

WHAT HARMS REGIONAL COOPERATION¹ AND SECURITY?

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The linkage between regional cooperation and security is quite obvious. However, what seems to be a conspicuous incentive nexus for both individual and collective players does not always work in reality. Frequently, for reasons which I will try to revisit very briefly, regional cooperation remains - deep down - an elusive goal and, thereby, security is impaired.

At the start of my remarks let me underline a series of factors (circumstances) which are presumed to enhance regional cooperation and cooperation in general. The driving power of these factors/circumstances should likely get stronger in a world which, supposedly, is increasingly interconnected under the spell of fast technological progress and economic liberalization. First come economic incentives - trade and overseas investment/production. When these operate according to the logic of a non-zero sum game, losers, should they be numerous, can be compensated one way or another. Less ideological confrontation would also work to the same end. Following diminished confrontation, governments would show more restraint in using economic means (including sanctions) as instruments of foreign policy. The diminution (disappearance) of ethnic and religious enmity, where that exists, would be another favorable factor, as would be the reduction of border conflicts. I would range among these factors, also, a convergence of Weltanschauung outlooks, of values and principles which can foster trust and mutual respect. I should say that this convergence would not necessarily mean the acceptance of a sort of Western cultural supremacy. And finally, I would list the power of "attractors", of big players who can exert an "ordering" influence on events with international repercussions and on the conduct of smaller actors.

On this line of reasoning and as an intellectual exercise I would suggest to apply the matrix sketched above to world political and economic dynamics as the latter evolved during the last decade, in the wake of the exceptional year of 1989. To this end one can use

different perspectives. One perspective, which is imbued with a western thinking of a prevalent flavor, I would describe as "examining the post-1989 period through rosy lenses". Its main pillars would be:

- the expected effects of the collapse of communism, in the vein of what Fukuyama called "The End of History"³, including the spread of democracy (of western values) throughout the world, and the setting up of a "new world order"; relatively easy to undertake market reforms and ensuing economic prosperity could be mentioned among the expected effects;

- globalization, driven by information technologies and market forces, which would help disseminate democratic values worldwide⁴;

- the pressure towards a "border-less world"⁵, with many nation-states under economic siege and relinquishing economic policy prerogatives under the pressure of world financial markets; this would, presumably, help discipline economic policies;

- the gravitational power of NATO and the EU at a time when most European post-communist countries wish to join these two clubs;

- the modernizing impact of the Acquis Communautaire for the institutional reforms under way in Central and Eastern Europe;

- massive trade reorientation of Central and Eastern European countries, which, currently, carry on more than 60% of their overall trade with the EU.

I would turn now to a less optimistic outlook. Evaluating the post-1989 years from a less sanguine perspective would highlight a series of worrying phenomena. One such is represented by the powerful forces of fragmentation, which intensify "cognitive dissonance" and friction (conflicts) among groups of people (communities/countries). These conflicts can involve land disputes (when borders are contested, or multi-ethnic countries disintegrate), or can take place along ethnic and religious lines; they breed resentment and fuel extremism and fundamentalism, which shows up in the form of domestic and international terrorism. Samuel Huntington⁶ and Robert Kaplan⁷, respectively, provide sobering interpretations of possible future dynamics in this respect - quite opposite to the euphoria of the early 1990s.

Financial and economic crises, which have proliferated during the last decade and confounded the zealots of unrestrained globalisation, have brought about tremendous pains to various countries around the world. Mexico is still licking some of its wounds after the big fall of the peso in the late 1994, and Indonesia, which has gone through huge social and economic dislocation in the last few years, has still to find a way out of the mess in order to avert further economic turmoil and possible disintegration. Financial crises in Brazil, Argentina (which years ago was hailed as a model of reforms following the introduction of the currency board), Turkey, etc, show how tenuous the state of affairs in many emerging countries is and how rapidly economies can fall apart - especially when aid from outside is not readily available. Rising income inequality (in rich countries, too) as well as the growing "digital divide" do not supply grounds for optimism. One can add here the bogged down reforms in many transition countries in Europe and the FSU and the rising poverty and weak institutional structures, which are becoming endemic problems. Last but not least, questionable business ethics⁸ and the internationally spreading operations of organised crime, together with mounting transnational problems, would make up a gloomy balance sheet.

