

## A DEVELOPMENTAL PERSPECTIVE ON CONFLICTS IN SOUTH-EASTERN EUROPE

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**Abstract\*\*** : *Most economists still thought in the 1980s that development could be accurately depicted in the variants of GDP indicators. Then, the United Nations Development Programme's broader perspective on development enriched the analytical process with an approach based on human capabilities and social context that are needed for a decent standard of living. The world-wide states of conflict in the contemporary international economy, including the post-communist evolutions in the Balkans have made clear that the realm of human development goes further. The analysis evolves against the background of economic, social and political evolutions in the former communist countries of South East Europe. The research expands the core concept of "weak states" to understand the transformations of national economies and to suggest policy actions for a prosperous area of development in the Balkans.*

**Key words:** *Development; security; South East Europe; post-communist evolution*

### Introduction

For most part of its intellectual history, the concept of "development" had an exclusive economic content given by discussions about indicators that measure variations in GDP (gross domestic product) or variants of that notion. The fact that "mesmerized by the rise and fall of national incomes (as measured by GDP), we tend to equate human welfare with material wealth" (UNDP 2006: p. 263) has become widely controversial at least since 1990 when the United Nations Development Programme (UNDP) began devising alternative measures for a better understanding of well-being. This effort is principally grounded on Amartya Sen's insight that "development

can be seen as a process of expanding the real freedoms that people enjoy" (quoted in UNDP 2006: p. 263). Accordingly, UNDP publishes a human development index (HDI) that provides a composite measure of development which includes aspects of education, health, and material prosperity. Parallel initiatives have considerably enlarged the perspective from which development is assessed. A good discussion thereof provides Gadrey (2004) who enlists several noteworthy researches such as those on the Index of Social Health, the Index of Economic Well-Being, and the Genuine Progress Indicator. All these initiatives converge to pinpoint one major finding: some countries rank far below their income rank in terms of overall development, while

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others invert this relationship, and so support the criticism against the limits of GDP measurements.

The exclusive emphasis on the *economic content* of development has had a collateral effect in concealing the interdependence between development and the incidence of conflict evolutions, whether of social, political or military nature. More precisely, it is the direction of causality, i.e. whether conflict reduces economic well-being or economic well-being reduces conflict, which has received undeservedly scant attention. Kant (1795) left an indelible imprint in favour of the latter with his remark that the manifestations of international disputes "can be long delayed by the stimulus to trade." Since then, famous politicians (e.g. Richard Cobden, Cordell Hull, Robert Schumann, Jean Monnet) and economists (e.g. Vilfredo Pareto) reiterated that credo (Schiff and Winters 1997), although in a more simplified version of the helpful impact of regional economic integration in reducing security tensions between neighbouring countries. It is widely accepted that stability offers countries a greater capacity to cooperate and be preoccupied by the economic prosperity of their citizens. Cooperation stimulates economic prosperity and decreases the chances of conflict.

Obviously, it has been taken for granted that the absence of conflicts is conducive to development too, and for good reason. No progress can be imagined under circumstances of hardship. However, the goal of this paper is to renew the interest in this matter and to bring arguments to justify greater research efforts in that direction.

The case of the post-communist European evolutions, and particularly those in South East Europe (SEE), provides rich sources of evidence to make this case

compelling. The 2006 HDI hierarchy ranks the SEE countries either as "high human development" (Slovenia, Croatia, Bulgaria, Romania, Bosnia and Herzegovina) or "medium human development" (Macedonia) territories even if, as this paper shows, they constitute object of study for applying such disparaging analytical concepts as "weak states" or "defective democracies." The paper explains why the contemporary transformation of the security environment calls for a more explicit, ever broadened, analytical account of the security dimension of development.

The remainder of the report is divided in three parts. The first part describes the major turns in explaining the concept of "development". The second part extends the case of the impact of security on development for SEE countries. Particular attention is given to the characteristics of "weak states" and the way they affect the progress in policy and institutional reforms undertaken by those economies. The third part concludes and discusses possible extensions of these analytical issues for the research agenda on development.

### **The evolving nature of the concept of "development"**

Nowadays, it is widely acknowledged that the definition of "development", which signifies progress in human well-being, is only to an insufficiently extent equated with economic growth measured by indicators of absolute or relative income. Indeed, a certain income level is one important threshold to achieve such progress, but not the only one, for two main reasons: first, because the average income fails to capture its distribution across households or individuals and second, there are many other important aspects of human

well-being, such as people's health, education or their security that may be inadequately represented by accounting instruments like the GDP measure, for good or bad.

