The Aspen Institute | Germany

A EUROPEAN FUTURE FOR THE WESTERN BALKANS
ADDRESSING POLITICAL AND ECONOMIC CHALLENGES

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This reader includes conference papers and proceedings of Aspen Germany's Western Balkans conferences in 2017.

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FOREWORD

At the Eighth Aspen Southeast Europe Foreign Ministers' Conference on 31 May, Foreign Minister Sigmar Gabriel gave a high-profile keynote speech on German and European policy towards the Western Balkans, emphasizing the importance of the region for our security and prosperity. Gabriel stated that more must be invested in the long-term stabilization and transformation of the countries of the Western Balkans, both politically and financially. The Foreign Minister made a number of specific proposals in this regard, some of which were endorsed at the Western Balkans Summit in Trieste in July 2017 and are already in the process of being implemented – such as closer cooperation in the digital economy, a greater focus on strategic communication and strengthening dual vocational training. Germany has also increased its funding for the Western Balkans Investment Framework (WBIF) and continues to support the recently established Regional Youth Cooperation Office (RYCO), which will inject important impetus into the process of reconciliation.

Positive developments were achieved in the political domain in a number of countries of the Western Balkans in 2017. Above all, the crises in Albania and the former Yugoslav Republic of Macedonia were resolved; stable governments are now in place in both countries that are pursuing reform policies with great dynamism. The situation in Bosnia and Herzegovina, where political forces along ethnic dividing lines are at risk of blocking each other in the electoral campaign that has gotten under way, remains difficult. Unfortunately, fresh elections in Kosovo have not resulted in consolidation. Important reforms have stalled, and some are even trying to turn the clock back. Challenges that all six countries face – albeit to varying degrees – lie primarily in the area of the rule of law and good governance. Considerable efforts are needed here in order to promote lasting stability based on democratic principles and functioning checks and balances.

The key issue of economic prospects for young people and the search for responses to populism, nationalism and authoritarianism were the focus of two conferences that the Aspen Institute hosted in 2017 as part of its Southeast Europe program. The Aspen Institute thereby made its customary important contribution to discussions and to an exchange in a spirit of trust between decision-makers and civil-society representatives from the countries of the Western Balkans, Germany, other EU member states, and the U.S. Moreover, since 2018 will set the course for the future of the countries of the Western Balkans in many respects – we need only consider the upcoming Western Balkans strategy by the European Commission, possible developments in the naming dispute between Skopje and Athens or the dialogue between Serbia and Kosovo ten years after Kosovo's declaration of independence – I look forward to interesting and constructive events under the auspices of the Aspen Institute.

Dr. Christian Hellbach, Ambassador
Special Envoy for South-Eastern Europe,
Turkey and the EFTA States
Federal Foreign Office

INTRODUCTION

Dear friends of the Aspen Institute Germany,

After a year of major changes in the international environment that have had a strong impact on Europe and Germany, such as Brexit, the inauguration of Donald Trump as President of the USA, the refugee crisis, and the rise of right wing populism across Europe, 2017 seems to have left a little more time to breathe, realize, and digest the consequences of these major changes. Moreover, elections in EU member states have not led to as big a right wing populist shift as some observers had feared, with Emmanuel Macron beating Marine Le Pen and rising to become not only the reformist hope of France but entire Europe. At the same time, however, elections in Austria have brought another right-wing populist party, Austria's Freedom Party, in a coalition government with Sebastian Kurz's conservatives to power in an EU member state. The German elections in the second half of 2017 have brought right wing populists back to the Bundestag and have produced inconclusive results, leaving Germany without a new government for more than four months now, stalling major European initiatives. Overall, 2017 has seen a deepening of the rift within the EU, in particular between East and West. This rift is not only a consequence of the different national policies during the refugee crisis, it has also revealed different understandings of the very nature of the EU, its values, and the future course it should take, in particular regarding a potential deepening of European integration. Finally, the insecurities produced by the Brexit referendum and the increasingly difficult transatlantic relationship continue to play an important role.

On the other hand, concerns that these difficult developments might lead to a further weakening of the membership perspective for the Western Balkan countries have not been confirmed. To the contrary, high-level visits to the region, democratic backsliding, a rise in foreign influence, in particular from Russia, and a continued stalling of the accession process of some of the countries have brought the region back to the top of the EU agenda. In this regard, 2018 can be seen as a window of opportunity for the region. In February 2018, the European Commission will publish its new enlargement strategy, which seeks to reignite the accession process for all Western Balkan countries and to provide a best-case timeframe, ideally leading to the accession of Serbia and Montenegro to the EU in 2025. At the same time, the Bulgarian EU Presidency has put enlargement to the Western Balkans at the top of its agenda and announced the holding of the first EU-Western Balkans summit since the 2003 Thessaloniki summit that opened the accession perspective for the region in May 2018. This will be followed by a series of EU Presidencies of countries that are considered supporters of the region, including Austria, Romania, Finland, Croatia, and Germany.

In the region itself, 2017 has produced mixed results. In Albania, which officially received candidate status in 2014, the implementation of a justice reform passed in 2016, a key condition to open accession negotiations, has moved forward despite a number of remaining challenges. At the same time, the strong political polarization of the country continued, which culminated in an almost-boycott of the Democratic Party of the Parliamentary elections, which could only be avoided by international mediation. Bosnia and Herzegovina has officially applied for EU membership in the end of 2016, however, it has missed its December 2017 deadline to provide answers to the EU Questionnaire required to assess Bosnia and Herzegovina's membership application and grant candidate status. Overall, the country continues to suffer from political and ethnic divisions that hinder the effective functioning of the state. Kosovo, too, continues to suffer from the polarization of its political class. Kosovo's citizens have yet to be granted visa free travel to Schengen countries. The last two remaining criteria, however – the fight against corruption and, in particular, the ratification of the border demarcation agreement with Montenegro – continue to be blocked. Recent efforts to reverse the establishment of the Kosovo Specialist Chambers and Specialist Prosecutor's Office would further jeopardize Kosovo's European integration process. Macedonia was finally able to overcome its two-year political crisis, which was triggered by the release of wiretapped material that revealed the abuses of power of the ruling elite, and which culminated in their use of force in parliament to prevent the new parliamentary majority, elected in the December 2016, from voting a new government into office. Now, Macedonia is hoping to move ahead in both its EU and NATO accession processes by unblocking both processes through solving the name dispute with Greece and bringing the country back on the reform track. Amid a continued parliamentary boycott by parts of the opposition, Montenegro finally became NATO member in 2017 and continues to slowly but steadily move forward in the EU accession negotiation process. Finally, Serbia, too, continues to move forward in the accession negotiations. However, a solution to the difficult normalization with Kosovo has yet to be found.

Overall, most countries in the region were able to move forward in their respective accession processes in 2017. However, challenges remain. Despite continued recovery, the economic situation in the region remains dire and unemployment rates are high. All countries still have quite a way to go before they can be considered consolidated liberal democracies and major reform issues include the independence of the judiciary and public administration from political interference, the development of a functioning rule of law, the strengthening of parliaments to enable them to exercise their control function over the executive, media freedom, and minority rights. Moreover, 2017 was again characterized by deep political polarization within all Western Balkan countries and nationalism and radical positions also continued to play a role.

Against this background, the Aspen Institute Germany continued its efforts to actively contribute to a regular constructive high-level regional dialog in 2017. It has been committed to providing a confidential and neutral platform for debate. In a closed and protected environment, off-the-record meetings are organized to allow for in-depth discussions that respect different points of views. Since 2008, Leaders of the Western Balkan countries have embraced this opportunity and have come together at the Aspen Institute Germany's conferences to discuss regional challenges and current issues their countries are facing. Aspen Germany has provided a neutral platform for eight Southeast Europe Foreign Ministers' conferences and around 30 sub-cabinet level meetings. These conferences facilitate in-depth discussions regionally, including German, European, and U.S. decision-makers and experts, as well as representatives from the EU and international organizations. The aim of these conferences is to find common ground with regard to regional challenges and to develop concrete policy recommendations and mutually beneficial solutions. Over the past years, the Aspen Institute Germany has fostered dialog and debate on issues like trust, reconciliation, identity and ethnicity, EU and NATO integration, bilateral security roles, organized crime, energy security, economic development, rule of law, public administration reform, democratic governance, the role of parliament, and regional cooperation. International experts from academia and civil society organizations provide valuable input to these meetings with the papers and insights they contribute to the discussions. These conferences have therefore not only served as an opportunity for a productive exchange of opinions and the development of mutually acceptable ideas for solutions, but have also developed a sustainable regional and international network of decision-makers and experts, politicians and members of the civil society, which can contribute to establishing trust and closer contact between formerly conflicting countries.

We would like to express our gratitude to the German Federal Foreign Office, whose financial support through the means of the Stability Pact for Southeast Europe made this project possible. We would also like to thank the Ministry of Foreign Affairs of Bosnia and Herzegovina, which co-hosted a conference with us this year. Moreover, we would like to thank all participants over the past years, who have so actively contributed to the success of the project, and, in particular, all authors of conference papers for providing substantial contributions and expertise for discussion and suggesting constructive solutions. Finally, we would like to thank Michael Chaitow and Oskar Gustafson for their contributions to this publication.

We hope you enjoy reading this compilation of conference papers, reports, and recommendations that were developed during the conferences in 2017 and we look forward to continuing our commitment to the Western Balkans.

Rüdiger Lentz
Executive Director

Valeska Esch
Program Director

SUMMARY AND RECOMMENDATIONS

In 2017, Aspen Germany held two sub-cabinet level meetings in Alt Madlitz and Sarajevo with high-level decision-makers and experts from the Western Balkan countries, Germany, and the EU. During these meetings, discussions focused on the economic development of the Western Balkans, the perspective of the region's youth as well as the rising notions of populism, nationalism, and authoritarianism in the Western Balkans and beyond. This publication contains conference papers and proceedings of these meetings that give an overview of the topics discussed and the constructive suggestions and recommendations that were made. All meetings followed the Chatham House Rule, which is reflected in the reports.

The 2017 conferences were characterized by a growing concern about the political and economic situation in the region and the implications of the political developments in some EU member states for the reform processes in the Western Balkans. The rise of populism in the EU and illiberal tendencies in some member states have direct consequences for the Western Balkans and the EU enlargement process. Not only are the Union's liberal-democratic model and long-standing norms challenged, it is also becoming more and more difficult for the EU to lead by example when it comes to membership standards. These developments also make the decision-making processes on further enlargement increasingly unpredictable and add to the enlargement fatigue throughout Europe. At the same time, there is a growing concern both in the region and the EU about the democratic backsliding in Western Balkan countries that are increasingly characterized by strong executives, weak parliaments, and political pressure on independent institutions, media, and civil society. The often nationalist discourse by political leaders, the dire economic and social situation and the growing inequality in all Western Balkan countries with high unemployment rates, particularly among the youth, further add to the toxic mix of political and societal polarization and a lack of perspectives for the populations. On the other hand, 2018 can be seen as a window of opportunity for the EU to revive its enlargement policy and for the Western Balkan countries to finally move ahead in the process. In order to use this window of opportunity, however, a series of political and reform priorities and recommendations were identified, both for governments in the region, but also the EU and its member states.

The priorities **for the Western Balkans** relating to the topics discussed in 2017 were linked to governments' responsibilities in the transformation processes of their countries, including the division of powers in a democracy, the improvement of the investment climate, and the required reforms in the fields of economic development and education. In particular, governments in the region were called upon:

- To invest more in genuinely implementing reforms and to step up efforts in implementing the *acquis communitaire* and the transformation of Western Balkan countries instead of criticizing the EU for a lack of progress in the process
- To help the EU boost support for enlargement by demonstrating that the EU normative framework can bring concrete positive results and by showing that countries are serious about reaching EU standards
- To refrain from using nationalist rhetoric for political gains and instead increase efforts in delivering on the commitments made related to regional cooperation
- To refrain from exercising political influence over independent institutions, media, and civil society, respect the independence and role of parliament, and thereby demonstrate readiness for genuine democratization
- To grant sufficient funding for all parties represented in parliament in order to provide the most basic necessities, such as offices and parliamentary researchers, for all members of parliament to fulfill their responsibilities
- To improve the political and rule of law conditions to attract investments
- To improve the quality of institutions, public administration, and economic governance, in particular the fight against corruption, to strengthen economic competitiveness
- To invest more in infrastructure development and in particular the speedy implementation of infrastructure projects agreed on in the Berlin Process
- To increase efforts in combating informal employment
- To develop more comprehensive economic strategies that take into consideration both the SEE2020 strategy and comparative advantages of respective countries on the one hand and the need for reforms in the education sector to improve the quality and responsiveness of education to the needs of the labor market on the other hand
- To better link educational systems with the business sector, both in secondary and higher education
- To invest more in developing a dual vocational system with stronger social partners and firms willing to train people
- To promote e-learning and include the use of available information and open data in education reforms

A number of recommendations were also developed **for the European Union and its member states**. In order to better support the region and strengthen its European perspective they should be committed:

- To play a more active and more visible political role in the Western Balkans again, raising the political cost of instrumentalizing ethnic and identity politics and strengthening conditionality in the reform processes

- To put more emphasis on solving unresolved bilateral disputes, in particular status and border disputes, not only between Serbia and Kosovo, but also other unresolved issues in the region; in particular the relationship between Bosnia and Herzegovina and Kosovo should be addressed
- To be more critical, especially publicly, when it comes to addressing democratic backsliding in the Western Balkans and not only rely on strong leaders that claim to provide pro-Western stability
- To highlight all democratic deficiencies in Western Balkan countries without exceptions
- To consider developing clearer criteria and indicators for democratization on the basis of which the progress of a country can be graded
- To focus more on building and strengthening professional, accountable, transparent and genuinely independent institutions in order to break the power of patronage networks rather than hope to find the next reliable partner in the executive
- To put more emphasis on issues like internal party democracy and transparency of party funding; this should be supported by trans-European party organizations who should make better use of their influence over their peers
- To invest more in informing citizens about the benefits of EU membership, the reforms involved, and the values of democracy, and in communicating successes and shortcomings in countries' reform processes openly and understandably for the populations, enabling them to hold their governments accountable
- To put more emphasis on government pressure on media and civil society and clearly highlight unacceptable practices
- To pay more attention to issues of media freedom and ownership and invest more in supporting independent media outlets
- To approach civil society more systematically, understand which organizations are connected to political parties and to empower well-positioned organizations by strengthening their expertise, capacities, and technical organization, in order to better integrate civil society into monitoring reforms and to further the exchange of priorities and approaches
- To invest more in countering the easy solutions and answers right-wing populists within the EU offer and increase efforts in protecting the value of liberal democracy throughout Europe

These recommendations were developed in the conference papers and the discussions during the meetings. On the following pages, you can find further and more detailed recommendations and summaries of the discussions and the conference papers that contributed to the meetings.

SYNOPSIS OF THE SOUTHEAST EUROPE PROGRAM 2017

The following pages provide a synopsis of the points that were discussed at the conferences in 2017. Please note that the following summary will only provide an overview over the points raised by participants. They do not reflect the Aspen Institute Germany's position on the issues addressed.

The Economic Situation in the Western Balkans

- Labor markets in the Western Balkans are characterized by low activity and employment rates and high overall and youth unemployment
- Long-term unemployment is high and persistent
- Countries are characterized by significant informal sectors that absorb a large share of the low education job seekers in the region
- The majority of young people is left with precarious jobs (part-time, temporary) or informal sector employment
- The activity rate of the young was at 29% in 2015 (EU-28 average 41.5%)
- Youth employment rates are particularly low in the region: the average employment rate of the region's youth lies at 15%, youth employment in the informal sector is high (60% in Albania, around 40% in Macedonia and Serbia in 2015)
- NEET rates (NEET = neither in employment, education or training) in the Western Balkans are double those in the EU-28, NEET rates are higher for males than females in all countries except for Kosovo
- The difficulty of finding a job is not only confined to young people with low levels of qualification, but extends to the more highly educated (Albania and Serbia, for example, report the highest youth unemployment rates for those with the highest levels of education)
- Corruption remains endemic, undermining the quality of public governance and rule of law
- Trade between CEFTA members continues to be impeded by various obstacles and countries are competing to attract FDI
- CEFTA also supports the progressive liberalization of trade in services, which involves some degree of labor mobility; such movement of people, however, is still perceived as sensitive in the region
- High unemployment rates do not favor labor mobility within the region; most young people prefer better paid jobs in EU member states, particularly Germany and Austria, but also in neighboring countries like Switzerland
- Therefore, labor migration, in particular to Western European countries, plays an important role: high numbers of young people are leaving the region, often doctors, IT engineers, etc. and surveys show that even higher numbers would like to leave, mainly due to employment opportunities, better education or health services
- Contributing factors to high youth unemployment rates are:
  o Low quality of education and training provision
  o The challenge of access to education for all
  o The speed of technological change
  o The lack of collaboration between educational institutions and providers of industry integrated training
  o The underdeveloped career services sector
  o Barriers to labor market entry for the youth
- At the same time, labor market readiness of the Western Balkan youth is well below the average for OECD countries
- Inequality in the region is also increasing, which threatens social peace and political stability, especially in multi-ethnic countries

Recommendations:

- There is a need for a renewed focus on economic growth to generate employment, especially among the youth in the region
- Increased efforts are needed to combat informal employment
- Another focal point should be further infrastructure development and the implementation of infrastructure projects agreed on in the Berlin Process
- Strengthening the economic competitiveness and development of the Western Balkan countries requires the institutional upgrading and the improvement of the quality of institutions, public administration, and economic governance as well as, in particular, the fight against corruption
- These improvements cannot come without strong growth, which would provide states with the necessary resources and give legitimacy and public support to the processes of modernization
- There is a need for reform of the low-skills sector as the legacy of state owned companies and traditional schooling fails to accurately provide modern employers with the skills they require for the modern economy

- Developing partnerships between countries in the region to share best practices and learn from successful experiences should be considered as well; however, while it is often possible to learn from the successes and failures of other countries, it is equally important to bear in mind that no two countries are exactly the same, and each must therefore try a range of different strategies in order to understand where its comparative advantage lies

Education

- Education often does not meet the requirements of the labor market and there are weak ties between schools and companies; in Kosovo, for example, 70% of all students at the University of Pristina are enrolled at the sociological, linguistic, legal, philosophical or educational science faculties, while vacancies in engineering cannot be filled by Kosovo citizens
- The importance of vocational education and training (VET) is still neglected; reasons are mostly related to the perceptions of students, parents, and the labor market about this type of education. There is a lack of qualified experts in such schools and a weak commitment by social partners
- VET reforms are supported by the Instrument for Pre-Accession; there is a need for more involvement of social partners in refreshment of VET education programs
- PISA scores for 15-year-olds in the Western Balkans show that they are one to three years of schooling behind their OECD peers
- Life-long learning is becoming an economic imperative, but neglected in the Western Balkans
- Key competences for lifelong learning set by the EU in 2006 are aimed at a set of broad objectives: personal fulfilment, social inclusion and active citizenship, as well as employability of an individual