Both perspectives can be observed through the lenses of geopolitical dynamics. I would focus however on the less upbeat perspective. Regarding Europe, one can point out the interplay between cooperation and competition. There have been developments in the last decade, which indicate that, while the EU and the USA do cooperate extensively in many areas, they compete ever more intensely in economic matters. This competition is not devoid of frictions, which can transcend into extra-economic realms and amplify non-economic contending issues (like military and strategic goals). The EU's desire to develop its own rapid deployment force (as part of the Strategic Defense Initiative) and to assert foreign policy and security aims which may diverge from Washington's line speak for themselves. The different views of Europeans (the EU) as against the US Administration's stance in environmental issues (such as global warming for instance) and regarding the need to adopt strict rules for dealing with tax havens (in order to combat tax evasion and money laundering, etc) reinforce the competitive nature of this relationship and strain its underlying strategic alliance component.

The EU as an economic (trading) and monetary bloc, the increasing talk of creating a free trade area of the Americas and of extending the use of the dollar as a domestic currency in certain coun-

tries (Ecuador, El Salvador), and the multiplying signs that an Asian Monetary Organization is in the offing⁹, are all signs that the world is heading towards the creation of major trading and currency blocs. Whereas economic and financial crises do enhance such a tendency (for blocs are seen by many as "damage-control" devices), which would clearly favor regional cooperation, it would not necessarily help the functioning of an open world system. Political and security implications can easily be imagined against the backdrop of the emergence of such blocs.

Referring to Europe again, I would emphasise the power of "attractors", of the EU and NATO in particular. Both NATO and the EU are facing major enlargement challenges, which would redefine the security and economic map of Europe. Some may be tempted to dispute such a statement¹⁰, but I would argue that for the smaller countries - which would be either "ins" or "outs", enlargement is the overriding concern, which shapes popular perceptions and psychology, and will likely make the difference between successful reforms (modernisation) and further falling behind. Joining the EU, for most of the aspirant countries, would be an historically exceptional event (process), which is tantamount to bringing about overall modernisation and reduce considerably an economic distance of long vintage. Transition countries have already grouped in clusters which reveal different economic performances and chances to join the Clubs - the Central European countries, the Baltic countries, several groups among the Balkan countries themselves¹¹, and the FSU (where a wide variety of conditions can also be detected).

In this context one should not forget Russia, which, in spite of economic weaknesses, remains a major European actor with "abroad" interests and a not-negligible reach; its growing influence in Ukraine, Belarus, Moldova is ominous.

It is striking to see that, whereas the collapse of communism terminated a historical ideological confrontation and signaled the demise of Cold War type bloc politics on the Continent, we seem, currently, to witness a sort of recreation of two major blocs - a process which has, as the major feature, the economic divide of the Continent: a rich "new West" (which would be the enlarged EU, including a few transition countries) and a "new East", a poor area made up of former communist countries. This divide existed in the past as well, but now it is becoming more visible and it acquires threatening dimensions because certain menaces cannot be contained as they might have

been by the rules and mechanisms of the Cold War. As for the Partnership for Peace, it does not seem, in my view, to be capable of arresting this tendency. These blocs would shape countries' behavior according to economic performance and military and security links.

The functioning of the two blocs would increase the feeling of insecurity in countries which reside in grey areas. As a postulate, it can be submitted that the smaller a country area is, the more insecure it feels when being in a grey area. This insecurity would have consequences for these countries' economic and political evolution and would impact on neighbours.

Grey areas overlap with what I would call distress regions: the Balkans, Central Asia, the Caucasus. In these regions, economic distress combines with the struggle over scarce resources (water for example¹²), with inter-ethnic conflicts and also with military altercations. These regions show most conspicuously how ineffective regional cooperation can be and the effects of such a state of affairs.

How can cooperation be enhanced, among both major and minor actors? I would say that the juxtaposition of big and small actors is not accidental if one admits that "demonstration effects are powerful" when they shape perceptions, propensities and conduct. (If the big guys are bickering among themselves, why do they expect us to behave differently?). There are several areas in which cooperation can be tested as on a battleground. Among non-military security issues, I would range environmental concerns (pollution, global warming, etc), massive illegal migration, health hazards (diseases), organised crime, drug trafficking, and vulnerability of highly complex systems (software) at a time of very fast technological change.