In order to provide a comprehensive view on development, since 1990, the United Nations Development Programme (UNDP) has published a series of Human Development Reports (HDR) that estimate a simple composite index, the human development index (HDI), as a measure of human development along three dimensions: living a long and healthy life (measured by life expectancy); being educated (measured by adult literacy and enrolment at the primary, secondary and tertiary level); and having a decent standard of living (measured by purchasing power parity, PPP, income). In this representation, human development is a process of enlarging people's choices by expanding human capabilities and functioning. If these basic capabilities are not achieved, many choices are simply not available and many opportunities remain inaccessible.

The HDI has served well for over a decade the need to have an improved measure of development, because unlike the GNP, it includes some qualitative aspects that reflect better the real purpose of development. However, the mixed post-communist evolutions in SEE which combined democratic reforms with warfare atrocities made the same UNDP (1999) soon recognize that the concept of human development is much broader than the HDI. By consequence, it developed the concept of "human security" to encompass not just the achievement of minimal levels of material needs, but also the absence of severe threats to them of an economic or political kind: job security, income security, health security, environmental security,

security from crime, all emerging concerns of security all over the world.

The definition has been expanded by the Commission on Human Security (CHS): "Human security in its broadest sense embraces far more than the absence of violent conflict. It encompasses human rights, good governance, access to education and health care, and ensuring that each individual has opportunities and choices to fulfil his or her own potential... Freedom from want, freedom from fear and the freedom of the future generations to inherit a healthy natural environment these are the interrelated building blocks of human and therefore national security. (CHS 2003)

The achievement of the *development objective* defined as the enlargement of human choices is adversely affected by such *individual / community insecurity* because it cuts life short and thwarts the use of human potential. Narayan-Parker and Raj (2000) argue that if one takes a more utilitarian approach to the definition of development that it furthers human happiness insecurity has severe adverse affects. In consultations with poor people, the *need for security* comes up as one of their foremost priorities, even in peaceful societies. Thus, *individual and community security are an important dimension of development*. Their absence even if progress is being made on all other aspects of development seriously detracts from development achievements.

Beside the changes in the concept of "development", the matter is further compounded by the evolution of "security" as a concept, gaining a multidimensional shape. If during the Cold War the concept of security had only a military-political component, today it has gained new dimensions: social, environmental,

educational and economic. These are reunited under the non-military aspects of security and comprise everything from macroeconomic stability to environmental health. Developed and less developed countries alike have been in recent years more vulnerable to perceptions of heightened insecurity as a result of the rise of complex forms of serious crime. The Council of Europe (2005) describes a contemporary society considerably different from its past manifestation following a dramatic shift from traditional security risks (e.g. terrorist attacks, organised crime, drug trafficking, inter-ethnic conflict) to new threats and risks such as international mafia groups, international terrorism, human trafficking, transnational crime, infringement of basic human rights. Each of these aspects is emphasizing different facets of security's influence on development. The challenge is to integrate these influences into a coherent analytical framework which should deliver better results about the level of development at a certain moment in time. A list of three sorts of research bottlenecks is illustrative about the difficult task ahead.

One difficulty is the result of insufficient data collection, in comparable terms, about the multifarious developmental dimension of security. It suffices to compare the above list of security threats with the current treatment in such authoritative texts as the HDR. Current estimates (UNDP 2006) include data from surveys which mostly were conducted beginning with 1992 and refer to limited though valuable sets of information including refugees, armaments, and victims of crime (property crime, robbery, sexual assault, assault, and corruption). Even if other analyses do consider the aspect of "security" when discuss the issue of development such as the Index of Social Health (see Gaudrey 2004)

or the Bertelsmann Transformation Index (BTI) (Berlesmann Stiftung 2005) they prove unable to control for that variable for much of their findings.

A second impediment arises from insufficient efforts to discern among the relevant dimensions. Most dedicated analyses Bank of America World Information Services; Business Environment Risk Intelligence (BERI) S.A.; Control Risks Information Services (CRIS); Economist Intelligence Unit (EIU); Euromoney; Institutional Investor; Standard and Poor's Rating Group; Political Risk Services: International Country Risk Guide (ICRG); Moody's Investor Services usually do not go beyond the subject of assessing political or "geopolitical" risks in an international context, whereby the associated risk is understood as the risk of loss from economic activity in a given country caused by changes in a country's political structure or policies, such as tax laws, tariffs, expropriation of assets, or restriction in repatriation of profits.