Recommendations:

- The quality and responsiveness of education to the needs of the labor market need to be improved and the transition from school to work should be better supported
- Financing and governance arrangements as well as quality assurance arrangements need to be strengthened
- Strategic partnerships of the education and training systems with those who drive economic development is key to understanding the changing skills demand and to ensuring relevance of education content; this is equally important at a national policy level as well as in the context of local and regional cooperation
- Education providers and authorities should take over the identified competences required by changing occupations and turn them into the learning outcomes that will be made a part of the qualification standards and new curricula, ensuring the alignment between the requests of the economy and the education content
- Education reforms in the Western Balkans should ensure that formal education systems supply learners with higher order skills to avoid falling in the trap of creating a low-skills economy
- More should be done to better link educational systems with entrepreneurship, not only in universities and other higher education institutions, but also in secondary schools and with a strong connection to employers and business associations
- It is essential to continue to promote the movement of students and cooperation and exchanges between research institutions
- E-learning should be promoted, with specific modules directly related to the requirements of the labor markets and job search
- Support for vocational training needs to be increased as vocational training allows states to quickly integrate the youth into the active labor force; it is also favored by business associations because it helps to spread practical experience among generations and is comparatively cost-efficient
- A dual vocational system with strong social partners, firms willing to train people, trainers and more support of the parents should be introduced and promoted
- In order to develop VET, employers
  - Should be a critical source of information on relevant skills demanded by the different economic sectors
  - Should provide input for continuous refreshment of education content
  - Should act as partners to educational facilities, hosting students for practical training opportunities
- Key competences integrated in secondary schools' curricula, both in VET and general secondary schools should be introduced to facilitate the establishment of horizontal links between these two categories to allow horizontal mobility at the secondary level which would contribute to the attractiveness of VET

Digitalization

- Citizens have access to an unprecedented amount of information, which provides a better base for citizens to exercise their role in monitoring public institutions
- Digital citizen engagement offers new opportunities for political participation:
  - o Technology can be used for qualitative participation
  - o It can enhance and facilitate civic engagement
  - o It is a powerful tool to demand institutional accountability
- Technology also enables institutions to analyze large amounts of data and to identify potentially fraudulent use of public funds
- Open data initiatives offer unique opportunities for citizens to get engaged in five strategic areas:
  - o Government transparency
  - o Contribution to policy-making
  - o Brain drain of the local tech scene
  - o Exposing students to new technologies
  - o Developing digital solutions that address local problems

Recommendations:

- Youth should be informed about the potential of technology and open data for civic responsibility
- E-governance should be better used as an opportunity to improve efficiency and transparency in public administration
- The use of available information and open data should be included in education reforms

The Role of the EU in the Economic Development of the Western Balkans

- In the Western Balkans, industrial specializations remain moderately competitive and external vulnerabilities such as currency risks, current account and trade deficits persist; growth rates remain subdued and economic convergence with the EU remains far away
- The prolonged, uncertain and at times inconsistent integration process due to different approaches or lack of full implementation of reforms has created conditions of economic uncertainty and dependence, which has delayed or hindered plans for much needed foreign investment in the Western Balkans
- Economic dependence has been a side-effect of the fast economic liberalization:
  - o Capital account liberalization created vulnerabilities associated with capital flight in times of crisis
  - o Trade liberalization has fueled large trade deficits and asymmetric dependence on the European markets
  - o Financial liberalization has created banking sector dependence on foreign capital (with significant negative consequences during the Eurozone crisis)
- The EU approach to the region is multi-layered:
  - o Formal conditionality mechanisms (in particular in candidate countries which have opened accession negotiations)
  - o Bilateral instruments (SAA)
  - o IPA-funds
  - o Specific monitoring mechanisms (monitoring of the national Economic Reform Programs, Country Reports)
  - o The Berlin Process
  - o The SEE 2020 Strategy
  - o CEFTA
  - o Related International Financial institutions (Western Balkans Investment Framework, European Investment Bank, European Bank for Reconstruction and Development)
- This multiplicity of initiatives and processes also creates problems:
  - o Disconnect between the overall objective (economic development and modernization) and the specific targets of the various projects (vertical mismatch): given the challenges of low capacity and high levels of corruption in the region, the EU and the International Financial Institutions often favor piecemeal approaches to the provision of funding, which results in a 'projectization syndrome', which in turn leads to a situation in which authorities seeking funding develop projects which are 'selectable', but which do not necessarily fit the needs or priorities of the countries on the ground. As a result, vocational training programs, for example, proceed, but without sufficient links to wider sectoral strategies
  - o A lack of clarity (or even congruence) between the various objectives (horizontal mismatch): conditionalities of the various processes push the countries of the Western Balkans to strategies which are not always consistent. Policies of good economic governance, for example, push countries towards fiscal consolidation policies (low public expenditure) and monetary stability (high interest rates), which deprives the countries from

domestic investments by keeping interest rates high and suppressing domestic consumption. While this helps attracting FDI, the focus on FDI at the same time necessitates maintaining low tax rates, which are in turn compensated for by relatively high payroll taxes.

Recommendations

- There is an urgent need to improve political and rule of law conditions in the region to attract investments
- Countries in the region need a comprehensive economic strategy, closely coordinated with the SEE 2020 strategy. But it is also important to keep in mind that the setting of goals from a regional perspective, without looking at the specific conditions of each country, could be seen as problematic, because there are significant disparities within the region
- There is a disproportionate focus on strategies of liberalization and deregulation, requiring growth strategies that rely on open economies and growth through mechanisms of international competition and aim at further trade integration and foreign investment; however, such a strategy creates further external vulnerabilities such as trade deficits and FDI dependence and does not sufficiently tackle internal asymmetries. Countries should therefore develop comprehensive industrial strategies, which would seek to identify, cultivate and exploit existing and new domestic and regional comparative advantages and specializations
- This approach bears three risks:
  - The development of such a strategy requires effective governments, good institutions, strong administration, and time
  - It goes against the market integration model of the EU and is inconsistent with the instruments and processes the EU has at its disposal
  - It can strengthen attitudes towards economic patriotism and protectionism (which are elements conducive to clientelism, elite capture and state interventionism)
- The EU should therefore develop new policy initiatives and mechanisms for change related to the economic development of the region
- More should be done to favor youth mobility in Europe, not only as students, but also as job seekers

The Rise of Populism in Europe and its Implications for Enlargement

- In the 2016 and 2017 elections, one in five European eligible voters (55.8 million) voted for a populist party
- Populist movements in Europe are challenging the liberal-democratic model and long-standing norms in the EU
- The very freedoms and rights the EU stands for and that have also boosted the economies of Europe are under attack by populist leaders
- The most impactful outcome of this growing wave so far is Brexit: over 17 million people voted leave in a campaign that was dominated by anti-immigration discourse and attacks against the core principles of the EU, although a recent study shows that one in four Brits believe they were misled by the leave campaign
- European integration was a project to make the life of citizens in Europe easier and better, to enable them to live peaceful, free and prosper; however, a lack of social cohesion within the EU and a fading of this pragmatic approach in an ever-expanding Union that has become too political and complicated for many to understand seems to have distanced parts of the populations from the EU
- Since 1973, the EU has gradually expanded, with an average of 7.6 years between every round of enlargement; while the Commission has been heavily engaged in preparing countries to join the EU, both the Commission and member states' governments could have been more proactive in communicating the value of enlargement to the societies of current member states
- Growing support for populism and far-right political movements in EU Member States has direct repercussions for the Western Balkans: at the very least, it makes the decision-making process regarding the accession processes of the Western Balkan countries unpredictable and volatile
- The rise of illiberal democracies, political polarization, and populism (especially in Central Europe) sends the wrong message to the region and is adding to the enlargement fatigue throughout the EU
- Over the past years, enlargement fatigue has been prominent throughout the EU, as the EU public has become increasingly critical of new member states and the EU member states have been preoccupied with internal issues and major crises in and around Europe
- This has led to a situation in which candidate states are no longer sure that fulfilling all conditions will actually grant them membership
- Other issues that challenge the enlargement process are issues such as slow growth rates, high unemployment rates, the threat of terrorism and violent extremism, as well as the matter of Brexit; these issues have driven European leaders to focus mainly on domestic problems and have intensified the determination to increase conditions and screening

of EU candidate countries before membership. In a vicious circle, this has allowed leaders in the Western Balkans to cite 'reform fatigue' and stall the much-needed transformation efforts
- The new enlargement strategy of the European Commission, expected to be published on February 8, 2018 intends to outline a strategy which would ideally enable Montenegro and Serbia to become EU member states by 2025 and re-confirm the membership perspective for all other Western Balkan countries; this new strategy is the strongest action taken in recent years by the Commission to reaffirm its commitment to the region

Recommendations

- Governments in the region would aid their countries a lot by admitting to their own shortcomings in implementing reforms and working progressively on the acquis rather than using the EU as scapegoat
- It is in the best interest of the Western Balkan countries to help boost the legitimacy of enlargement policy by demonstrating that the EU normative framework can bring concrete positive results and that they are being serious in their efforts of implementing the EU acquis and reaching EU standards, in particular in the fields of rule of law and democracy
- Western Balkan countries should work together in addressing their image problem in the EU
- 2018 is a window of opportunity for the EU to revive its enlargement policy, but also for Western Balkan countries to finally move ahead in the process; both should make use of this opportunity and jointly work on genuinely transforming the countries in the region

Nationalism

- Nationalism in the region has not been supplanted and political discourse often leads back into the past
- Nationalism is the antagonist to European integration for both, EU member states and Western Balkan countries
- Numerous unresolved status conflicts left many countries without basic preconditions for sustainable democratization (state sovereignty, territorial integrity) and kept ethnic nationalisms alive that serve as a scapegoat to avoid structural reforms
- Ethnic nationalism and ethnic conflicts built the ground for patronage systems, which have profoundly undermined attempts towards democratization and continue to do so
- Unresolved statehood issues provide an opportunity for political actors to instrumentalize this issue for their own political gains: being the defender of the national interest is an important source of political legitimacy in the region
- External factors have contributed incentives for nationalistic politics in the Western Balkans. Those external incentives include:
    - The rise of right-wing populism in the U.S. and EU countries
    - Uncertainty surrounding the EU accession processes
    - Increasing Russian interference
- As a consequence of the popularity of EU membership among the electorates in the Western Balkans, many nationalist parties abandoned their nationalist policies; however, since nationalism is no longer a taboo in some Western countries, xenophobia is again seen as a legitimate basis for politics in the region as well
- Since the EU has been taking more of a backseat in the region, Russia has been filling the void and has been actively supporting nationalist movements in Serbia, Montenegro, Macedonia, and Republika Srpska
- For many political parties in the Western Balkans, identity politics form their raison d'être; therefore, successfully dealing with nation-state building issues and solving remaining conflicts would hurt their interests
- Nationalist rhetoric is a consequence of the poor economic situation in the region, but it cannot be limited to economic factors; it stems from political mobilization, lack of rule of law, as well as state capture and has thereby become an effective business model that concentrates benefits for the select few and negates opportunities for the general public

Recommendations

- The EU needs to play a more active political role in the Western Balkans again and by doing so, raise the political cost of instrumentalization of ethnic and identity politics as it would hurt the EU integration process; while in this case playing the national interest card could still be a political platform that wins elections, the acquired legitimacy could not as easily be misused for violations of democratic rules as it would much more clearly divert from the EU accession process
- The EU and member states should put more emphasis on solving unresolved status disputes, not only between Serbia and Kosovo, but also other unresolved issues in the region; in doing so, the strategic end point of negotiations should be addressed early on and a trade off between democracy and the solution of disputes needs to be avoided

- Both the EU but also countries in the region should work on truly developing better regional relations and cooperation
- Leaders in the region should refrain from nationalist rhetoric and rather deliver on the commitments they made related to regional cooperation

EU Democratization Efforts

- There has not been a rapid democratic backsliding but gradual changes that have led to a democratic deficit which is a result of a vicious cycle of weak institutions and autocratic leaders
- The democratic backsliding happened in plain sight, but lacked any visible watersheds, such as the controversial new constitution in Hungary or constitutional revisions as in Turkey
- The process of EU approximation has become unrelated to progress in democratization; despite the focus on democracy and rule of law, the methodology and tools of the EU have not brought the expected progress
- The EU integration toolbox of instruments for external democracy promotion was created in an ambivalent environment:
  - The post-Iraq war era that was marked by widespread skepticism and questioning of external democracy promotion
  - Against the background of the Euro and financial crisis, strengthening enlargement fatigue
  - The EU placed a strong emphasis on the concept of ownership, damaging its aim of democracy promotion in the Western Balkans, suggesting a lack of a strategic policy towards the region and a lack of political will to deal with unfinished business in the Balkans
- Over the past years, stability became the underlying political paradigm and the basis for a more technical approach by the EU, while ownership often led to less transparent external interventions and backroom deals, running counter to the promotion of democratic transformation
- The EU has been relatively silent on democratic backsliding, even when confronted with concrete evidence as in the case of the Savamala incident in Serbia or the situation leading up to the wiretapping scandal in Macedonia; this leaves the impression that the EU is willing to provide external support to regimes that include considerable shortcomings in terms of democratic governance for the sake of the promise of pro-Western stability
- The EU has been conducting enlargement as an executive-driven process without thorough consideration of the involvement of national parliaments and other stakeholders
- The EU and its member states have had a tendency to empower and cooperate with individuals within the executive sphere that they considered potential agents of change, often paying closer attention to acquis transportation than to developing accountability mechanisms and remaining silent when these actors broke the rules
- The weakening of the democratic system is legitimized through the very institutions of democracy, such as national elections, voting majorities, and courts
- During the transition of the former socialist countries towards free market economies, attention was focused on the quick liberalization of markets, rapid privatization, and deregulation at the expense of similar reforms in strengthening the rule of law. This economic transformation process featured an intertwining of economic and political power, embedded in clientelist practices and corruption
- Western Balkan countries seem to have established 'Balkan-type' democracies that have created a wide gap between elites and citizens. This form of democracy is more about power games with autocratic minded leaders who benefit by maintaining weak institutions, extensive patronage networks, and contempt for transparency or accountability
- While blatant election-day voting fraud is not the case anymore, strategic manipulation of elections through influencing the playing field, *inter alia* by using government funds to buy media access, changing electoral rules, politicization of electoral institutions, and intransparent funding of political parties, has become the norm
- There is widespread apathy and declining interest in actively participating in the electoral process throughout the region; elections are no longer seen as opportunities to mandate change, instead those in power benefit from people's distrust in their opponents
- Political elites favor integration for political gains whilst having little meaningful commitment to the core European liberal democratic values
- Governments in the region often seem to invest more time looking for shortcuts to the accession process rather than being truly committed to reforms that would bring the country closer to the EU and that would build democratic and economic resilience; reforms are often being presented almost as punishment from the EU
- The developments over the past years have led to new types of illiberal political systems that formally commit to EU integration and internalize the reform discourse, but in reality continue to govern through informal rules and power structures, state capture techniques by ruling parties, patronage networks, and control of the media
- All countries in the region have weak parliaments that serve more as an extended arm of the executives than as independent institutions overviewing the executive; independent institutions are under political pressure

- State institutions in the Western Balkans were never able to develop the independence and strength to weather autocratic leaders, while civil society has continuously suffered from pressure
- The absence of institutional and economic checks and controls on various branches of power can lead to an erosion of democracy and the rule of law
- There still is a significant amount of work to be done to establish an independent and responsible judiciary in order to prevent political interests interfering with the fight against corruption and organized crime
- Sustainable democratization requires a new type of party politics as parties are filled with members who joined to find employment rather than to pursue a political commitment
- Authoritarian regimes in the region allow reforms only to an extent that does not threaten access to power of incumbent elites, otherwise, reforms reach a 'saturation point'
- The more entrenched an autocratic government gets, the greater become the cost and risk of losing its office, both in terms of losing access to clientelist networks, and potential legal cases against them. A change of government might therefore be more difficult and potentially destabilizing
- Semi-authoritarian stabilitocracies are a cause for instability itself as they are both willing to cause and manage instability with their neighbors or towards the internal other, be it opposition or minorities, for the sake of securing continued rule
- The NGO community in the Balkans has remained largely donor-driven, often lacking contact with grass-root organizations and remaining somewhat disconnected from the general public

Recommendations:

- The EU has not been critical enough when it comes to addressing democratic backsliding in the Western Balkans, but has been relying on strong leaders that claim to provide pro-Western stability; it should therefore adjust its approach and become more outspoken about shortcomings in the region
- The Commission should ensure that the criticism it might have been articulating behind closed doors becomes more audible, as noting shortfalls reminds citizens of the core reason for joining the EU
- The EU should, without exception, highlight all democratic deficiencies in the Western Balkan countries
- Given that the acquis communitaire in the field of democracy promotion is rather vague, the EU should distil particular criteria and indicators on the basis of which the progress of the candidate country will be graded
- The EU should refrain from hoping to find the next reliable, reformist partner, as this has resulted in supporting the current generation of strongmen, who adopted democratic rhetoric for their external audiences while keeping an undemocratic way of internal governance. Instead, the EU should focus more on building and strengthening professional, accountable, and transparent institutions to break the power of patronage networks
- Trans-European party organizations should play a more constructive role in democratization efforts in the Western Balkans, signaling unacceptable behavior and sharing best practices in financial transparency of party funding, as this has not been part of the EU acquis. At the same time, this issue should also be featured more prominently in the accession criteria
- The EU democratization approach should put more emphasis on internal party democracy and issues of party funding, and should further encourage the strengthening of parliaments in general
- Governments should set aside sufficient funding for all parties represented in parliament to provide the most basic necessities for MPs to properly fulfill their responsibilities (MP offices, parliamentary researchers, etc.)
- The EU should use different languages to communicate with the citizens in the region on the one hand and governments on the other. Especially when indicating areas for improvement in the performance of governments, the language should be very specific
- The European Commission should communicate the results of its country reports openly and honestly to a broader public in order to enable citizens to understand the reports and hold their governments accountable
- It is important to draw lessons from the Macedonian experience as this case has demonstrated how concerted action of a broad opposition coalition (civil society monitoring and support, large-scale social movements, and external pressure embodied in the Priebe Report and the EU and U.S. mediation) may be required for a democratic transfer of power from autocratic rule
- The EU should pay more attention to government pressure on civil society
- The EU should engage more actively with civil society to support bottom-up reforms
- Civil society empowerment should strengthen expertise, capacities, improve technical organization, and provide for regional and international networking possibilities to exchange experience
- The EU should continue to use local expertise and could improve collaboration with credible civil society organizations by institutionalizing regular channels of communication, for example by commissioning regular 'shadow reports' on the state of democracy
- NGOs should be strengthened in their advisory and watchdog roles in their respective countries

