurial and investment activities, and, therefore, to ensure that fragile economic recovery and growth are sustained.

The patterns of economic growth and development in the ECE region, however, have been showing a tendency to diverge. Furthermore, in some sub-regions and countries, this trend has been accompanied by negative structural changes and a regressive adjustment of human resources. Thus, for example, the share of the agricultural sector in total employment has been decreasing in Hungary, Czech Republic, Poland, Slovenia and Slovakia, but increasing in Romania, Bulgaria and some other South European countries. The share of agriculture in total value added has fallen, however, in all the above countries with the exception of Bulgaria. The share of industry in total employment has diminished in all listed countries except South Europe, so did its share in total value added with the exception of Czech Republic. While the service sector has become the major provider of employment in the countries under consideration, its share in total value added has declined in Bulgaria and the Czech Republic.

Results of a recent analysis of structural change in the countries of Central and Eastern Europe revealed that whereas some countries show clear signs of catching up with the more advanced EU countries, others such as Romania and Bulgaria seem trapped in the specialisation profile typical for less developed countries, while losing their earlier comparative advantages.

Structural changes and the overall economic situation in the countries of the CIS are even more alarming with most countries having moved backward in terms of industrial development and real GDP. The erosion of real gross fixed capital formation has been most dramatic in Armenia, Ukraine, the Russian Federation and Georgia, respectively, by 88%, 84%, 83% and 81% between 1989 and 1999. Real industrial output fell most in Georgia and Azerbaijan, correspondingly by 84% and 72%. Real GDP has remained far below the pre-transition level in most countries with the lowest levels in Moldova, Georgia and Ukraine (respectively 32%, 34% and 39% of the 1989 level).

It is obvious that such a divergence in development may lead to a cumulative effect over time with some countries joining the ranks of the most advanced member states of the ECE region and some becoming marginalised and returning to the pre-industrial stage. Such a possibility constitutes a potential threat to stability and security in the ECE region and requires a collective effort to avoid a new divide. This is especially important in the light of recent social trends, existing

cultural and institutional frameworks, demographic trends and the historic legacy of ethnic conflicts in the countries at risk.

The social costs of transition in most countries of the CIS have been extremely unequally distributed among social and ethnic groups, and between poor and rich. In fact, a redistribution of national wealth of such a magnitude and over such a short time-span does not have an historic analogue. With impoverishment, income polarisation and growing social inequalities along ethnic, social and other boundaries, the risk of large-scale conflict has been aggravated. Furthermore, apart from open confrontations and wars such as the civil war in Tajikistan or the Karabakh conflict, so-called "hotbeds" in the region (especially in Central Asia and South Caucasus) with a mixed ethnicity and a relatively high frequency of ethnic group violence have been agitated by the consequences of environment degradation, adding water and land issues to the grievances of the local communities. Mutual territorial claims and disputes among the countries of the above regions constitute another dimension to the crisis situation.

Finally, the problems faced by the countries that emerged from the remnants of Yugoslavia are, in many respects, similar to those of the CIS, including both inherited structural problems and the consequences of civil war.

The UN/ECE strategy under these circumstances is, first and foremost:

- to focus its limited resources and activities on disadvantaged and vulnerable countries;
- to provide assistance in trade and border-crossing facilitation;
- to assist in developing an enabling environment for entrepreneurial activities and SMEs;
- to assist in mitigating energy and industrial crisis by promoting efficient energy and production practices;
- to assist in improving human settlements;
- to assist in building national capacities for improving the environment and preventing further environmental degradation;

- to provide a neutral forum for parties in confrontation;
- to mitigate tension between countries by involving them in joint projects addressing trans-boundaries;
- to alleviate poverty through promoting entrepreneurial activities among the poor and disadvantaged groups;
- to promote innovative forms of partnership to remove development bottlenecks;
- to bring the member states together to discuss and address emerging developmental problems.

The UN/ECE regards itself as a collective instrument of its member states. Depending on their political will, this instrument may become an effective tool in finding a solution to the problems faced by the countries of the region. It may be left intact, but the problems will not go away. It should be remembered that the ECE region, over the last 10 years, has moved up to the second place among the world regions, following Asia, in terms of the total number of refugees and internally displaced people, which currently stands at more than 7 million. The overall situation remains tense, as the development problems of some of the countries of the region receive increasing attention and financial support from major donors, while some others continue to be largely neglected, or given attention only in those instances that could have a direct effect on the advanced countries, such as migration, trafficking in people, weapons and drugs, or corruption. The primary causes of these phenomena, however, are economic, and require an economic remedy.

1. Written contribution