The economic factor has become to be considered of primary importance also by the military alliances and the international organizations. For example, NATO, mainly a military alliance, regards economy as a very important factor when discussing accession with its partner countries. Another aspect refers to the effects of economic sanctions on development and security. These have been used with a very high frequency from 1990 onwards and although they are accompanied by the perception that they are punitive they rarely attain their true purpose. However they do represent an important aspect of economic security and their effects could be seen on SEE region. For instance, the economic sanctions imposed on Belgrade following the Serbian aggression in

Kosovo have blocked major commercial routes and have brought tremendous losses to the neighbouring countries. More so the Serbian people have been placed under huge restrictions while Slobodan Milosevici, the one initially targeted by the embargo, remained in power in defiance of international community, running for office and contesting the democratic election results in the fall of 2000. Another example of the destructive nature of the economic sanctions on development is the one imposed on Macedonia by Greece in 1994 that brought the country on the verge of economic collapse. Economic sanctions have created great internal problems in the states they have been oriented towards, often degrading the human rights situation even more and affecting the most disadvantaged categories, women, children and those dependent on the safety-net provided by the humanitarian agencies.

A third challenge is provided by the ever variable linkages between the triad security-stability-economy in the case of military dimension. The political organization of a country is fundamentally a quest for its security and development. A state can cover the costs of military expenditures when its economy is strong and healthy. Moreover, it is easier to spend money on military purposes in the light of a more or less realistic threat from outside. Decisions to spend money on defence are taken easily when there is pressure among states to do so. Financial sources can be used to cover the costs of weapons imported from abroad (Knorr 1956).

The military dimension of security is thus far from having disappeared, although the role of this factor is changing. It is very clear that the new stage of international relations diminishes the role of the hard dimension of security (military) and replaces

it by a soft dimension. This is linked not only with changes to the new security system, but also with changes to the nature of threats, which are now located more often within the national borders of the state, rather than being external threats from elsewhere. In this respect, the SEE context provides an illustrative case study.

### **The concept of "Weak states": an application to SEE**

One practical result of those theoretical controversies consists in the emergence of the paired concepts of "weak states" and "human security". According to a special report (Krastev 1999) commissioned by the UNDP concerning the issue of human security in South-East Europe, human insecurity in the region is best explained and confronted in terms of the 'weak state'. Similar findings (e.g. Popa) state clearly that SEE is a region characterized by a high level of human insecurity as a result of long-term processes of failed modernization under communism and poor post-communism recovery. This literature offers *three major arguments* in favour of a security-based approach to development in SEE:

1. *Insecurity characterises transition.* The process of transition in former-communist countries in the past decade can be seen as essentially a human security issue a dramatic trade-off between the basic social security provided by the old regimes and the political freedom and new social and economic opportunities provided by the new regimes. It is the rise of insecurity that characterises the transition in the eyes of the ordinary citizens of SEE.

2. *Promoting human security is the best way to prevent future conflicts.* Some people react to insecurity with passivity, others with aggression, and some with both.

Previous strategies that focused exclusively on growth and neglected human security notably failed to prevent further violence. The reconstruction of SEE should therefore be viewed not just as a post-conflict activity but also as a strategy for conflict prevention.

3. *Weak states offer little human security.* In the case of Kosovo, Bosnia and Herzegovina and Albania, the major security provider is not the national state but the international community. In these circumstances, the human security approach becomes a promising framework for reconstruction policies.

The new approach retains the ambiguity about the circular causation as it offers no explanation whether weak states find themselves exposed to an imbalance between threats and capacities because they have few of the latter, or because a prolonged and debilitating imbalance between threats and capacities weakens a state. Does weakness yield insecurity, or vice versa? This time however, the issue of causality loses much of its analytical relevance because the concept of "weak states" in itself represents an end-product, a qualitative interpretation of the level of development.

A *weak state* is defined not merely as one with inefficient institutions but one that is unable or unwilling to enforce rules or to implement consistent policies. Weak states may also experience, though not necessarily in that sequence, low levels of tax collection, may be unable to deliver public goods and services, or may suffer from a proliferation of paramilitary groups and have high levels of crime and corruption.

The insecurity of the region has a multidimensional social perception (UNDP 1997): *Physical insecurity the threat of war:* the region's states currently enjoy greater security than their citizens; *Political*

*insecurity internal threats:* social evolutions in the region will probably depend less on external threats than on internal political conditions; *Social and economic insecurity:* many people face very severe decline in income and in their quality of life, as their economies become less competitive and their governments cut expenditure on health and education; *Overall insecurity weak states and illiberal democracies:* weak states are the major causes of current insecurity and will also be major obstacles to the success of the Stability Pact. The neo-liberal orthodoxy of state withdrawal is mostly blamed for the transformation of the communist welfare state into the post-communist 'farewell state'.