- Civil society stakeholders should be more systematically integrated into monitoring reforms and providing information for the annual country reports; therefore, the EU should develop a clearer understanding of which NGOs are connected to political parties and involved in patron-client networks and identify those NGO that are actually well-positioned to support reform processes
- More efforts should be made to support constructive local grassroots initiatives
- The EU and its member states need to invest more in informing about both the benefits of membership to the citizens of the Western Balkans, but also those of democracy and better explaining that in a democracy, it is up to the citizens to hold their governments accountable and not the EU
- Governments in the region need to finally become more serious in their reform efforts and demonstrate a clear readiness for a genuine democratization of their respective countries if they want to take their countries' EU membership perspectives seriously
- Both, the EU and its member states should invest more in countering the easy solutions and answers right-wing populists within the EU offer and protect the values of liberal democracy throughout Europe, in particular in some of its member states, which seem to have diverted from the norms EU membership entails; failing this, the EU's credibility as a promoter of liberal-democracy will be undermined

Political Consequences of the Economic Situation

- EU integration for the Balkan populations means economic prosperity and freedom to travel and work in the EU
- However, low median salaries preclude travelling, brain drain is a huge risk, and the prosperity gap between the Balkan states and the EU remains large
- The lack of successful economic and social developments could feed anti-EU sentiments in the Western Balkans; the biggest challenge for the EU is a reduction of its power of attraction that may weaken its leverage in dealing with many unresolved issues in the region
- Growing inequality and the shrinking of the middle class are urgent challenges that could tear the region apart if they are not seriously addressed; the failure of liberal policies to deliver economic prosperity and social justice for the majority of the population are the main drivers of the crisis of democracy
- Poverty has increasingly become a security issue in the region: not only does it contribute to the rise of nationalism and ethnic divisions, foreign fighters from the Western Balkans predominantly come from poor, uneducated backgrounds
- Amid the difficult economic situation in the region, identity politics (us against them) serve to mobilize political support and divert attention away from pressing economic problems

Media

- In today's world, consumption of media content in general is changing drastically: news cycles are much shorter, there is 'breaking news' almost every hour, and media ratings are becoming more and more about the number of likes, followers, and re-tweets, rather than the quality of reporting
- The media in the Western Balkans is characterized by a general trivialization of content and omnipresent tabloidization
- Media consumption is increasingly being sought through social networks, allowing the presence of fake news and disinformation to increase; while this is a global phenomenon, the weaker media foundation in the Western Balkans exacerbates this trend and fake news can travel a lot faster and further without being countered
- Media suffers from political influence and control and serves as instruments of political spin
- Social media in particular is increasingly used by political parties to create a fake reality
- Citizens in the Western Balkans lack basic democratic pillars such as access to open information and unbiased reporting
- Due to the absence of independent media, citizens lack access to reliable information to make informed decisions at elections
- EU leverage on media freedom has been very limited, in particular in terms of partisan control over advertising markets and media dependence on state funds

Recommendations

- The EU should pay more attention to issues of media ownership and freedom
- The EU should be more direct about the worrying state of the media in the region and make clear that this cannot continue if countries want to move forward in the accession process

The Aspen Institute | Germany

IMPROVING PERSPECTIVES FOR THE YOUTH: ECONOMIC DEVELOPMENT AND JOB CREATION IN THE WESTERN BALKANS

June 19-22, 2017 | Alt Madlitz

In cooperation with:

german
cooperation
DEUTSCHE ZUSAMMENARBEIT

Auswärtiges Amt

Accommodation and conference venue:
Gut Klostermühle, Mühlenstr. 11, 15518 Madlitz Wilmersdorf (Alt Madlitz)

Monday, June 19, 2017

Arrival of participants during the day

20:00   **Welcome Dinner**

Tuesday, June 20, 2017

09:00 – 09:15   **Welcoming Remarks**
                         Rüdiger Lentz, *Executive Director, Aspen Institute Germany*
                         Hans-Ulrich Südbeck, *Head of Division Western Balkans, Federal Foreign Office*

09:15 – 10:45   **Session I:**
                         Current Economic Perspectives and Job Creation
                         The economic situation in the Western Balkan countries has slowly been improving over the past years. Nonetheless, the region is still confronted with high unemployment, in particular among the youth. As a consequence, many seek employment abroad, in particular the young and qualified, which increasingly leads to brain drain. This session will therefore focus on the following questions: How can more jobs be created? Which sectors should be priorities? What should be reform priorities? What role can entrepreneurship play? How can the region be better integrated into international value chains? Are all countries in the region facing the same challenges and should joint solutions be developed?

                         Moderator: Rüdiger Lentz

                         Introduction: Hermine Vidovic, *Youth in the Western Balkan Countries' Labor Markets*

10:45 – 11:15   Coffee break

11:15 – 12:30   **Session II:**
                         The Role of Education and Vocational Training Reforms
                         This session will take a closer look at the labor markets and skills in the Western Balkans and the demands of the economies. What kind of qualifications are in demand? What are the main challenges? What should be the reform priorities? How can the link between education and the labor market be improved? What role does vocational training play and how can it be strengthened? Should countries work on different country-specific specializations? What is the role of the growing private higher education sector? What role can Erasmus+ play? What roles can RYCO or other international exchange programs play? Is there a need for more government initiative to promote vocational training programs and strengthen their acceptance in society vis-à-vis academic degrees?

                         Moderator: Anna Kuchenbecker

                         Introduction: Ivana Aleksić, *The Challenge of Delivering Skills for the Future in the Western Balkans*

12:30 – 13:30	Lunch
14:00	Departure to Berlin
15:30 – 16:30	**Visit of Science and Technology Park Berlin Adlershof**
17:30 – 18:30	**Meeting with Parliamentary State Secretary in the Federal Ministry of Economic Affairs and Energy Uwe Beckmeyer**
19:30	**Reception and Dinner with Members of the German Bundestag** Venue: Altes Zollhaus, Carl-Herz-Ufer 30, 10961 Berlin

Confirmed MPs:

Achim Barchmann, SPD	Dietmar Nietan, SPD
Thorsten Frei, CDU	Dorothee Schlegel, SPD
Metin Hakverdi, SPD	Johannes Selle, CDU
Josip Juratovic, SPD	Tobias Zech, CSU

Wednesday, June 21, 2017

09:30 – 11:00	**Session III:** **The Role of Digitalization for the Economic Development of the Region** The Digital Agenda is one of the seven pillars of the Europe 2020 Strategy. The Regional Cooperation Council has also included the furthering of digitalization in the region in its agenda. What role can the digital economy play for economic development in the Western Balkans? What are the risks and obstacles? What does it mean for regional cooperation? Should the region develop a joint strategy? What role can the Berlin Process play? How can competitiveness of the ICT sector be improved? How can research and development in this field be strengthened? How can the digital economy be connected to existing economic sectors? Who are the stakeholders in this process? Moderator: Tyson Barker Introduction: Georges L. J. Labrèche, *Citizen Engagement in Kosovo with Open Data Driven Civic-Tech Initiatives for Increased Government Transparency and Youth Employability*
11:00 – 11:30	Coffee break
11:30 – 13:00	**Meeting and discussion with Michael Harms, Managing Director, and Antje Müller, Project Manager of the Internship Programme of German Business, Committee on Eastern European Economic Relations**
13:00 – 14:30	Lunch

14:30 – 16:00   **Session IV:**
How Could Economic Development Be Better Included in the EU Enlargement Agenda?
Over the past years, the EU has worked on better integrating economic development in its enlargement agenda. Still, relatively weak economies remain one of the key challenges in the region. How can the EU offer more support for macro-economic and structural reform agendas in the Western Balkans? What should be reform priorities? How can existing mechanisms be used more efficiently? Should EU programs be partially opened for the Western Balkan countries as part of the conditionality approach? Which programs should be prioritized?

Moderator: Anja Quiring

Introduction: Vassilis Monastiriotis, *EU Conditionality and a Strategy for Industrial Development in the Western Balkans*

16:00 – 16:30   Coffee break

16:30 – 18:00   **Session V:**
Improvement of Regional Economic Relations and Mobility
Regional economic integration has been identified as a key to economic development for the Western Balkans. At the same time, countries are in different stages in their EU integration process. How can the different stages and regional cooperation and integration be better harmonized? How can regional economic cooperation be sustained with the Regatta principle? How can the full implementation of the CEFTA commitments be sped up? How can regional mobility in the fields of labor and education be improved? What role can and should the Regional Cooperation Council play? How sustainable is the Berlin Process? Is the Process still needed after Trieste? How should it be developed?

Moderator: Valeska Esch

Introduction: Daniel Linotte, *The Western Balkans: Moving Toward the EU and Cooperation Within CEFTA*

18:30   **Barbecue on the shore of Madlitz Lake**

Thursday, June 22, 2017

Departure of participants

List of Participants

Dritan Abazović

Mimoza Ahmetaj

Ivana Aleksić

Heike Backofen-Warnecke

Uranik A. Begu

Đuro Blanuša

Stefan Bogoev

Josip Brkić

Bernard Brunet

Gordana Čomić

Emily Cullom

Elsa Denaj

Maja Gasal-Vražalica

Edith Harxhi

Ramadan Ilazi

Aleksandar Jakovljević

Marina Jovićević

Martin Knapp

Zorka Kordić

Georges L. J. Labrèche

Daniel Linotte

Matthias Lüttenberg

Jani Makraduli

Vassilis Monastiriotis

Thomas Narbeshuber

Vjosa Osmani

Vladimir Prokopović

Anja Quiring

Konstantin Samofalov

Esmeralda Shkjau

Hans-Ulrich Südbeck

Helge Tolksdorf

Ana Trišić-Babić

Hermine Vidović

The Aspen Institute Germany

Tyson Barker
Program Director

Valeska Esch
Senior Program Officer

Anna Kuchenbecker
Deputy Director

Rüdiger Lentz
Executive Director

Yannic Remme
Junior Program Officer

Rapporteur: Michael Chaitow

CONFERENCE REPORT: IMPROVING PERSPECTIVES FOR THE YOUTH: ECONOMIC DEVELOPMENT AND JOB CREATION IN THE WESTERN BALKANS

Michael Chaitow

The conference on "Improving Perspectives for the Youth: Economic Development and Job Creation in the Western Balkans" took place in Alt Madlitz between June 19-22. Bringing together a diverse group of academics, policymakers, ministers, private sector and civil society representatives, the conference canvassed a range of issues across five sessions including free trade, digitalization, educational and vocational training, and job creation programs.

The Western Balkans have made a great deal of economic and political progress in recent years. Nevertheless, the region is facing a number of challenges including high unemployment, particularly among the youth, skills mismatches between employers and jobseekers, and a 'brain drain' that has exacerbated the current skills shortage in the region. The conference aimed to provide solutions to these issues, highlighting a number of key policy levers such as the Berlin Process and the upcoming summit in Trieste, that aim to address political and economic challenges in the future.

Session I: Current Economic Perspectives and Job Creation

The first session of the conference focused on the current situation of labor markets in the Western Balkans, comparing their performance with that of EU members Austria, Bulgaria, Croatia, and Hungary. This analysis found that activity and employment rates in the Western Balkans are significantly lower than those of EU member states, with inactivity particularly prevalent among the young and the female. In addition, these results were decomposed by educational attainment, demonstrating that the young and highly educated were among the most adversely affected in Albania and Serbia, whereas it was those young jobseekers with low levels of education that struggled the most on the labor market in Bosnia and Herzegovina and Macedonia. The reason given for this is that the significant informal sector absorbed a great deal of the low education job seekers in the Western Balkans, often acting as a buffer between unemployment and employment in the formal sector.

As job creation has been slower for the Western Balkans than EU member states since the 2008 financial crisis, migration has been a significant source of employment for many. Therefore, the key recommendations to emerge from this session included: a) Renewed focus on economic growth to generate employment, especially among the young in the region; b) Improved quality and responsiveness of education to the needs of the labor market; c) The creation of a dual vocational system focused on creating partnerships between educators and firms willing to train jobseekers; d) Well de-

signed active labor market programs for disadvantaged groups; e) Developing partnerships between countries to share best practices and learn from successful experiences; f) Working to combat employment in the informal sector.

Participants welcomed this analysis, agreeing with the problems diagnosed. At the same time, the question of what policy levers could be employed to address these challenges was raised. In response, donor contributions and the need for an institutional framework were raised by fellow participants.

Additional suggestions included the implementation of infrastructure investments, greater efforts to attract foreign direct investment, and dual education projects to generate employment through new programs and educational attainment. Finally, an emphasis was also placed on the political situation within the region, with some participants arguing that opting for inactivity may indeed be logical in a country where opportunities for political advancement or free expression seem limited. This has additional political implications for the region as it also affords young people with time and opportunities to become radicalized or otherwise engaged in antisocial behavior, which is a significant problem for the Western Balkan countries.

Session II: The Role of Education and Vocational Training Programs

This session built upon the issues outlined in the preceding discussion, aiming to provide solutions to the challenges of high unemployment and the mismatch between jobseekers and employers in the region. The skills demanded by employers can be subdivided into three competencies: 1. Basic; 2. Core; 3. Technical/Vocational/Professional.

Given the challenges of brain drain in the region and the focus on VET reform, this discussion focused primarily on the technical/vocational/professional sector. This session addressed the difficulty of helping employers to modernize the education sector, and to align their training programs to address the mismatch between skills demanded by employers and qualifications attained by jobseekers.

A number of recommendations were provided to help address this, including refreshing content taught in schools, developing methods of assessing skills required, creating standards to compare these skills and developing partnerships in formal and informal settings to foster lifetime education and training. Finally, it was also recommended that the region take a more detailed look at secondary and non-VET related levels of education, in order to provide a broader general education and avoid developing a comparative advantage as a "low-skills economy".

Participants agreed that there was a critical need for reform in this sector, given the legacy of state owned companies and traditional schooling that fail to accurately provide modern employers with the skills that they require for the modern economy. However, others raised the question of what skills employers are currently seeking that they are unable to find within the region. Specific requests were made for data on industries and areas where education could be improved, with others responding that it was primarily in the digital, technological, and data fields that training and education was lacking. Indeed, one argued that 65% of first graders will not find a job that currently exists.

This issue was related to the general and consistently noted problem of "brain drain" that Western Balkan economies suffer from. However, participants argued that it was unclear how to stop this from occurring, given the close proximity of high-paying European economies such as Germany and Austria. Therefore, it was argued that an integrated approach to educational reform was best. Looking towards a lifetime education system where leaders are developed from a young age and taught "soft" as well as "hard" skills would teach people how to overcome systemic issues such as nepotism or related challenges in governance. This too would foster innovation by encouraging individual thinking.

At the same time, participants argued there were practical problems related to the supply and demand of formal qualifications. It was noted that the Serbian university system would produce 40 biochemists per year, despite the country only having the capacity to absorb 5 new graduates each year. Similarly, another participant argued that automation would compound these issues, as training in such skills would be unlikely to prevent the job losses resulting from the increasing prevalence of machines in previously human positions. Ultimately, it was argued that change would need to take place across a range of areas in the education and training sectors to address these challenges, with government, employers, schools and training providers all having a significant stake in the future of this sector.

Session III: The Role of Digitalization for the Economic Development of the Region

As was noted at the outset of this session, there are a number of key conditions necessary for a digitally innovative environment to develop. These include an educated workforce, a capital stock, regulatory and market infrastructure, and demand from consumers. Previous sessions had already noted the challenges in developing a number of these business conditions, and the purpose of this would therefore be to focus on fostering digitalization in the region, given such challenges.
One participant spoke of a non-profit organization developing educational capacity within Kosovo, which simultaneously addressed social and economic prob-

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lems that the country faces. Specifically, by utilizing open data it was argued that this organization has successfully trained young people, providing them with new digital and data analytics skills on government data, whilst encouraging them to work on pro-social projects that foster greater transparency within government and encourage civic engagement.

An example of this included working with municipal data to encourage students to analyze data in order to determine irregularities occurring in procurement that would help identify sources of corruption in the country. Ultimately, the result of this was that students between the ages of 18 and 25 were invited into municipal government offices in order to discuss their findings and help reduce corruption in local government.

This and other examples served to demonstrate that in taking a novel approach to open data and skills training, it was possible to provide young people with skills that not only made them more employable, but simultaneously served the community within which they were operating. As a result, one participant wanted to know if this proved an "if you build it, they will come" model of work where developing new training programs resulted in marketable job skills that produced new jobs and as such, tackled unemployment.

This, it was argued, was the motivating factor behind the program. Indeed, while citizens were benefiting the community, their motivation for involvement was more selfish. They intended to develop skills for future employment, but in so doing, were also able to benefit their community. Therefore, this served to validate such a model of training and employment.

Other participants agreed that this was an effective method of training jobseekers, because government documents and digital agendas often failed to move at the same pace as these programs were capable of progressing. This is why one person argued that the investment needed in the region was not necessarily in infrastructure, but rather in how to provide skills to citizens who could then help build what society needed. Indeed, considering that jobs such as app programmers and drone programmers were not conceivable even ten years ago, it seems more advantageous to train people in how to learn and adapt, thereby allowing them to adjust to new technologies and industries that help develop the region and its labor market.

The sentiment of soft skills was reinforced by a number of other participants, and it was broadly agreed that this was an important area of development. However, an anecdote of the misuse of data was also provided, in order to illustrate that while students and jobseekers may gain highly relevant skills, it remains up to clients and employers to utilize these skills because otherwise jobseekers' talents will be wasted on projects that are not implemented, or worse intentionally hidden.

Therefore, the session concluded with an emphasis on the role of governments and donors for particular projects. In order to make countries and governments more open and transparent, it is important that they consider these objectives valuable in their own right. Students and technologically savvy employees are able to analyze and utilize data only when it is made available. This means that the pressure has to come from society to encourage government to make data available for public use.

Session IV: How Could Economic Development Be Better Included in the EU Enlargement Agenda?

The Balkan accession process commenced with a sense of optimism, given the success of Central and Eastern European countries in joining the European Union prior to this. Critically, this taught policymakers that entry into the EU required the buy-in of policy makers in candidate countries, as well as credible commitment and policy mechanisms such as the unbundling of conditionality to afford parties with flexibility throughout this process.

However, there have since been a number of complications across the EU and the Western Balkans alike, including Brexit and various economic and political crises. While these have posed challenges towards the accession process, there nonetheless remain a number of key pillars of EU policy in the area including the 2006 CEFTA trade agreement and the annual enlargement strategy with its country reports that act as a guide for future progression.

A question that was discussed during this session was "are the various institutions and policy mechanisms overseeing the accession process more like a spaghetti bowl, or a noodle soup?" What this analogy serves to illustrate is that while overlapping organizations such as the IMF, ECB, EBRD and others may have agendas that at times differ, it is important to understand that this can either create a great mess like a noodle soup, or remain relatively contained, just as a spaghetti bowl does.

Therefore, while economic and political problems are likely to persist and indeed reinforce one another in the foreseeable future, it is possible to implement policy solutions that generate a "new industrial revolution". This can be achieved by reinventing the SEE2020 to formulate piecemeal tools and tailored solutions that improve the ownership of candidate countries in this process.