Among military issues I would mention, firstly, those which pertain to the balance of power motives. How to deal with (or contain) regional conflicts is high on the agenda in a world which is not short of such conflicts - and when it is not easy to decide who should intervene, under what mandate, and who should provide the human force required to maintain peace although this may involve casualties. Arms proliferation and domestic and international terrorism are also constant policy concerns for governments all around the world.

In this context I would make a couple of references to the challenge posed by disaster areas, and I would focus in particular on the Balkans. Here the forces of fragmentation are still very much at

work, the political geography is still pretty fuzzy, economic distress is ubiquitous and poverty rising, all against the background of weak state structures and high criminality. All these circumstances do not favour regional cooperation. The proliferation of "hard" and "soft" protectorates, as well as the functioning of the Stability Pact (SP), are pretty insufficient in substituting for local initiatives and institutions; they are also ineffective in dealing with what I would call the "missing party" in the equation of dialogue. This missing party is represented by groups which have specific agendas, which may be significantly at odds with the aims of local authorities and external players. These groups, some of which have more or less extremist inclinations and which thrive under current conditions, may disregard blatantly the objectives of powerful external actors (such as NATO and the EU) belonging to the loosely defined "international community". The consequences are inimical to any sort of stability and peace.

One has to admit, nonetheless, that external pressure is not without some effect and that the attraction exerted by the EU (the stabilisation and association agreements) could help the Balkan countries find a way out of the mess, but over the longer run and only following persistent and tenacious efforts; this is a process of long gestation and one should not expect miracles. In addition, the external players need to show more commitment to the area and operate as long term stakeholders; damage control can help for a while, but it does not guarantee a lasting solution. To this end it would be better to turn the SP into a "Development Pact", which should send a clearer message as to its mission and time horizon oriented endeavors.

Last but not least, cooperation needs to be enhanced in dealing with major international economic issues: trade, financial flows, business ethics,¹³ etc. In this respect, there is much to do in order to bring practice in line with preaching (I am referring to big and rich actors in particular) and to acknowledge that whereas markets are the best mechanism for allocating resources and fostering entrepreneurship, at the same time they evince imperfections and asymmetries, which require public policy measures of pain alleviation and market failure correction. The havoc produced by volatile financial flows in many emerging markets should be a constant reminder of the need to formulate responsible policies and find areas of cooperation, which should bear in mind the common good.

In order for cooperation - either regional or on a broader scale - to be enhanced, actors (states) need to define common interests and

areas where they can compromise in a better way. This result can be facilitated by acknowledging the existence of collective goods, whose production is indivisible. Of help would also be a more rigorous respect of norms and more adherence to the principle of non-double standards. That this aim is hard to achieve in practice - since "reality is very complex" and interests may shift in time - is an argument hard to refute. Nevertheless, statesmanship (leadership) is verified especially during duress, when one is asked to provide vision and good policy under adverse conditions. The tragic events in various parts of the world (including the Balkans) over the last decade indicate that what is ugly in the past is still with us and that we need to be better students in learning history's lessons. But to this end we need to be more candid and honest with ourselves and our fellows; to be more compassionate, less arrogant and hypocritical, and more forward-looking.

1. Remarks made during the final panel of the NATO Economics Colloquium, Bucharest, 3-4 May, 2001
2. Professor of Economics, Academy of Economic Studies, Bucharest and Visiting Professor, The Anderson School of Management (UCLA, Los Angeles); Former Finance Minister of Romania
3. Francis Fukuyama, "The End of History", New York, 1991
4. Thomas Friedman, "The Lexus and the Olive Tree", New York, 1999
5. This is the title of one of Kenichi Ohmae's book, New York, 1995
6. Samuel Huntington, "The Clash of Civilizations", New York, 1996
7. Robert Kaplan, "The Coming Anarchy", New York, 1999
8. See in this respect the Pope's remarks quoted by the International Herald Tribune, 28 April, 2001
9. Several Asian countries have already decided to cooperate in case of speculative attacks against their currencies.
10. In a private conversation during this conference, a western expert said to me that he can hardly see any security danger for Romania in case this country is not invited to join NATO.

11. Bulgaria and Romania have started accession negotiations with the EU; Croatia is much more advanced economically and institutionally than Albania and can move relatively rapidly in upgrading its status agreement with the EU.
13. Particularly in Central Asia.
13. For instance, the conduct of big pharmaceutical companies in Africa.