The introduction of the new analytical instrument is about to change the standard perspective on the mutual influence between democracy and market economy which underpins most of the studies in the field (e.g. Bertelsmann Stiftung). As it is acknowledged by Krastev et al. (1999), "the countries of SEE may have adopted the formal principles and institutions of democracy but they have achieved democracies not of citizens but merely of voters." Their economies have key areas of instability that make them vulnerable to shocks, threatening human insecurity, and which may obscure apparent oases of continued progress. Table 1 offers a view of the human security situation in these countries, based on assessments by contributors from each country.

The economic and social post-communist evolutions undermined the SEE countries' efforts to escape the "weak" qualification and made them undergo significant setbacks.

From the development stage perspective the region is divided into smaller sub-areas, like the Western and the

Table 1 Human security in South-East Europe after the Kosovo war

| Country              | Political Security | Economic Security | Overall Human Security |
|----------------------|--------------------|-------------------|------------------------|
| Albania              | 1 ↑                | 1 ↑               | 1 ↑                    |
| Bosnia & Herzegovina | 1 ↑                | 1                 | 1                      |
| Bulgaria             | 2 ↑                | 2                 | 2                      |
| Croatia              | 2                  | 2                 | 2                      |
| FYROM                | 2 ↓                | 2 ↓               | 2 ↓                    |
| Montenegro           | 1                  | 2 ↓               | 2 ↓                    |
| Romania              | 2                  | 2 ↓               | 2                      |
| Serbia               | 1 ↓                | 1 ↓               | 1 ↓                    |

1 = low level; 2 = middle level; 3 = high level;  
 ↑ improving trend; ↓ deteriorating trend;  
 Source: Krastev (1999)

Eastern Balkans. The first sub-area comprises the countries of former Yugoslavia, countries torn either by war or severe ethnic tension and which need emergency assistance. In the Former Republic of Yugoslavia even before the Kosovo conflict, living standards had been hit by falling output and the disintegration of markets in the former socialist system. Several years of sanctions and other circumstances aggravated by ethnic tensions had further undermined security. As a result, many people became refugees and lost their homes, their jobs, and their sense of belonging. There are now huge numbers of refugees scattered over all the former Yugoslav republics and represent one of the most vulnerable groups. The second sub-area refers to Romania and Bulgaria, countries that have stayed out of armed or violent conflict but have suffered a great deal of collateral damage and need a different kind of assistance.

Since national governments within SEE have different definitions of *poverty* and use different poverty lines, it is not possible to compare poverty levels between one country and another. However, the poor in the SEE region do share common features which starkly contrast with the standard representation: many of them are well-educated, relatively highly skilled,

knowledgeable, and sometimes employed. This makes poverty in the SEE region quite distinctive, and particularly appropriate for a policy approach based on human security.

In addition to income poverty, the SEE region suffers from 'human poverty'. *Malnutrition* is one direct measure of the intensity of human poverty. This has been aggravated by declining real incomes which have forced people to consume cheaper and less nutritious food. *Educational attainment* has also been eroded by economic and social setbacks. Education systems are declining in quality and offering a curriculum often irrelevant to present-day needs. As a result, people have lower standards of education and fewer opportunities for employment. Large reductions in real public expenditures in many SEE countries are affecting the ability of schools to retain both students and teachers. Many kindergartens have also closed. In addition, the conflicts in Bosnia and Herzegovina and Kosovo have severely disrupted the education of thousands of children in many countries.

The region is still in transition and the states are undergoing radical transformation encompassing all its aspects, political, military, economic, human, social, environmental, and informational. The perspective from the security aspects of

development cannot but enhance the quality of policy recommendations for an accelerated recovery.

### **Concluding notes and research agenda**

This paper puts forward a two-pronged conclusion. Firstly, recent conceptual developments and empirical evidence underscore the increasing importance of security aspects for understanding development in contemporary societies. The particular case of the former communist countries from SEE is suggestive to extend the discussion on the synthetic concept of "weak states" which is conceived to reflect the combined influences of security threats on development. Given the existing shortcomings in providing a comprehensive account of a country's well-being, this paper attempts to provide an improved understanding of the SEE context. Secondly, the arguments therein presented emphasize that a better management of security issues at national level, often in non-lethal manifestations, is a key ingredient in

defining a country's development status nowadays. A case in point is that the apparent favourable of SEE countries along the HDI ranking, on a par with developed Western European countries for example, is highly contrasted by the innumerable security shocks they had and still have to face on the way to a market, democratic economy. It is similarly suggestive that their very post-communist evolutions emboldened analysts to think of the security aspects of development.

The need to integrate those investigative problems What should the analytical measurement of a "weak state" consist in? What weights should the different components of overall security be given in different developmental contexts? What is the renewed role of state in the light of the proposed approach? into any future research agenda on development has so become compelling. Interdisciplinary approach of disciplines like economics, political science, sociology, military, or security intelligence should be promoted and new indicators of political management should be devised.



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