One participant argued that this was a positive outlook that indicated a path forward for the region. It was noted that as industry looks to understand whether a country knows where it is going in the future, Western Balkan countries are therefore able to signal stability and attract business to the region by maintaining policy transparency and predictability. This view was agreed upon by other participants, but it was also argued that countries

need to learn to "embrace failure" insofar as this permits businesses and policy makers alike to take risks.

While it is often possible to learn from the successes and failures of other countries, it is equally important to bear in mind that no two countries are exactly the same, and each must therefore try a range of different strategies in order to understand where its comparative advantage lies and how it can best improve on and communicate its unique selling point.

At the same time, several participants argued that there was no shortage of strategies for reform within the region. Rather, it is the implementation of these strategies that remains the challenge for the Western Balkans and not the analysis itself. In relation to this, Smart Specialization Strategies were discussed as a method of assisting countries to determine and leverage their comparative advantage in key sectors. However, it was also argued that some countries treat this as simply a precondition for receiving funding, meaning that ministries are focused on satisfying the requirements needed for the program, without being "smart" strategies in their own right.

In response to this, the issue of how comparative advantage is determined was raised. Specifically, it is unclear what is measured and how this can be compared across countries to determine where policy makers and industry should focus. At the same time, the question of timing and likelihood of accession was raised, and it was argued that the EU could not afford to delay integrating the Western Balkans into the union permanently. Given the significant challenges that Europe has faced recently, such as the refugee crisis and concerns about Russian foreign policy, one participant argued that the EU needed the Western Balkans to be integrated as soon as it could. This sentiment was reinforced from an economic perspective, with one speaker noting that the region represents more than 20 million customers and is therefore a critical component of a broader free market.

The session concluded with a discussion of challenges and solutions for the future. While instability was raised, both in a political and economic sense, the conclusion of the session focused on the need for consistency and predictability in policy; both of which would serve to signal an open environment for businesses and investors. Similarly, conditionality was raised but the extent to which it would continue in the future was said to remain uncertain. One solution that was suggested was to consider developing conditional policy levers that help candidate countries identify their own unique selling points such as anti-offshoring in order to build the tax base of candidate countries.
This led the session to conclude rather optimistically, noting that despite a number challenges, the European project and the Balkan region had both enjoyed a great deal of success in recent decades and the same could hopefully be expected in the future.

Session V: Improvement of Regional Economic Relations and Mobility

An important background figure to this session is that while the incomes of the richest countries in the Western Balkans approach that of some Central and Eastern European countries within the EU (Montenegro's GNI per capita is approximately $17,000 whereas Bulgaria is $20,000), the region generally experiences significantly higher poverty and inequality than most EU member states. Moreover, since Kosovo has now signed a Stabilisation and Association Agreement with the EU, all countries in the region possess an SAA, serving to provide both "carrots" and "sticks" for candidate countries to implement. As these agreements determine relations between the Balkans and the EU to a large degree, the key element for candidate countries is the adoption and transposition of EU legislation into domestic law. Currently, this is proving to be a challenging task, given the great degree of technical competence required to implement these agreements.

Nevertheless, a number of questions remain unresolved. While the Regatta Principle was applied to Bulgaria, Romania, and Croatia during their accession process, it is unclear if its application to the remaining Western Balkan countries is realistic, especially within the current context of further regional economic integration. Similarly, with the Berlin Process, no decision has yet been taken regarding how funding is going to be allocated for this. Thus, as problems such as the refugee crisis and climate change continue to pose challenges for the region and the EU more broadly, how funding will be provided to deal with these issues also remains an important question.

The discussion in this session focused on expectations for Trieste and how the Berlin Process would continue to unfold in the future. In particular, some participants were wondering what the regional economic area was supposed to look like and whether this was feasible, especially given the mixed record of CEFTA so far.

Other participants restated the importance of the common market for the region, arguing that given the small size of the Western Balkan market, its integration into the EU offered many economic opportunities. Moreover, as it is currently a consumption oriented market, its modernization and the attraction of foreign direct investment would serve to benefit countries across the region. The purpose of the common market is to foster an economy of scale that is more competitive and attracts foreign investors. This is something that therefore makes sense from an economic point of view, but it also makes sense politically for the Western Balkan countries and their development of good neighborly relations, which is part of the accession criteria. At the

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same time, participants argued that while funding mechanisms for regional and technical cooperation exist for the Western Balkans, they are not always fully used in practice given the low capacity of certain public administrations.

Furthermore, some argued that the focus needed to be on fighting unemployment as recent data suggested it was very high throughout the region, especially amoung the youth. However, others pointed out that for some countries there is not sufficient data on this matter, with the example of Macedonia, where, according to one participant, there had not been a cencus since 2002. Nevertheless, what is clear from available data is that a significant share of the population are either unemployed or employed in the public sector. Therefore, the region needs a new stimulus in order to generate a stronger private sector and create more jobs.

This view was reinforced by fellow participants who argued that the success of CEFTA needs to continue being told publicly, in order to gain greater support for its full implementation and help garner support for further European integration. While enlargement has often been a contentious issue, this is because its benefits have been unclear to an increasingly sceptical European Union. Therefore, there needs to be significant public acceptance of the enlargement process in advance of its undertaking. This is something that the Berlin Process and related meetings such as Trieste have the capacity to foster, and future efforts should focus on the merits of these summits in order to enhance public understanding and support for the enlargement process.

It was noted throughout this conference that consistent dialogue is a key tool for advancing greater cooperation and integration between the EU and the Western Balkans. For this reason, the conference also involved a dinner with representatives of the Bundestag, a meeting with the State Secretary in the Federal Ministry of Economic Affairs and a tour of the Science and Technology Park in Adlershof, Berlin. At each of these sessions, discussion continued on the matters of economic development and the EU accession process.

The visit to the technology park demonstrated in a practical way, what cooperation between the EU and the region could bring in terms of new economic opportunities. Similarly the meetings with the State Secretarh and members of the Bundestag showed the tremendous enthusiasm that politicians on both sides of this process have for continued engagement. Ultimately the conference concluded on a positive note, with an understanding that these efforts were to continue with the meeting at Trieste later this year, and others to follow beyond this point.

YOUTH IN THE WESTERN BALKAN COUNTRIES' LABOR MARKETS

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Labor markets in the Western Balkans – Albania, Bosnia and Herzegovina, Kosovo*, the FYR Macedonia, Montenegro, and Serbia – are characterized by low activity and employment rates, and high overall and youth unemployment. Additionally, high and persistent long-term unemployment has become a salient feature of the region's economies. Most Western Balkan countries still have a sizeable share of their economic activities in the informal sector, and labor migration, particularly to Western European countries, has a long tradition and remittances are an important source of income.

Following the deterioration of the labor market situation in the aftermath of the economic and financial crisis, the Western Balkans has managed employment gains and a remarkable reduction in unemployment in the wake of economic recovery, starting from 2013/2014. However, the improvement in the labor markets has to be seen against the background of a low starting point. In 2016 the overall unemployment rate for the Western Balkan-6 stood at about 19% and that for the young at 45%.

In the following, we will focus on the main indicators of the youth labor market in the Western Balkans and compare the region with selected EU Member States. Unless otherwise stated, data is obtained from the SEE Jobs Gateway Database[1] based on Labor Force Survey data provided by Statistical Offices of the Western Balkan countries.

The Situation of the Young People in the Labor Market

The labor market situation of young people in the Western Balkans is characterized by involuntary unemployment, underemployment and discouragement (Vidovic and Gligorov, 2013). The majority of the young is left with precarious jobs (part-time, temporary) or informal sector employment, leaving them excluded from the benefit systems. Thus, for a high share of young people emigration is the way out. Little is known about the labor market situation of vulnerable groups, e.g. minorities. In Serbia, for example, the exclusion of the Roma population from the formal labor market is already considered a traditional issue.[2]

The entire region is characterized by low activity rates overall, and especially among the young: the activity rate of the young accounted for 29% in 2015, compared to 41.5% in the EU-28. Apart from the weak labor market performance due to low economic growth for several preceding years, stagnant or even declining activity rates in some countries have also been partly due to increased enrolment rates.

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[1] http://SEEJobsGateway.net
[2] Government of the Republic of Serbia (2016), Employment and Social Reform Programme, p. 13.

Low activity rates imply high inactivity rates. In the Western Balkans inactivity is highest among the young, reporting an inactivity rate of 71% in 2015. Young women are more likely to be inactive than men (17% versus 64% respectively), partly because young women tend to stay longer in education than men (Vidovic et al., 2017).

Youth Employment

In 2016 about 366,000 young people (15-24) were employed in the Western Balkans – by 20,000 less than in 2012 – corresponding to 6.4% of total employment. Young men account for about two thirds of total youth employment. In the EU-28, by contrast, the share of young people in the total workforce accounted for 8.2% in 2016 and males made up for slightly more than half of young persons employed. In both regions there are huge differences across individual countries. The educational structure of youth employment reveals a diverging picture with respect to the size of the individual educational segments across the region (Figure 1). A review of the educational attainment levels[3] of the employed reveals that the majority of young people have completed medium education with their share ranging from 44% in Albania to 86% in Bosnia and Herzegovina. Albania appears to be an outlier, reporting the highest proportion of both the low and high educated in the region. Structures are similar between Bosnia and Herzegovina and Croatia and compare well between Serbia and Hungary.

Youth employment rates are particularly low. The employment rate[4] of the young in the region is 15% on average, ranging between 9% in Kosovo and 19% in Albania and Montenegro in 2015. The employment rate for young men was remarkably higher (19.5%) than for young women (10.9%). Kosovo is an outlier, with the share of young women in employment at 3.8% only. Given the lack of job opportunities, young people face a difficult transition from school to work and often enter the labor market after a period of unemployment (WBIF, 2012). In the FYR Macedonia, for example, the average duration of the transition from school to the first stable period of employment amounts to 37 months for young men, and 23 months for young women.[5]

Figure 1 Educational attainment of young people in employment, 2015 (share in %)
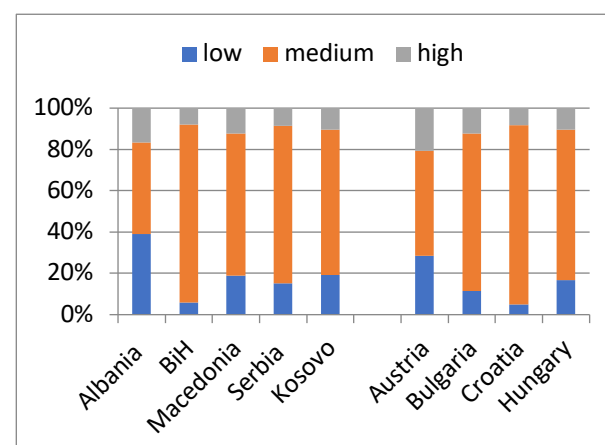
Source: SEE Jobs Gateway Database, based on data provided by national Statistical Offices and Eurostat.

Informal Employment

Informal activities are widespread in the entire region. Given high and persistent (long-term) unemployment, "the informal economy works as a social buffer for workers, many of whom do not have any option but to accept informal employment" (Hirose and Kettes, 2016).

Young people are more likely to work in the informal sector than adults. Labor force survey data for Albania shows that in 2015 47% of total employment was informal, yet this ratio for young people (15-24 years) was slightly over 60%. In FYR Macedonia and Serbia the share of informal sector employment of the young was twice as high as for adults, accounting for 40% each. In all three countries where data is available, young men are more likely to work in the informal sector than young women. Overall, the share of informal sector employment of the young has been on the decline, but remained at very high levels. The decrease, particularly in Albania and FYR Macedonia, was likely due to government programs tackling informal employment.[6]

Youth Unemployment

Like overall unemployment, youth unemployment has been high and persistent in the Western Balkans for years. Education that often does not meet the requirements of the labor market is considered as one of the major reasons for the weak labor market performance of young people in the region. This is largely a result of weak ties between schools and companies (Markus, SEE Jobs Gateway).

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[3] Data on the educational level refer to the ISCED classification. For details, see http://ec.europa.eu/eurostat/statistics-explained/index.php/International_Standard_Classification_of_Education_(ISCED).
[4] Share of employed (15-24 years) in % of respective population.
[5] Republic of Macedonia (2016), Employment and Social Reform Programme 2020, p. 24.

[6] See, European Commission Albania 2016 Report and The Former Yugoslav Republic of Macedonia 2016 Report.

Approximately 300,000 young people were unemployed in the Western Balkans in 2016, about 61,000 less than in 2012. The jobless rate for young people under 25 years is about double the overall unemployment rate in most Western Balkan countries, showing a similar pattern to the EU countries. However, while the relative gap is the same, young people in the Western Balkans are at a much greater disadvantage since the unemployment rate itself is much higher than in the European Union (Vidovic et al., 2017). In the last couple of years youth unemployment was slightly decreasing from 48% in 2010 to 45% in 2016, but remains high by European standards. As illustrated in Figure 2 the unemployment rates of the young fell faster than the overall unemployment rates in some Western Balkan countries. This would suggest that youth unemployment is more responsive to the business cycle since young people work primarily in cyclically sensitive industries, and are more often than others engaged in temporary employment or have part-time jobs (Eurofound 2012, Gligorov and Vidovic, 2013).

Figure 2 Youth and overall unemployment rates, 2010 and 2016 (in %)
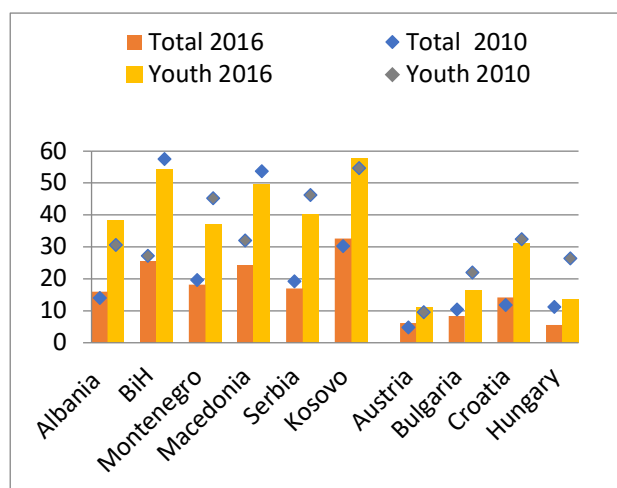
Source: Vidovic et al. (2017), SEE Jobs Gateway Database, based on data provided by national Statistical Offices and Eurostat.

Consistent with overall unemployment, there are differences by gender among the young. Traditionally, young women have been more affected by unemployment than young men in Serbia, Bosnia and Herzegovina, and in Kosovo. In Montenegro and the FYR Macedonia the situation was the opposite for most of the 2010-2016 period.

The difficulty of finding a job is not only confined to young people with low levels of qualification, but indeed, extends to the more highly educated. The relationship between educational attainment and unemployment, in the sense that the higher the level of education, the lower the level of unemployment, holds true for Bosnia and Herzegovina and FYR Macedonia. By contrast, Albania and Serbia report the highest youth unemployment rates for those with the highest level of

education and the lowest unemployment rates for those with the lowest level of education. One of the reasons for the poor labor market performance of the tertiary educated youth in Albania seems to be the educational system, which does not meet the requirements of the labor market, such as the demand for technicians and specialists. Similar experiences are reported for Kosovo, where about 70% of all students at the University of Pristina are enrolled at the sociological, linguistic, legal, philosophical or educational science faculties, while the share of students in the technical and natural science faculties is below 25%. Consequently, vacancies in engineering cannot be filled by Kosovar citizens, but only by foreign labor (Sauer and Klloqoki, 2017). Miric (2015) finds at least two factors for the high unemployment of the tertiary educated in Serbia: (1) mismatch between the university education and the qualifications required for a job – e.g. engineering and high-tech jobs remain unfilled because education in these segments is often too costly and (2) the overall lack of jobs in the formal economy.

The importance of vocational education and training (VET) is still neglected. For example, in Albania vocational education is facing numerous difficulties related to the 'perceptions of students, parents and the labor market about this type of education, the low number of students enrolled in vocational education, the lack of qualified experts in such schools, and a weak commitment by social partners' (Doci, 2017). VET is also underdeveloped in Serbia, where the educational system does not enable young people to acquire practical skills that are relevant in the labor market.[7]

A major feature of youth unemployment is the high proportion of long-term unemployed, leading to discouragement and a degradation of skills as well as causing social exclusion. Long-term unemployment has been considered leading to 'scarring' – a lower probability of future employment, lower wages, and temporary contracts with lower job security. Furthermore, high and persistent youth unemployment could have detrimental effects on the sustainability of social safety nets (Banerji et al., 2014).

The youth unemployment ratio offers another insight into youth unemployment since it also takes into account the share of young people still enrolled in education. In all Western Balkan countries, unemployment affects a relatively large proportion of the 15-24 years age group, with ratios of 16% and 15% reported for Bosnia and Herzegovina and FYR Macedonia respectively, exceeding for example the ratio in Greece. Overall, the Western Balkan countries exhibit ratios almost double the EU-28 average (7.8%).

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[7] Government of the Republic of Serbia (2016), Employment and Social Reform Programme.

In most Western Balkan countries the NEET rates are double those in the EU-28, with Albania and Kosovo showing the worst picture (Figure 3). Using the concept of NEETs – the share of persons neither in employment nor in education and training in the age group 15 to 24 years – reveals a more accurate picture of the vulnerability of young people in the labor market. The NEETs are a group consisting of 'persons typically aged between 15 and 24 years who, regardless of their educational level, are disengaged from both work and education (Eurofound, 2012). In terms of gender, NEET rates are higher for males than for females in all countries, except Kosovo. The high NEET rate for young women in Kosovo suggests their engagement in household chores. There is a tendency for girls to stay at home, rather than go to school, in order to become a housewife due to the gender roles perceived in the society (Halili, 2016). Other reasons for the high NEET rates are discouragement or lack of interest in work if another source of income is available, i.e. depending on the household income level.[8] As pointed out by ETF (2015) for Albania, having only primary-level education or less is a very important risk factor for being a NEET, but there is also a very high share of early school leavers observed in Albania (35%). Belonging to a minority within the country is also a clear risk factor for being a NEET, with the NEET rate among minorities being almost double (58%) the rate for non-minorities (29%).

Figure 3 Youth neither in employment, education or training (15-24) NEETs, 2015 (in %)[9]
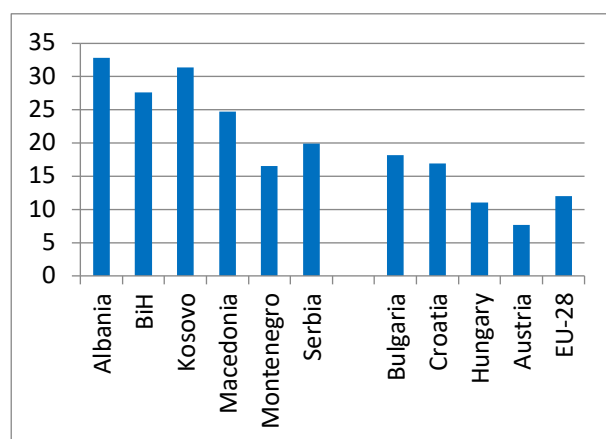
Source: ILO Database and Eurostat.

Migration

International migration has a long tradition in the Western Balkan countries, primarily to other parts of Europe, but also to the U.S., Australia, and Canada. Data on outward migration is scarce and only occasional statistics exist. There is some evidence that thousands of young educated people (aged 25-35 years) have left the

region in the past twenty years or so. According to available information[10] about 300,000 educated young people have emigrated from Serbia since the 1990s, 150,000 from Bosnia and Herzegovina and about 120,000 from Macedonia. It is estimated that about 12,000 young people are leaving Serbia every year and about 10,000 from Bosnia and Herzegovina. Young people leaving are often IT engineers or doctors. Survey results show that emigration intentions are high: accordingly 50-66% of young people from Albania, Bosnia and Herzegovina, Kosovo, and the FYR Macedonia expressed their intention to leave (Taleski and Hoppe, 2015). A more recent survey conducted in Macedonia[11] found that even more than 80% would like to leave the country, mainly due to employment opportunities, better education or health services. Such statements do, however, not distinguish between intentions and realization, and the results of these kind of surveys depend very much on the context of the survey and the wording of the questions.

Conclusions and Recommendations

Despite an improvement of the labor market situation in the Western Balkans in the past couple of years, the creation of new jobs is not sufficient to tackle the issue of unemployment effectively. Though declining, both overall unemployment and youth unemployment remain high by European standards and long-term unemployment is exceptionally high and persistent. Bosnia and Herzegovina and Kosovo turn out to be the least developed in terms of activity and employment rates while Albania has the largest informal sector. In Serbia and Albania, the incidence of unemployment is highest for those with tertiary education. Thus, a diverse set of policies and priorities are needed across countries to address the challenges in their labor markets:

- Sustained growth is key to overall employment generation

- Improving the quality and responsiveness of education to the needs of the labor market

- Strengthening the transition from school to work

- Introducing a dual vocational system (would require strong social partners, firms willing to train people, trainers, support of the parents)

- Offering well-designed active labor market programs for the actually disadvantaged (women, low-educated, minorities etc.)

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8 Ibid.
9 Source: ILO Database and Eurostat.

10 http://www.balkaninsight.com/en/article/young-people-leave-serbia-bosnia-the-most.
11 http://meta.mk/en/survey-83-7-of-the-youth-want-to-leave-macedonia/.

- Preventing young people from migrating

- Combating informal employment

- Sharing experiences and good practice with other countries

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THE CHALLENGE OF DELIVERING SKILLS FOR THE FUTURE IN THE WESTERN BALKANS

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Introduction

The challenge of Western Balkans' youth unemployment has mobilized a wide community of practitioners, policy and decision makers in search of a solution to a social challenge which is not unique to this part of the world. What is unique though, is the scope of the challenge since the Western Balkans' youth unemployment rates have never been higher.[1] Putting factors associated with the global economic crisis aside, there is a long list of other contributing factors, including the low quality of education and training provision, the challenge of access to education for all, the speed of technological change, the lack of collaboration of education and training providers with industry, the underdeveloped career services sector, barriers to labor market entry for the young and several others. No clear response on the relative weight of these factors has yet been developed. It is clear, however, that the young people in the Western Balkans need systemic support today in order to gain the right future-oriented skills for increased employability and life prospects.

More often than not, we are able to assess what students know only once they leave schooling. The labor market test of their skills comes after about ten to twelve years of school learning and, for university graduates, even later. This is one of the key reasons why we need to start asking questions about the quality of teaching and learning, as well as of students' labor market readiness much earlier, while they are still in school. The much praised Programme of International Student Assessment (PISA) of the Organisation for Economic Cooperation and Development (OECD) has made it possible to relate the outcomes of formal education for 15-year olds across the globe.[2] PISA is also considered a reliable labor market outcomes predictor or, differently put, PISA results are indicative of the quality of the human capital base of a country in the long run.

Even though the Western Balkan countries have not taken part in all of the PISA assessments, and some have only joined PISA in the last round of testing (2015), at this time we have sufficient information from PISA to say that the labor market readiness of the Western Balkan youth is well below the average for OECD countries.[3] Moreover, the results testify to additional weaknesses hidden behind the summary statement on the overall score – the Western Balkan countries not only underperform in contrast to the OECD av-

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[1] For more information, see Aleksic, I. (2014). "Prospects for the Young: The Journey from School to Work Has Never Been Longer", British Council, p. 2.

[2] Focusing on reading, mathematics and science literacy, PISA tests the extent to which students cn apply what they learn in school to real life situations.

[3] OECD (2016), *PISA 2015 Results (Volume I), Excellence and Equity in Education*; OECD (2013), *PISA 2012 Results in Focus, What 15-year-olds know and what they can do with what they know.*

erages but they have a very small share of highest performers and much larger shares of students with the lowest achievement levels. While Western Balkan countries differ significantly among themselves, this summary statement is valid for the region as a whole; the Western Balkans' 15-year olds' PISA scores show that they are one to three years of schooling behind their OECD peers.

Against this background, the main questions are what skills are needed in today's economy and how they can be supplied?

The "Right" Skills

During the past decade, a popular (and often dramatized) discourse on unpredictable jobs of the future and the unforeseeable impact of digitalization and technological change has been complemented by a growing body of technical work on skills anticipation. Old instruments and tools for skills needs identification have been refined and new approaches introduced. Most importantly, a general concept of 'skills' has been dissected, and different skills categorized in new ways, which created new challenges – what does it mean to have the 'right' skill-set as well as how can the 'right' skills be taught and learned.

The chart below (for full-sized chart, please see annex) illustrates how skills/competences[4] could be differentiated. It also shows that both employers (primarily concerned with the content of occupations and requirements of new jobs) and education and training system stakeholders (engaged in delivering qualifications) share interest in the skills/competences of an employee and/or of a learner

In this chart, competences/skills are divided into three categories: (1) *basic competences*, such as literacy and numeracy (2) *core competences* covering the so-called 'soft' or 'transversal' skills, and (3) *technical/ vocational/ professional skills and competences*, which typically differ from one sector of the economy or occupational field to another.

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[4] In this text, the terms skills and competences are used interchangeably. The difference in definitions is as follows: '*skills*' means the ability to apply knowledge and use know-how to complete tasks and solve problems. In the context of the European Qualifications Framework, skills are described as cognitive (involving the use of logical, intuitive and creative thinking) or practical (involving manual dexterity and the use of methods, materials, tools and instruments); '*competence*' means the proven ability to use knowledge, skills and personal, social and/or methodological abilities, in work or study situations and in professional and personal development. In the context of the European Qualifications Framework, competence is described in terms of responsibility and autonomy. According to: Glossary, Recommendation of the European Parliament and of the Council, 23 April 2008 on the establishment of the European Qualifications Framework for lifelong learning.

Figure 1 Competences – A meeting point of occupations (the skills demand side) and qualifications (the skills supply side)
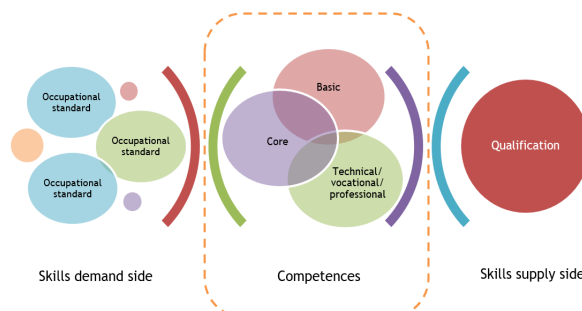
Source: Aleksić, I. (2017) *Institutional Cooperation and Coordination for Quality VET and Skills – A Review of Governance Mechanisms, Serbia*, European Training Foundation.

The third category of competences – technical/vocational/professional or '*skills for employment*' – are the type of competences affected the most by technological change and new business requirements. Because they are fully 'owned' by the sectors of the economy, by both employers and the skilled employees working in those sectors, understanding when and how they change is the most important component of continuous refreshment and revision of the old, and the preparation of new technical and vocational qualifications. It is from here that the education authorities and providers themselves can take over the identified competences required by changing occupations and turn them into the learning outcomes that will be made a part of the qualification standards and new curricula, ensuring the alignment between the requests of the economy and the education content.[5]

This is the reason why, in the context of sluggish economic growth, identification and acquisition of skills demanded by businesses were prioritized in the education reforms across the Western Balkans. The European Union's support to education reform through the Instrument for Pre-Accession, for instance, is very much focused on support to vocational education and training (VET) reforms; and more involvement of social partners in refreshment of VET education programs is a new feature of the reform process.

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[5] Aleksic, I. (2017) *Institutional Cooperation and Coordination for Quality VET and Skills – A Review of Governance Mechanisms, Serbia*, European Training Foundation.

Box 1: The three-fold role of employers in skills reforms

There is more than one way employers are needed for the success of education and training reforms, in VET in particular. Specifically, employers are or should be:

o *A critical source of information on relevant skills demanded by different economic sectors* – providing input for continuous refreshment of education and training content can only come from those who are hiring.
o *Partners in education provision as hosts of students for practical training opportunities* – introduction of elements of dual education and the design of national dual education models depends on the readiness of employers to get involved in practical training provision/work-based learning.
o *Non-formal training providers and partners of the public education system in designing and running lifelong learning systems* – in stronger and more developed economies, adult learners in need of upskilling can turn to the national skills academies or similar training entities run by employers themselves.[6]

The "Right" Skills Mix – Focusing on Learners

No doubt, education and training systems should support economic growth and development. What is more, they are considered the strategic asset in advancing productivity. Today's somewhat stronger emphasis on skills for employability can be well justified by the need for economic recovery. However, this truly makes sense, only if reform interventions succeed in balancing the short-term and long-term interests of both young and adult learners.
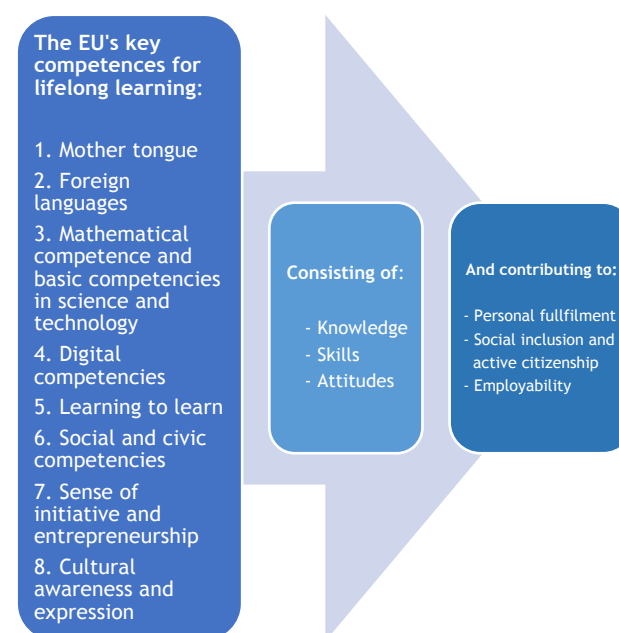
For career development and success over lifetime, learners need a mix of skills that can be applied in a variety of life situations, including in different jobs. Although "the value of VET, and notably dual training systems, in facilitating youth employment is now strongly acknowledged"[7], specific skills linked to narrowly defined VET profiles can be limiting. To illustrate, in its January 2017 special report on learning and earning, The Economist recognized that lifelong learning is becoming an economic imperative – "vocational training is good at giving people job-specific skills, but those,

too, will need to be updated over and over again during a career lasting decades".[8]

As the demand for skills is changing, modern-day workers and professionals will have to be willing and able to continue to learn throughout their lives and careers, to be able to reinvent themselves – change careers, start new businesses, engage in online learning, become savvy at problem-solving in a technology rich environment. For this to happen, education professionals overwhelmingly agree, learners need to acquire strong skills foundations – they need to be taught key competences.

Set by the EU in 2006, key competences for lifelong learning are aimed at a set of broad objectives – personal fulfilment, social inclusion and active citizenship, and employability of an individual (see the following chart). These objectives have affected curricular reform across the EU member states.[9]

Figure 2 Competences for the 21st Century

The EU's key competences for lifelong learning:

1. Mother tongue
2. Foreign languages
3. Mathematical competence and basic competencies in science and technology
4. Digital competencies
5. Learning to learn
6. Social and civic competencies
7. Sense of initiative and entrepreneurship
8. Cultural awareness and expression

Consisting of:
- Knowledge
- Skills
- Attitudes

And contributing to:
- Personal fullfilment
- Social inclusion and active citizenship
- Employability

Source: EC (2012), Staff Working Document, Assessment of Key Competences in initial education and training: Policy Guidance Accompanying the Communication from the Commission 'Rethinking Education: Investing in skills for better socio-economic outcomes', SWD/2012/0371 final.

Made up of *basic* (mother tongue, foreign languages, mathematical competence and basic competences in science and technology) and *core/transversal* skills (digital competences, learning to learn, social and civic competences, sense of initiative and entrepreneurship,

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6   See also: Aleksic, I. (2016), "Engaging Employers in Education Reforms in the Western Balkans – How and Why?", Research blog, Education and Employers Taskforce UK.

7   EC (2012), Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of Regions, *Rethinking Education: Investing in skills for better socio-economic outcomes*, COM/2012/0669 final.

8   The Economist (2017), *Learning and Earning – Lifelong learning is becoming an economic imperative*, January 12th, 2017.

9   A revised version of the EU's Key Competences Framework is foreseen for adoption in the 2nd half of 2017; it is aimed at updating the Framework to ensure that it reflects political, social, economic, ecological and technological developments since 2006.

and cultural awareness and expression), key competences for LLL make individual learners more adaptable and more flexible – better equipped for the unpredictable career paths.

The Actual Transformation of Education and Training Systems – Implications for Further Reform

The reforms of the education and training systems in the Western Balkans have already put a lot of pressure on schools and universities. Education practitioners and education administrators live and work in a state of constant flux – the objectives of the education reform, the methods and tools it uses as well as its results are under continuous scrutiny of independent professionals, students, parents, and education authorities. And there is more 'bad' news – learning is taking place everywhere. With digital transformation and wide availability of digital educational content, it is not exaggerating to say that learning has been 'revolutionized'. We cannot expect less from the education and training providers themselves.

Judging from the experiences of the EU member states, which have by and large successfully introduced key competences in programs at all education levels, there are general challenges to be considered:

- Strategic partnership of the education and training systems with those who drive economic development is key to understanding the changing skills demand and to ensuring relevance of education content. Bringing education and training stakeholders closer to employers is equally important at a national policy level (understanding economic development priorities) and in the context of local and regional cooperation (ensuring that practical training provision takes place in the work place as well).

- A new teaching philosophy and didactics linked to key competences requires support for the development of teacher competences as well. In contrast to subject content delivery i.e. 'ex cathedra' lecturing, key competences need to be taught through experiential learning, through project and team work and practical training – and, increasingly more, with the use of new technologies.

- Student assessment of key competences will require new approaches. PISA, as far as it has been technically perfected and informative, takes place every three years. Therefore, it cannot replace national assessments of student achievements and other forms of regular monitoring and evaluation of both individual students, and education system's performance. If we have learnt anything from PISA, it is to appreciate the power of good quality information and the way it can support the management of education reforms.

- Having good quality technical information is not enough – financing and governance arrangements, on the one hand, and quality assurance arrangements, on the other, need to support the reform. If coupled with good quality assessment data, preconditions will be made for the move towards school-based management and long postponed financing reforms in education.

Challenges specific to the Western Balkans' education reform efforts:

- Education reform in the Western Balkans needs to support economic development of its countries by building skills for employability. As the EC recognizes, "there is still too much distance between the education environments and the workplace".[10] In the short to medium run, it can be expected that stronger VET and, in particular, the introduction of the national dual education models will contribute to faster economic recovery. In the longer run, however, and in order to avoid falling into the trap of creating 'low-skills economy', education reforms in the Western Balkan countries will have to ensure that formal education systems supply learners with higher order skills as well.

- The emphasis on modernization of vocational education and training programs in the Western Balkans needs to be complemented by similar reform activities in general, more academic schools. This could start with efforts to support acquisition of key competences for all secondary school students. In most countries of the Western Balkans, VET reform at the secondary level has been emphasized more heavily than the comprehensive reform of secondary education.[11] To an extent, general and academic education at the secondary level has been neglected and there is a strong sense that two secondary education 'tracks' are more distant from each other than ever.

- Key competences integrated across secondary schools curricula – in both VET and general secondary schools – could facilitate the establishment of horizontal links between these two categories of schools. Currently, none of the Western Balkan countries have effective mechanisms in place to allow horizontal mobility at secondary level; once the learner gets into either VET or academic schooling, options to change the track are rare. This, among others, further contributes to the low attractiveness of VET.

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[10] European Commission (2012), Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of Regions. Rethinking Education: Investing in skills for better socio-economic outcomes, COM/2012/0669 final, p. 5.
[11] See the EC's Progress Reports for 2016 for the countries of the Western Balkans.

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- General secondary school students need key competences as much as VET learners. In the same way as key competences are the 'natural' counterpart of VET skills, education content taught in general secondary schools is theoretical and lacks applicability. These schools emphasize the acquisition of content knowledge and lack insights into the real world of work.

Conclusions

The Western Balkan countries have made a commitment to reform education and training systems in recognition of the strategic importance of the human capital base for economic and social development; and they are making efforts to align national policies with the European policy objectives. Despite the fact that education as a sector remains in the domain of national legislation and policies, even as candidate countries, the Western Balkan states are taking part in these different mechanisms and are learning from the EU member states – four out of six countries are signatories of the Riga conclusions (2015), all of them actively participate in the Berlin process, and some of them are a part of the Open Method of Coordination in Education and Training of the EU.

Following the same approach, the Western Balkan countries could, in addition to aiming to develop world-class vocational skills, ensure that sufficient attention is given to securing acquisition of key competences for lifelong learning by both their youth and adult learners.

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Annex

Figure 1 Competences – A meeting point of occupations (the skills demand side) and qualifications (the skills supply side)
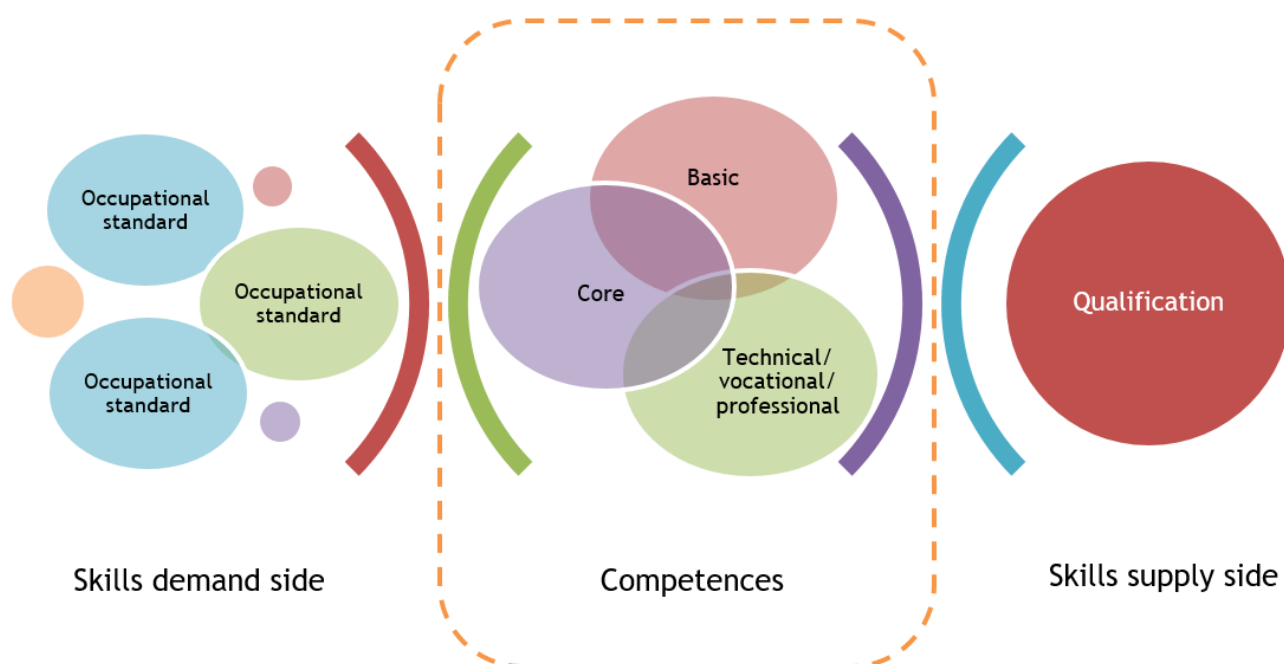
CITIZEN ENGAGEMENT IN KOSOVO WITH OPEN DATA DRIVEN CIVIC-TECH INITIATIVES FOR INCREASED GOVERNMENT TRANSPARENCY AND YOUTH EMPLOYABILITY

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Inequality is inherent in state-building processes and systems of hybrid governance with different degrees of international supervision. The obvious greater power of international actors is reflected in their influence on both domestic institutions and the broader society, through the funding and construction of civil society, and the interventions in institutional and policy-making processes. In this paper, I seek to discuss this phenomenon and possible alternatives, by focusing on Kosovo and the fight against corruption. It is puzzling to witness that even anti-corruption institutions and watchdogs, supported by international donors in traditional forms, do not live up to expectations. In a democracy, civil society has a key role in maintaining checks and balances of public and international institutions. This paper argues that for Kosovo to overcome the current situation of fragile democracy, democracy needs to come from the constituents and that technology can play an enabling role. Technology gives voice to individuals because it is embedded everywhere; it is a powerful tool in overcoming geographic, ethnic, and gender disparities of participation. It cuts across multiple concerns and sectors by approaching corruption cases both vertically and horizontally, and engaging multi-disciplinary actors in a collaborative manner. In Kosovo, it is already creating a network of young activists, which gather around specific issues and overcome ethnic, regional, and ideological divisions.

The widespread reach of technology, which exists in Kosovo, is the first pre-condition for digital citizen engagement; be it in monitoring complaints, suggestions, or satisfaction. At this stage, however, Kosovo is piloting a multitude of initiatives which promote digital engagement. Current evidence shows that 1) technology can be used for qualitative participation, 2) it can enhance and facilitate civic engagement, and 3) it is a powerful tool to demand institutional accountability. To support these claims, I will explore the case study of opening public procurement data in Kosovo through grassroots requests and their contribution to evidence based policy-making and strengthened democracy. I will discuss the challenges and opportunities in exploring open data in state-building contexts such as Kosovo and share the experience of overcoming bureaucratic overhauls and lack of political will in the effort to increase transparency and fight corruption.

In the digital age, citizens have access to an unprecedented amount of information at an exceptional speed, which provides a better base for citizens to exercise their role in monitoring of public institutions. Technological tools do not only allow for the quick collection and management of data, but also analysis and enhanced comprehensiveness.

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In the context of Kosovo, these new trends are particularly important. According to a 2013 study by the Kosovo Association of Information and Communication Technology (STIKK), the "household internet penetration is at least 84.81%,[1] which is comparable to the figure by the European Union."[2] Thus, Kosovo ranks 1st in the Balkans and 33rd in the world (in comparison with 2016 mesurements, Iceland ranked 1st at 100%; the U.S. 20th at 88.5%; and Hong Kong 46st at 74.1%).[3] Considering also that 70% of the population is under the age of 35,[4] this makes Kosovo a young, wired, technologically literate and digitally connected country.

Fifteen years after the conflict, young people in Kosovo face rampant unemployment and attend a public education system which does not reflect the requirements and dynamics of the labor market. While the total population is estimated at 1.8 Million, 34% of the population in Kosovo is under 18 years of age, and half the population (50%) are under the age of 25.[5] The situation of youth and adolescents has seen incremental progress, however, significant challenges remain. Young people between 18-25 years of age in Kosovo have limited space and opportunities for engagement or development, leaving them in the margins of societal structures. Unfortunately, the majority of Kosovo's youth are neither employed nor in education or training. According to the World Bank, between the age of 18 and 25, youth inactivity rates increase from 24% to 62% (World Bank, 2014). The overall socio-economic situation adversely affects young people's engagement and leads to unwanted outcomes such as apathy, disenfranchisement, illegal migration and religious radicalization.

Bearing these facts in mind, our activities to promote opening and utilizing data in Kosovo have taken a holistic approach: introducing the concept of open data to institutions, analyzing institutional data, presenting this in a comprehensible manner, enabling policy-makers to use the findings from the data for policy development, developing a network of open data advocates, and most importantly enhancing the skills of young people for digital product development. For instance, the online municipal procurement visualizer[6], developed in a se-

ries of workshops with computer science students, is actively being used by local municipality officials to guide local development policies. In the case of the Municipality of Gjakova/Djakovica, the visualizer helped the municipality to understand that there was a very low number of businesses based in Gjakova/Djakovica which were benefiting from municipality's public tenders. The municipality has used the data to support the design of its local economic development plan and devise interventions to support its private sector. Following the positive example of Gjakova/Djakovica, five other municipalities have opened up their procurement data. Furthermore, building on the procurement red flag indicators identified by the World Bank, programmers have developed algorithms which flag procurements that might be suspicious, thus strengthening the integrity of procurement processes.[7]

Technology, like no other tool before, enables institutions to analyze large amounts of data and efficiently identify potentially fraudulent use of public funds. The visualizers, developed by enhancing the digital capacities of young people through youth engagement and digital skill development activities in different municipalities, have not only flagged the potentially corrupt tenders, but have also pinpointed some of the systematic shortcomings in the management of public tenders. It is only through open access to data and having it presented in a comprehensible manner that civil society and international organizations are enabled to close the feedback loop by supporting institutions to improve their systems and applying public pressure to do so.

In line with Tim Burners-Lee's five star open data deployment set, our activities in Kosovo have focused not only on opening data, but using it to also put it into context, support conversation around it, build capacities, skills and networks, and collaborate on it as a common resource. Open data initiatives offer the unique opportunity for Kosovo's wired youth to get engaged in five strategic areas of concern: government transparency, contribution to policy-making, brain drain of the local tech scene, exposing students to new technologies, and developing digital solutions that address local problems. In addition, open data has the potential to be the bridge between the demand and supply side, the users and providers.

The pronounced advantage of open data initiatives is that they bring together people with a multitude of interests and skills, interested in analyzing and addressing a specific issue. In addition, as a result of the wide scope of issues and the possibility of these being hyperlocal, conversations around open data attract a diverse audience of young people: from students to activists to engineers. Open data channels the digital capacity of

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[1] Online sources tend to measure Kosovo's Internet Penetration Rate in the mid-70% for 2013, such as the Internet World Stats at 76.6%. Despite this, the analysis made with this data is still relevant in conveying that Kosovo benefits from a high Internet Penetration rate compared to the the region and the World.

[2] STIKK, "Demographic Internet Penetration – Based on Households," in Internet Penetration and Usage in Kosovo, August 2013, p. 23. http://www.stikk-ks.org/uploads/downloads/Internet_penetration_and_usage_in_Kosovo.pdf.

[3] Internet Live States, "Internet Users by Country (2016)," http://www.internetlivestats.com/internet-users-by-country/.

[4] Ministry of Foreign Affairs of Kosovo, "Investing in Kosovo", http://www.mfa-ks.net/?page=2,149.

[5] Agency for Statistics of Kosovo, Census 2011: https://ask.rks-gov.net/rekos2011/?cid=2,1.

[6] Vizuelizimi i të dhënave të prokurimit të Komunave të Kosovës, http://opendatakosovo.org/app/vizualizeri-i-prokurimeve.

[7] Procurement red flags: http://opendatakosovo.org/app/vizualizeri-i-prokurimeve/ferizaj/red-flags.

young software engineers and computer scientists in Kosovo to implement and maintain an online platform that collects, hosts, and distributes open data. Most importantly, for young people, the resulting tools are not seen as an end in itself, but as an opportunity to acquire hands-on technical skills that are in demand in the global labor market, as well as a means of producing resources that can be re-used and developed further.

No matter the advocacy and pressure generated by pro-transparency initiatives, it is ultimately up to civil society to keep their governments accountable. Activists and watchdogs can help, but popular will is the best and only approach to keep governments in line. In tune with the rise of technological accessibility, what better modern way to hold governments to account and participate in local development than by empowering Kosovo's digital youth to channel their tech-savviness towards bearing civic responsibility? The movement for open data is offering a platform for quality participation of young people and strengthening the digital capacities of young developers to process data. At the time of writing this paper, Open Data Kosovo, an NGO in Kosovo that engages in promotion of open data, has a network of over 600 open data advocates, a majority of which are women, who have improved their skills through digital capacity-building workshops all while acquiring knowledge on the ways that their skills can more effectively connect to government and future employment. This too, has had the effect of making these actors a part of a global online community of civic-tech activists.

EU CONDITIONALITY AND A STRATEGY FOR INDUSTRIAL DEVELOPMENT IN THE WESTERN BALKANS

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Despite the very strong and, in some respects, intricate involvement of the EU in the Western Balkans; and despite the large policy input, the sizeable financial transfers and technical assistance, and the targeted efforts by a multitude of actors and international institutions, key problems of economic development in the region persist. Rates of unemployment and inactivity remain stubbornly high. Industrial specializations remain moderately competitive and external vulnerabilities (currency risks, current account and trade deficits, etc.) persist. Growth rates, although somewhat recovered relative to the years following the aftermath of the global financial crisis, remain rather subdued and the convergence dynamic vis-à-vis the countries of the European Union seems to have been halted. This note discusses the policy approach of the EU to the region with respect to economic conditionality, and puts forward the idea that economic development in the Western Balkans requires a stronger and more comprehensive industrial and development strategy. However, it is expected that this will be difficult to pursue, given existing policy constraints at the European and domestic levels.

The Context of EU Conditionality

The experience with conditionality and post-communist transition in Central and Eastern Europe created a sense of optimism that economic integration and political-institutional approximation with the EU – and ultimately full membership – can be a significant driver for both democratization and economic development. Indeed, a large amount of literature had shown in the 2000s that conditionality had been on the whole effective in supporting capacity building, institutional development, and stimulating economic growth in acceding countries (see, inter alia, Grabbe, 2014).

This optimism has been somewhat muted more recently, through a number of events. In CEE, instances of democratic backsliding have put in question the ability of conditionality to instigate permanent and effective change. A number of authors have looked at the role of elites/capture (Innes, 2014) and democratic domestic conditions (Sedelmeier, 2012) in trying to understand this. In the Balkans, conditionality had already proven earlier to be less effective and more problematic. Concerns about the 'moving target' of conditionality, its lack of credible commitment, and its inconsistencies across countries and policy areas had been expressed already since the beginning of transition in the region (see, inter alia, Anastasakis and Bechev, 2003). With the problems that emerged in the late 2000s – from problems with the judiciary and corruption in Bulgaria and Romania (Gateva, 2010), to the delayed and half-hearted reforms in the Western Balkans (Uvalic, 2012; Elbasani, 2013), a number of contributors started sug-

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gesting that key to the effectiveness of conditionality is not only its institutional fit to local conditions but also the buy-in of local actors and elites (Noutcheva, 2009; Vachudova, 2014). In addition, both in the Western Balkans and in the wider region of the European Neighborhood Policy (ENP), scholars started realizing that the slow (for the Western Balkans) or non-existent (for the ENP, especially in the south) prospect of accession created adverse conditions both for institutional change and for economic growth (see, inter alia, Börzel and van Hüllen, 2014).

Concerning institutional (and policy) change, the fact that the process of accession was becoming more and more visibly distant allowed political elites to develop strategies of procrastination, delaying reforms, and creating an environment where clientelism, state capture, and party-political antagonisms could thrive. Concerning economic growth, the prolonged, uncertain and largely unsmooth accession/approximation process also created conditions of economic uncertainty and dependence. Economic uncertainty delayed (or hindered) plans for much needed foreign investments in these regions (Estrin and Uvalic, 2016), impacting negatively not only on the process of economic restructuring but also on the labor market. In the Western Balkans, for example, unemployment, inactivity and informality rates, although declining in recent years, have remained exceptionally high despite positive output growth. Economic dependence, in turn, has been a side-effect of the fast economic liberalization followed by most associated countries: capital account liberalization created vulnerabilities associated with capital flight in times of crisis (Monastiriotis and Tunali, 2006); trade liberalization fueled large trade deficits and asymmetric dependence on the European markets; while financial liberalization created banking sector dependence on foreign capital (with significant negative consequences when the Eurozone crisis hit).

Policy solutions, in the form/direction of policy conditionality (Trauner, 2009), policy credibility (Grabbe, 2002), governance (Sedelmeier, 2014; Schimmelfennig, 2014), the more-for-more principle (Emerson, 2011), and more recently the EU's 'new approach' both in the Western Balkans and in the ENP (Borzel, 2016; Dornan, 2017) all aimed at overcoming this challenge by buying-in reluctant elites, engaging a wider set of (non-government) actors, and bringing forward the benefits from association by unbundling conditionality and making approximation a more granular/staggered (but also more gradual and prolonged) process.

However, the Eurozone crisis and more recently Brexit and the rise of populism in various parts of Europe, together with the pre-existing 'enlargement fatigue' and public skepticism over the speed of enlargement of the EU led to an official 'freeze' in future enlargements of the EU until at least 2020[1]. This thereby maintained the uncertainty, lack of commitment and, in part, disillusionment in the associated countries, thus providing further incentives for 'token compliance' and the pursuit of short-term party-political (or ethnic-nationalist) agendas. It is not an accident that both of the target regions of EU conditionality (Western Balkans and ENP) have recently seen extreme political instability. While the situation in parts of the Eastern (e.g., Ukraine) and Southern Neighborhood (Egypt, Lybia, Syria) can be explained by wider geo-political dynamics, the democratic backsliding and political tensions in the Western Balkans (and in Turkey) are clearly not unrelated to the weaknesses – and ultimately the ineffectiveness – of the process of accession conditionality. In the Western Balkans, the first half of 2017 was marked by a hugely worrisome wave of instability: from the violent assault in the Macedonian Parliament in April, to the political tensions in Montenegro over the issue of NATO membership, the persistent constitutional crisis in Bosnia and Herzegovina, and the recent political tensions in Kosovo and Albania (let alone the hardening of regional tensions, such as the Kosovo-Montenegro border dispute and claims about external interventions in electoral affairs between Albania and Macedonia and between Serbia and Kosovo); the region appears to be backsliding into more instability and potential inter-ethnic tensions.

On the whole, and despite the significant progress that countries in the region have made over the years with regard to both economic and political-institutional development, there is a sense today that the EU strategy for the region may have lost its steam – not producing the outcomes that one would have hoped for, nor at the speed at which one would have hoped. Indeed, in its latest assessment, the European Commission has acknowledged that, across the region, "structural shortcomings persist, notably in the key areas of rule of law and the economy" (COM, 2016, p.2).

How Does the EU Support Economic Development in the Western Balkans?

Despite the existence of a seemingly unified framework of relations with the countries of the Western Balkans under the EU's Enlargement Strategy, the EU's involvement in the region is in fact multi-layered. The EU operates in the region through formal conditionality mechanisms (for the candidate countries with open negotiations), through its bilateral instruments (SAAs), and the funds linked to these (IPA-II), through specific region-wide monitoring mechanisms (e.g., monitoring of the national Economic Reform Programs and issuing of Country Reports) under the Enlargement Strategy, through parallel processes such as the Berlin Process, through indirect mechanisms linked to the activities of

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[1] See http://www.euinside.eu/en/analyses/the-enlargement-process-is-not-frozen-it-has-frozen.

regional institutions (such as the SEE2020 Strategy and CEFTA) and through operations of related International Financial Institutions and instruments (such as the Western Balkans Investment Framework, the European Investment Bank and the European Bank for Reconstruction and Development).

Broadly speaking, all these institutions, initiatives, and processes have a common objective: to support the economic development and European perspective of the countries in the region and of the region as a whole. Each of these specializes of course in particular areas and has its own instruments for supporting economic development and for monitoring performance. For example, international financing institutions focus their activities on investment and business development, seeking to leverage investment through loans and support economic restructuring, infrastructure development and the economic competitiveness of the private sector. CEFTA is in turn concerned with the facilitation of trade within the region and, through this, the promotion of regional comparative advantages and of a more integrated market (in both goods and services), so as to raise the extra-regional trade performance of its members. Through its Enlargement Strategy, the more direct efforts of the European Commission focus on aspects of economic governance and improvements in the overall competitiveness of these countries, including their labor markets. A more direct focus on economic capacity-building and improvements in economic performance across key pillars of the economy is represented by the SEE2020 strategy. It operates as a preparatory ground for the economies of the region, focusing on five key pillars of integrated, smart, inclusive, sustainable, and well-governed growth. Through this, the strategy encourages the pursuit of – and monitors performance against – a number of targets with regard to trade, research and development, transport, energy, education, employment, and many others.

Key to all these initiatives and processes is the availability of funds and financial instruments. Through its current funding scheme, the Instrument for Pre-accession Assistance (IPA-II), the EU has committed or dispersed in the region over €5bn, with €3bn pledged for the current programming period (2014-2020). A larger contribution, in numerical terms, has been made through leveraging from financial instruments available through the international financial institutions. According to the European Commission, the Western Balkans Investment Framework alone has a pipeline of projects with an estimated investment value of €15 billion (EC, 2014).

Despite this concerted effort, the multiplicity of initiatives and processes also creates problems, especially as it is combined with different layers and degrees of conditionality (e.g. for access to IPA-II funds or to EBRD loans).

There are two types of problems that are important to highlight here. First, the disconnect between the overall objective (economic development and modernization) and the specific targets of the various projects, which is a form of vertical mismatch. Given known problems of commitment, capacity and perhaps also corruption, the EU and the IFIs favor generally piecemeal approaches to provision of funding. This results in a 'projectization syndrome', whereby authorities seeking funding develop projects which are 'selectable', but which do not necessarily fit the needs or priorities of the countries on the ground. Thus, for example, activation and vocational training programs proceed, but without links to wider sectoral strategies. As a result, the specific interventions remain largely ineffective (e.g. with regard to the aim of reducing unemployment), while economic restructuring does not proceed.

Second, the lack of clarity, or indeed congruence, between the various objectives is a form of horizontal mismatch. Despite the existence of an over-arching strategy under the SEE2020, the conditionalities of the various processes push the countries of the Western Balkans to strategies which are not always consistent. For example, principles of good economic governance (and the overall framework of pre-accession negotiations) push countries towards policies of fiscal consolidation (low public expenditure) and monetary stability (high interest rates). While fiscal prudence and monetary stability are rightfully considered as crucial for mobilizing much-needed foreign direct investments (FDI) into the region, such policies deprive the countries of the region from equally much-needed domestic investment – by keeping interest rates too high (and thus investment rates too low) and suppressing domestic consumption. In this sense, the policies pursued have a direct impact on the growth drivers that are being favored for the region (e.g. foreign versus domestic investment). Emphasis on FDI necessitates maintaining low tax rates, which are in turn compensated for by relatively high payroll taxes. This, together with the fact that productivity spillovers from foreign investments are limited as domestic absorption capacities are weak (Monastiriotis, 2016), suppresses labor demand, thereby maintaining high unemployment and skill mismatches in the economy. In this context, policies for trade liberalization and openness create potentially more trade imbalances (trade deficits), thus also working against the macroeconomic policies aimed at promoting external sustainability (fiscal and current account deficits).

All in all, it appears that fine-tuning between policies and across policy objectives is limited despite the concerted efforts for the structural upgrading of the economies of the region.

What Else Can Be Done?

It is, of course, not easy to devise a strategy that will solve all problems, economic or otherwise, faced by the

countries of the Western Balkans in an instance and thus putting them on a fast track to economic and institutional convergence with the EU. As is widely acknowledged, economic problems (e.g., an underdeveloped private sector and low rates of domestic savings and investment, high rates of unemployment and inactivity, weak infrastructure and connectivity, etc.) combine with problems of inter-state cooperation and domestic problems of political antagonism and institutional quality. Thus, strengthening the economic competitiveness and development of the countries of the region requires, almost as a pre-requisite, the institutional upgrading of these countries and targeted improvements in the quality of their institutions, in their public administration and in their economic governance. At the same time, such improvements cannot come in the absence of strong growth, which would provide the states with the necessary resources to implement key structural reforms and give legitimacy and public support to the processes of economic restructuring and institutional modernization. The problem is complex and thus its resolution will almost undoubtedly be costly and protracted.

The policy problem can be essentially summarized in the following: In the absence of effective governance and strong economic institutions, maintaining a close grip on the mechanisms of economic governance in the region and of the economic policies pursued there seems necessary in order to strengthen capacities, deal with problems of commitment, and help support structural reforms that are costly in both distributional and political terms. The resulting policy approach, however, places disproportionate focus on strategies of liberalization and deregulation, requiring smaller states and growth strategies that rely on open economies and growth through mechanisms of international competition. Indeed, the international advice coming to the region today suggests that future growth depends almost exclusively on trade integration (openness), and foreign investment (Sanfey et al, 2016). Given the weak production bases of the economies of the Western Balkans, however, such a strategy creates further external vulnerabilities (trade deficits, FDI dependence) and does little to help with internal asymmetries (e.g. skill mismatches) in the medium-run. In turn, a more effective approach would be to direct countries in the region towards the development of comprehensive industrial strategies, which would seek to identify, cultivate and exploit existing and newly 'discovered' domestic and regional comparative advantages and specializations.

This, however, introduces three concerns or risks. First, the development of a comprehensive industrial and growth strategy requires effective governments, good institutions and strong administrations – and above all, time. None of these, however, are available in abundance in the region. Second, such a strategy goes against the market integration model of the EU and it is thus, also inconsistent with the instruments and processes that the EU has at its disposal. And, third – and

perhaps most importantly – such an approach can possibly strengthen attitudes towards economic patriotism and protectionism, i.e., elements conducive to clientelism, elite capture and state interventionism which are, as has been noted, among the endemic problems of the region holding it back, to a large extent, from achieving the acceleration of its economic development in the first place.

Overcoming these risks while maintaining a positive outlook to the economic development of the region, as well as safeguarding the long-established approximation mechanisms between the region and the EU, is the key challenge facing the EU and the Western Balkans alike in the future. The EU has in recent years become more open to the idea of active government, not only in macroeconomic policy but also specifically with regard to industrial and development policy. Indeed, many of its member states have recently launched significant policy initiatives in this direction – from Britain's new "Industrial Strategy" to Germany's "Modern Industrial Policy" – while similar policy innovations have been registered at the supranational level (from the EU's own "Industrial Renaissance" objective to the G20 "New Industrial Revolution Action Plan"). Despite the positive elements of the SEE 2020 Strategy, a similar approach to economic and development policy in the Western Balkans is today missing – even at the national level, let alone at a regional one. The pursuit of such an approach clashes with the existing technology and policy approach of the EU's economic conditionality in the region. This is an inconsistency – and a hindrance to economic development – that needs to be carefully considered and addressed through new policy initiatives and mechanisms for change.

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THE WESTERN BALKANS: MOVING TOWARD THE EU AND COOPERATION WITHIN CEFTA

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Six Western Balkan countries – i.e. Albania, Bosnia-Herzegovina, Kosovo, Macedonia, Montenegro, and Serbia – are not yet members of the EU. However, they have concluded Stabilization and Association Agreements (SAAs) with the EU; they are also engaged in the Berlin Process. Moreover, they are members of the Central European Free Trade Agreement (CEFTA), where they cooperate mainly on trade matters, above all to liberalize and facilitate the exchange of goods and services, and related movements of natural persons.

These countries are confronted with enormous challenges, related inter alia to the quality of governance (corruption) and high rates of unemployment, especially for the youth. The EU, the U.S., and international organizations are providing technical assistance to support the liberal and democratic transition processes in the region. From the perspective of the EU, priority is given to the effective and full implementation of the SAAs, in particular the adoption of EU legislation.

In the following note, I provide more information on: the economic and social context of the region, relations with the EU, the Regatta Principle, CEFTA and the SEE 2020 Strategy, labor mobility between countries, and the youth. Above all, this document should be seen as food for thought, for discussion.

Economic, Social and Governance Contexts

Areas and populations. With the exception of Serbia, with an area of 87,460 sq. km, Western Balkans countries are rather small (see table 1). Populations are also limited, ranging from 600,000 in Montenegro to 7.1 million in Serbia. From an EU perspective, such low figures could matter – they should favor a quick integration and labor mobility because of their potentially marginal impacts on the vast EU labor markets.

GDP levels. As indicated in table 2, Western Balkan GDPs are small. The largest GDP is reported for Serbia, with about USD 38 billion, which is nine times larger than what is observed for Montenegro, the smallest economy in the region. These figures do not take into account the large grey (or undeclared) economic activities; they also indicate the importance of free trade – within the framework of the SAAs – with the EU, which allows the Western Balkan countries to export to one of the world largest markets.

Social conditions. There is widespread poverty in the Western Balkans. The highest level of poverty is observed in Macedonia. Inequality in the region is also increasing. Such conditions matter for social peace and political stability, especially in multi-ethnic countries, where tensions between communities can partly be re-

lated to social and economic conditions. Moreover, poverty favors crime and trafficking.

Unemployment. In the Western Balkan economic context, finding a job is not easy, especially for young people. Considering the youth, as shown in table 3, Bosnia-Herzegovina displays the highest youth unemployment rate with 63 percent. It should be underlined that high unemployment does not favor labor mobility within the region. Rather, most young people seem to prefer better paid jobs in the rich EU members, especially Germany and Austria, or neighboring Switzerland.

Governance. Corruption is a very sensitive issue in many countries, including the Western Balkans. Furthermore, the quality of public governance and imposing the rule-of-law are major challenges, which matter in countries confronted with poverty and a lack of adequate infrastructure, seen as important for stimulating investment.

Relations with the EU

Stabilization and Association Agreements. The Stabilization and Association Process was initiated in 1999. It represents the strategic framework supporting the rapprochement of the Western Balkan countries with the EU. It is based on bilateral contractual relations, namely the SAAs, which include several dimensions, with a focus on political dialog, trade relations and regional cooperation. In addition, financial and technical assistance are provided to the Western Balkans to support the implementation of the SAAs. Kosovo was the very last country that signed an SAA with the EU.

Candidate countries. Montenegro, Serbia, Macedonia and Albania are official candidates for EU membership. So far, accession negotiations have been opened with two countries only, namely Montenegro and Serbia. Bosnia-Herzegovina (which submitted a membership application in 2016) and Kosovo are both potential candidates.

Adoption of the Acquis. Western Balkan countries have National Programs for the Adoption of the EU *Acquis.* These programs provide information on strategic goals and priorities (with the reforms and measures needed to achieve the goals), a detailed plan for the harmonization of the domestic legislation with the EU (with a reference to the TFEU, the Directives, etc.), and an estimate of the human and financial resources that are needed for implementing the programs.

Challenges. Moving toward the EU requires adequate and skilled human resources (mainly lawyers and economists) in the state bodies that are responsible for the adoption and the progressive implementation of the *Acquis*. Such requirements mean that training and education on EU matters (institutions, laws, and policies) are seen as high priorities for technical assistance. Retain-

ing qualified staff in the public administration is also difficult because of the higher pay and better prospects that are offered by private consulting companies and international organizations

The Regatta Principle

Meaning. Until recently, the EU catchphrase or expression to describe the complex accession process of its newest members was the so-called "Regatta Principle" adopted in Helsinki in December 1999, which meant that countries will join the EU only when they are seen as qualified. 'Graduation' for EU membership does require the adoption of the *Acquis* and the capacity to implement effectively all EU rules and policies.

Criticism. The "Regatta Principle" has been criticized by scholars – it has been seen as a tactic to divide and weaken the position of candidate countries and as a result, limit the scope of negotiations. A priori, such critical views make sense. However, the principle also reflects a degree of pragmatism. Namely the recognition of some differences between countries in terms of economic development, quality of governance, and willingness to move firmly ahead with reforms.

Implementation. Overall, the accession of Slovenia, Bulgaria, Romania, and Croatia reflected the "Regatta Principle". However, events in some of the new members – e.g. the anti-corruption demonstrations in Romania – underline the limits and the weak sustainability of the achievements. They also show the influence of civil society on politics, with a major role for these groups to act as whistleblower.

Prospects. To some extent, following the accession of Croatia and EU internal issues (such as Brexit, etc.), the near future of the 'Regatta Principle' seems unclear. In terms of GDP per capita, Montenegro and Serbia are above the other countries. Considering the business environment, Macedonia has made significant progress and performs much better than the others – however, it does not attract much FDI. Most importantly perhaps, not long ago there were still some strains between countries and within countries. Thus, ethnic communities may still be reluctant to cooperate intensively – which could make any scenario potentially hazardous. However, with the Berlin Process, the EU contributes to the stabilization of the region. In addition, the Western Balkan countries are fully engaged in CEFTA, which has produced a number of results.

The Berlin Process

The Initiative. The Berlin process started with the 2014 Conference on the Western Balkans, namely one hundred years after the Sarajevo events which led to WWI. The first conference was followed by the 2015 Vienna

and 2016 Paris Summits. The next Summit will take place in Trieste, just in a few weeks.

When it was initiated, the Berlin Process expressed the positions of Eurosceptic forces, and the 5-year stoppage of expansion announced by the Commission President, Jean Claude Juncker. It can also be seen as a way to reinforce the actual path of the Western Balkans countries toward the EU, relying on effective and constructive policy dialogue. In addition, the Process also reflects the realities and the difficulties in the Western Balkans, which explains why specific importance is given to the quality of governance and the intensification of regional cooperation.

The February 2017 RCC meeting. Within the framework of the Regional Cooperation Council, the Ministers of Foreign Affairs of the Western Balkans met in Skopje in February. During the meeting, the EU aspirations where mentioned as well as the irreversible nature of the ongoing process of reforms, with EU membership as the ultimate target. Representatives of the Commission and EU member states also referred to the Berlin process and what the format should be for the discussion after the Summit.

The Sarajevo March 2017 Statement. The Western Balkan Prime Ministers' recent meeting held in Sarajevo was concluded by a common statement about their strong commitments to the EU perspective and the values in terms of democracy and human rights – namely the so-called 'fundamental list'. In addition to the recognition of the importance of individual progress (which legitimates the "Regatta Principle"), the Ministers underlined the need to foster sincere and genuine cooperation within the region, and support economic growth and job creation.

The role of civil society. The Civil Society Forum of the Western Balkans took place in Tirana at the end of April this year. The Forum helped formulate a series of recommendations that could be taken into account during the coming Trieste Summit. The recommendations relate mainly to: (i) youth cooperation, mobility, employment, and education; (ii) the rule-of-law, including the production of accurate information about the region and addressing corruption concretely; (iii) reinforcing a business-friendly environment and promoting innovation; and (iv) strengthening regional cooperation, in line with the spirit of the Vienna 2015 Declaration.

Trieste 2017. During a hearing for parliamentary Commissions, the Italian Foreign Minister Angelino Alfano underlined the importance of the Trieste Summit. He mentioned some of the themes that will be addressed during the meetings in his country, namely: economic growth, security and the rule of law, the strengthening of small and medium-sized enterprises (SMEs) and cooperation in the fight against corruption. Such a perspective does correspond to the joint statements and the views of the political leaders and civil society in the Western Balkans. In other words, there is a broad consensus among stakeholders about what has to be achieved to move ahead with reforms in the region and – as a result – become EU members.

CEFTA and the SEE 2020 Strategy

Overtaking the Stability Pact. In 2006, the Stability Pact was replaced by the Regional Cooperation Council (RCC), which became effective in February 2008. The RCC was, above all, perceived as regionally owned because all members belong to the Western Balkans – and ownership is most essential for lasting or sustainable outcomes, because measures are adopted by members only and cannot be imposed by foreign powers. From a trade perspective, the Stability Pact framework would also be replaced by CEFTA 2006. Thus, the Balkan countries could become parties of a 'renewed' CEFTA, i.e. the regional agreement that was initially adopted by Poland, Hungary and Czechoslovakia in 1992, at the very beginning of transition, after the collapse of the soviet system.

The impacts of CEFTA 2006. A paper published in 2011 and covering the entire region concluded that there were positive effects at the very beginning of CEFTA; however, these effects tended to vanish over time because of the evolution of the global economy. Relying on so-called gravity models, other studies show positive impacts of CEFTA 2006 on Serbian exports, but no impact at all for Macedonia, etc. In other words, a country-by-country perspective should prevail when assessing the impacts of CEFTA. Nevertheless, despite seemingly limited impacts, CEFTA 2006 can still be perceived as a buffer against external shocks and helps address sensitive trade related issues between members. Furthermore, participation on equal basis prepares states for EU membership (Ahmeti and Linotte, 2016).

The SEE 2020 Strategy. Inspired by the EU's Europe 2020 Strategy initiated in 2010, the SEE 2020 Strategy was launched and aims at the strengthening of political and economic cooperation between the countries of the Western Balkan region. The strategy relies on inter-linked pillars: integrated, smart, sustainable and inclusive growth, and governance; it also comprises economic, trade and social quantitative regional targets and corresponding measures to achieve these targets.

The overall SEE 2020 targets to be achieved over an eight-year period are: increase SEE average GDP per capita relative to the EU average from 36.4% to 44% in 2020; boost total SEE trade in goods and services, from EUR 94.4 billion to 209.5 EUR billion in 2020; reduce the SEE trade deficit from -15.7% (the average in 2008-2010) to -12.3 % of GDP in 2020; create one million new jobs in the region; increase exports of goods and services per capita from the region, from EUR 1,780 to EUR 4,250.

Immediate prospects. It is perhaps too early to assess the achievements of SEE 2020. However, the setting of goals from a regional perspective, without looking at the very specific conditions of each country, could be seen as somehow problematic, because, de facto, there are significant disparities within the region and, until recently, trade between CEFTA members was still impeded by various obstacles. Countries are also competing to attract FDI. Furthermore, considering the persisting high levels of youth unemployment, it seems unlikely that one million new jobs will be created by 2020.

Labor Mobility

Trade in services. In addition to trade in goods, CEFTA is supporting the progressive liberalization of trade in services (telecoms, construction, transportation, courier, professional services, etc.), which involves some degree of labor mobility. Referring to the classification proposed by the WTO, trade in services corresponds to four modes of supply, including commercial presence (mode 3) and the temporary movement of natural persons (mode 4). Thus, mode 3 and (particularly) mode 4 involve the movement of workers between countries. Considering mode 4, the temporary movement of natural persons refers to services supplied by a service supplier of one CEFTA member through the presence of one or several natural persons in the territory of another CEFTA member. The temporary movement of natural persons may eventually lead to a permanent residence in a foreign country, depending on what has been negotiated and agreed upon by the parties. Such movement of persons is still perceived as somehow sensitive in the region.

The EU Services Directive. The movement of natural persons is also addressed by the so-called EU Services Directive. As already mentioned, moving toward the EU requires the adoption or the transposition of EU legislation into domestic laws. The transposition of the EU Services Directive into domestic laws has long-term implications for the movement of natural persons between countries – including CEFTA ones. When implemented, the Services Directive will contribute to an easier establishment of foreign companies and the provision of cross-border services, with simplified procedures and formalities. Moreover, the Directive contributes to good governance with elements of e-administration and supports small and medium enterprises.

Further actions. In addition to the movement of natural persons for business purposes, it is essential to continue to promote the movement of students, and cooperation and exchanges between research institutions. With EU support, regional initiatives must also lead to in-depth common studies on the conditions of the youth and related educational, apprenticeship, training, employment and unemployment issues.

About the Youth

Countries with limited resources. Considering the needs of the youth in the Western Balkans, a lot can be done, taking into account the scarcity of resources and competing needs in the region.

E-governance. To some extent, 'pro-jobs' measures imply better governance, including lower corruption, and more reliance on e-governance for the sake of transparency and accelerating administrative procedures.

Entrepreneurship and (e-)education. Educational systems are not often fully connected with the real world, in particular the needs of the labor market. In that respect, more should be done to better link educational systems with entrepreneurship, not only in universities and other higher education institutions, but also in secondary schools, even earlier from a multimedia perspective, and with a strong connection to employers and business associations.

E-learning. Relying on modern communication technologies and the resources and facilities offered by the web, e-learning must be promoted further, with specific modules directly related to the requirements of the labor markets and job search. A lot is being done. However, specific e-training modules could for instance accompany job offers to better prepare potential candidates.

Permanent education. The youth must be better prepared with the tools and the benefits of permanent education. Job mobility and changing professions at all ages must be strongly supported with the adoption of adequate instruments and the possibility to learn and acquire new skills, easily and quickly, and at reasonable costs.

Vocational training. Countries – in particular Germany, Switzerland, and Austria – where vocational training is a common practice are characterized by rather low rates of youth unemployment. Vocational training allows states to integrate quickly the youth in the active labor force. It is also favored by business associations because it helps a sharing of practical experience between generations and is not costly.

Mobility within Europe. One of the four fundamental freedoms promoted by the EU since its creation with the Rome Treaty is the mobility of workers among member countries. In that respect, more could perhaps be done to favor youth mobility within Europe, not only as students, but also as job seekers. Brexit was partly caused by fears created by such a mobility. However, considering realities and on-going discussions, the benefits of these movements of people should definitely not be underestimated. Enhancing the EURES network is a priority. For the countries that are not yet EU members (i.e. the CEFTA countries), specific work permits should be

promoted by EU members to allow for more legal job search and labor mobility within Europe.

Networking. The so-called 'social networks' could focus more on employment and unemployment related issues. Networks can support the sharing of positive and negative experiences, fight discriminations, help promote good practices, and spread new ideas to create activities and jobs. Moreover, the youth must be fully informed about existing networks

Specific loans. Relying perhaps (more) on the European Investment Bank (EIB), adequate loan facilities could be used to address the specific needs of youth entrepreneurship.

Single windows. In some countries, creating companies can correspond to long, complicated and painful processes. In that respect, promoting single window systems is a must, with e-governance.

Working with the diasporas. Following the recent Western Balkan wars, hundreds of thousands of people have been displaced. For instance, there are more than 700,000 Kosovars living outside Kosovo. Most of them could settle and find jobs or create companies in Germany, Switzerland, or Austria. The Kosovar diaspora can now be mobilized to promote new businesses in Kosovo.

Final Remarks

- The economic context of the Western Balkans is rather difficult and immediate prospects remain unclear.

- The conclusion of SAAs between these countries and the EU is a positive step toward further integration into the pan-European structures. (In that context, NATO membership is also an element of cooperation, peace, and stability in the region).

- So far, the most recent accessions seem to comply with the "Regatta Principle". However, economic developments and events in some memberstates underline governance problems.

- The Berlin Process recognizes the importance of strengthening institutions and the rule-of-law before moving firmly toward EU membership; it gives more time to candidate and potential candidate countries to implement SAAs.

- The movement of workers is being addressed within the framework of CEFTA and is, for the time being, mostly related to the liberalization of trade in services. Youth mobility is also promoted.

- Youth unemployment is a major issue in the Western Balkans; actual policies are not always meeting expectations. 'E'-related measures may help increase youth employability and promote the creation of new companies.

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ANNEXES (Tables 1-3)

Table 1: Balkan countries – Areas, populations, languages and religions (2016)

Country	Area (sq. km)	Population (mio.)	Main language(s)	Main religion(s)
Albania	27,400	3.0	Albanian	Islam Catholic
Bosnia-Herzegovina	51,200	3.9	Bosnian Serbian Croatian	Islam Orthodox Catholic
Bulgaria	108,560	7.1	Bulgarian	Orthodox
Croatia	55,960	4.3	Croatian	Catholic
Greece	128,900	10.8	Greek	Orthodox
Kosovo	10,887	1.9	Albanian	Islam
Macedonia	25,220	2.1	Macedonian Albanian	Orthodox Islam
Montenegro	13,450	0.6	Serbian Montenegrin	Orthodox Islam
Romania	230,080	21.6	Romanian	Orthodox
Serbia	87,460	7.1	Serbian	Orthodox
Slovenia	20,140	2.0	Slovenian	Catholic Unspecified None
EU	4,324,782	515.1	German Italian French	Catholic Atheist/agnostic Protestant

Source: CIA: *The World Factbook*. (Website, as of April 2017)

Notes:
- EU members are highlighted in grey
- Reported languages are spoken by at least 10% of the population
- Reported religions are shared by at least 10% of the population

Table 2: Balkan countries – Economic, social and governance indicators (2016)

Country	GDP (billion USD)	GDP per capita (PPP USD)	Human Develop-ment Index	Gini coef. (%)	Poverty Rate (%)	Index of Perceived corruption	Ease of Doing Business Index
Albania	12.40	11,900	0.76 (75)	29.0	14.3	---	68.90 (58) Up
Bosnia-Herzegovina	16.53	11,000	0.75 (81)	36.2	17.2	---	63.87 (81) Up
Bulgaria	50.45	20,000	0.79 (56)	35.4	21.8	41 (75)	73.51 (39) Up
Croatia	49.86	22,400	0.82 (45)	32.0	19.5	49 (55)	72.99 (43) Up
Greece	195.90	26,800	0.86 (29)	36.7	36.0	44 (69)	68.67 (61) ----
Kosovo	6.56	10,000	0.71	30.0	30.0	__	68.79 (60) Up
Macedonia	10.49	14,500	0.74 (82)	30.4	43.6	__	81.74 (10) Up
Montenegro	4.24	17,000	0.80 (48)	26.2	8.6	__	72.08 (51) Up
Romania	186.50	22,300	0.80 (50)	27.3	22.4	48 (57)	74.26 (36) Up
Serbia	37.76	14,200	0.77 (66)	38.7	9.2	__	72.29 (47) Up
Slovenia	44.12	32,000	0.89 (25)	23.7	13.5	61 (31)	76.14 (30) Up
EU	16,270.00	37,800	--	30.9	9.8	---	

Sources:
- Central Intelligence Agency, *The World Factbook*. (Website, as of April 2017)
- Transparency International (2017), *Corruption Perception Index 2016*
- United Nations Development Program (2016), *Human Development Report 2016 - Human Development for Everyone*
- The World Bank (2017), *Doing Business 2017 - Equal Opportunity for All*.

Notes:
- For the Human Development Index, the higher it is, the more developed is the country
- For perceived corruption, the higher the index, the lower the corruption prevalence
- The Gini coefficient is a measure of inequalities – the higher the coefficient, the higher the rate of inequality
- For the Ease of Doing Business Index, the higher it is, the more conducive is the business environment
- 'Up' means 'improvement'
- between brackets, the rank of the country for the reference index

Table 3: Balkan countries – Labor and unemployment indicators (2016)

Countries	Labor force (mio.)	Total unemployment rate (%)	Youth unemployment rate (%)		
			Total	**Male**	**Female**
Albania	1.18	17.3	30.2	32.5	26.1
Bosnia-Herzegovina	1.48	43.2	62.8	62.8	62.8
Bulgaria	2.52	8.9	23.8	23.8	23.7
Croatia	1.61	15.8	45.5	44.9	46.4
Greece	4.76	24.6	52.4	47.4	58.1
Kosovo	0.48	35.3	55.3	52.0	63.8
Macedonia	0.96	24.9	53.1	52.0	55.0
Montenegro	0.26	18.5	41.1	42.3	39.7
Romania	9.13	6.7	24.0	23.6	24.7
Serbia	2.91	18.9	49.4	N/A	N/A
Slovenia	0.92	11.6	20.2	19.4	21.3
EU	232.90	9.5	--	--	--
Source: Central Intelligence Agency, *The World Factbook*, website (April 2017)					

The Aspen Institute | Germany

RESPONDING TO POPULISM, NATIONALISM, AND AUTHORITARIANISM IN THE WESTERN BALKANS AND BEYOND

November 7-10, 2017 | Sarajevo

In cooperation with:

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Auswärtiges Amt

BOSNA I HERCEGOVINA
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MINISTARSTVO VANJSKIH POSLOVA
МИНИСТАРСТВО ИНОСТРАНИХ ПОСЛОВА
MINISTRY OF FOREIGN AFFAIRS

Accommodation and conference venue:
Hotel Europe, Vladislava Skarića 5, 71000 Sarajevo, Bosnia and Herzegovina

Tuesday, November 7, 2017

Arrival of participants during the day

19:30   Departure to Restaurant Kibe Mahala

20:00   **Welcome Dinner at Restaurant Kibe Mahala**

Wednesday, November 8, 2017

09:30 – 10:00   **Welcoming Remarks**
Anna Kuchenbecker, *Deputy Director, Aspen Institute Germany*
Josip Brkić, *Deputy Minister of Foreign Affairs of Bosnia and Herzegovina*

10:00 – 11:30   **Session I:**
Populism and Nationalism in Europe and Beyond – Challenges for the Western Balkans
The rise of populist and nationalist rhetoric in the past few years has not been limited to the Western Balkans, but could also be observed in EU member states and the United States of America. Moreover, Europe is facing the consequences of the Brexit vote, internal disagreements, and questions related to the Transatlantic Alliance. What are the consequences for the Western Balkans? Why are people in the region increasingly questioning the EU membership perspective for the Western Balkans despite repeated reassurances by the EU? What do these trends mean for the EU's democratization efforts in the region? How can the EU better support the Western Balkans in this regard?

Moderator: Anna Kuchenbecker

Introduction: Ramadan Ilazi, *Populism in Europe: Challenges for the Western Balkans*
Valbona Zeneli, *Western Balkans: The Challenge of Democratic Transformation*

11:30 – 12:00   Coffee break

12:00 – 13:30	**Session II:**

Democracy in the Western Balkans – the Current State of Play

Democracy has been one of the core principles of the European Union and its promotion of democratic governance has been at the center of its transformation efforts in the Western Balkans for years. On the other hand, scholars and NGO indicators fear a decline in democratic standards and some have used the term stabilitocracy to describe the developments. What is the current situation regarding democratic standards? How can these developments be explained? What are the major challenges? What are the main shortcomings? How can democratization in the region be promoted more successfully? What should the EU do in response?

Moderator:	Ana Trišić-Babić
Introduction:	Marko Kmezić, *Democracy in the Western Balkans – the Current State of Play*
	Bodo Weber, *The Western Balkan Societies' Travails with Democratic Transformation and the Fate of the Transformative Power of EU Integration*

13:30 – 15:00   Lunch

15:00 – 16:30   **Session III:**

Parliamentary Elections and the Inclusion of All Political Stakeholders

The latest parliamentary elections across the region have been characterized by numerous challenges including repeated early elections, a lack of equal access to resources and media, the involvement of the state in pre-election campaigns, strong political polarization, parliamentary boycotts, and in some cases even the need for mediation to facilitate the elections. Moreover, government formation processes and a democratic transfer of power has also been challenging in some countries. How can democratic election processes be strengthened? Why does political polarization remain strong across the region? How can it be overcome? How can parliamentary discourse be improved? How can opposition be better integrated in this discourse? Why has parliamentary boycott repeatedly been a resort for opposition?

Moderator:	Valbona Zeneli
Introduction:	Ivan Pepić, *Political Representation in the Balkans: An Introduction*

18:30 – 21:00   **Reception and Dinner at the Invitation of Ambassador Christiane Hohmann, Ambassador of the Federal Republic of Germany to Bosnia and Herzegovina**
Venue: Residence of the Ambassador of the Federal Republic of Germany, Džinina 34, 71000 Sarajevo, Bosnia and Herzegovina

Thursday, November 9, 2017

09:00 – 10:30

Session IV:
The Role of Nationalism in Domestic Politics
Despite progress in regional cooperation and regular regional meetings on the highest political levels, ethnic and nationalist politics remain a common phenomenon throughout the region and identity politics along with illiberal trends seem to remain predominant. How should these trends be met? Why does nationalist rhetoric remain successful? How can people be better included in the improvement in regional relations, including compromises like those reached between Belgrade and Pristina or the political rapprochement between Serbia and Albania? How should the two-pronged approach of some political leaders regarding their rhetoric and appearance on the international and national stages be responded to? Why are commitments such as the Vienna Declaration on Outstanding Bilateral Disputes signed but not implemented? What role should external actors, particularly the EU and its member states, play?

Moderator: Anja Quiring

Introduction: Filip Milačić, *The Rise of the Politics of National Identity in the Western Balkans*
Alexander Strelkov, *Rising Nationalism and EU Transformative Power in the Balkans: What Went Wrong and How to Fix It*

10:30 – 11:00 Coffee break

11:00 – 12:30

Session V:
Media as the Fourth Estate in Times of Fake News and the Digital Age
Media has been considered the fourth estate essential to the functioning of a democracy. Today, however, media quality and reliability is increasingly called into question by some and the debate around 'fake news' has become a prominent feature of political discourse. What are the major challenges facing media in the Western Balkans? How can media freedom and independence be strengthened? What role does media play regarding the perception of politics in public? What is the impact of a lack of media independence on the political landscape? What role does the internet play? How can the issue of 'fake news' be better addressed?

Moderator: Anna Kuchenbecker

Introduction: Boro Kontić, *Between Fake News and Political Control*

12:30 – 14:00 Lunch

15:00 – 17:00 **Guided Tour through Sarajevo**

17:30 – 18:00 **Visit to Museum of Sarajevo Pivnica Brewery**

18:00 **Informal Farewell Dinner at Sarajevo Pivnica Brewery**

Friday, November 10, 2017

Departure of participants during the day

List of Participants

Dritan Abazović

Mimoza Ahmetaj

Josip Brkić

Gordana Čomić

Olaf Deussen

Dennis Gratz

Peter Grk

Ankica Gudeljević

Edith Harxhi

Christiane Hohmann

Ramadan Ilazi

Pavle Janković

Amer Kapetanović

Marko Kmezić

Boro Kontić

Filip Milačić

Fitore Pacolli-Dalipi

Ivan Pepić

Anja Quiring

Maja Ribar

Konstantin Samofalov

Patrick Schneider

Esmeralda Shkjau

Alexander Strelkov

Goran Svilanović

Arta Toçi

Helge Tolksdorf

Ana Trišić-Babić

Marina Vujačić

Ivan Vujović

Bodo Weber

Lars-Gunnar Wigemark

Valbona Zeneli

The Aspen Institute Germany

Valeska Esch
Senior Program Officer

Anna Kuchenbecker
Deputy Director

Yannic Remme
Junior Program Officer

Rapporteur: Oskar Gustafson

CONFERENCE REPORT: RESPONDING TO POPULISM, NATIONALISM, AND AUTHORITARIANISM IN THE WESTERN BALKANS AND BEYOND

Oskar Gustafson
Master of European Studies candidate
Lund University

The Aspen Institute's conference 'Responding to populism, nationalism, and authoritarianism in the Western Balkans' took place in Sarajevo, Bosnia and Herzegovina from November 07-10, 2017. The event brought together 32 select decision makers from the Western Balkans (WB), Germany, and the EU. The conference was divided into five sessions, each focusing on important implications of the global rise of populism for the region. Questions of the state of democracy, fair elections, the threat of nationalism, and disinformation within the media were all addressed and debated with the aim of brining clear policy recommendations forward.

Jean-Claude Juncker's State of the Union speech may have postponed promises of accession to after 2019, but this conference discussions made clear that it is vital to continue the democratization process in the region should we wish to have a stable and secure Europe. Part of the introductory comments made clear that the future is not shaped by fate. The future is shaped by our decisions and equally our omissions.

Session I: Populism and Nationalism in Europe and Beyond – Challenges for the Western Balkans

The initial session of the conference put the concern of the rise of populism and nationalism in Europe firmly into frame. It was made clear that the consequences of this phenomenon are far-reaching for the Western Balkans, both in terms of their continued path towards accession and the negative escalation of autocratic tendencies in the democratic political framework. Participants discussed how this development could really curb the road to membership for the Western Balkan countries and perhaps even lead to a de-railing of the accession process completely.

The overarching recommendation was that enlargement for countries in WB must address the key challenges blocking their route to accession and not allow the EU to lose its focus in a region which is increasingly becoming a theatre of conflicting geo-political agendas.

Participants rightly commented that the rise of populism is a concern not just for the WB. All over the world nationalistic rhetoric has been gaining prominence, and the legitimacy of the exportation of Western-styled democracy is under serious question. The situation has been exacerbated since the financial crisis of 2008. Fueled by terrorist attacks, the refugee crisis, and the war in Syria and Iraq, populist leaders are gaining substantial grounds. According to European Policy Information Centre – 55.8 million people voted for populism in Europe – this makes up one-third of the ideological force.

The year of 2016 came as a complete surprise to nearly all political commentators, the success of populist parties

in Europe, Brexit, and the election of Donald Trump were all unprecedented shifts in the status-quo of global politics. The participants all agreed that, as we are living in a time of uncertainty, we need to try and prepare for the unexpected result, or at least be able to adjust properly to these developments.

Democracy building in the region is not easy and it will continue to prove challenging. The experts made the point that WB countries need to concentrate on improving regional cooperation and overcoming nationalism and intolerance. The strengthening of media freedom is also of vital importance to the region.

One of the major concerns raised by the participants was that there is a notable fade in the region's European perspective and a weakened strive to improve rule of law. The European integration process was a project intended to make the lives of citizens in Europe easier and better. However, the understanding of that pragmatic approach has somewhat dissipated, and for many, the ever-expanding EU has become too political and complicated to understand. Taking advantage of this perception are populist parities who offer simple solutions to complex socio-economic issues and use 'othering' techniques to pass the blame of downfalls.

In addition, the experts raised their concerns about how the rise of illiberal democracies, political polarization, and populism (especially in Central and Eastern Europe) is sending the wrong message to the WB. Candidate countries are witnessing a European political shift which stipulates that there is apparent political space and legitimacy for populist rhetoric. The democratic backsliding in Central Europe, for instance, provokes leaders in the Western Balkans into questioning the logic of EU requirements as they can be viewed as double standards. This has led to an increase in nationalist rhetoric on part of the region's politicians and a resentment towards the democratization process.

One commentator raised the point that within the existing Member States, citizens do not have a proper understanding of EU governance and question who they are actually ruled by. Populist leaders take advantage of this and offer nationalism as an answer but without any credible long-term solutions. Tackling this type of rhetoric can prove challenging without offering clear alternative paths in return. The general approach is simply to condemn populists, but as events over the last couple of years have shown, this is not an effective way of trying to limit its rise.

The impact of Western populism in the WB can have potentially dangerous consequences considering the already present authoritarian methods of rule of law. A specialist made the observation that there exists a 'Balkan-type' democracy that has created a wide gap between elites and citizens. A democracy which is about power games with autocratic minded leaders benefitting from maintaining weak institutions, extensive patronage networks, and casting out any form of transparency and accountability.

There are so called 'free elections', but there are substantial allegations of vote rigging and the transition of power is not at all smooth. Many of the experts concurred in the validity of these observations and agreed that there should be much greater emphasis placed upon democratization, not just for the sake of meeting the requirements in the *acquis communitaire* but for the interest of the region's own future.

Some of the commentators surmised that whilst there have been socio-economic improvements in the region since the war of the 1990s, in recent years there has been clear evidence of democratic backsliding. Part of the reason why this may have passed the attention of many European political actors and commentators is that the backsliding has been very gradual, it has not happened on a noticeably rapid scale. There were some who believed that it could be better described as democratic stagnation, however, the general consensus leaned towards the former perception.

The rise of populism and nationalism in the WB is very concerning because they do not have the same strong institutions or legislations that there are in Western Europe to limit its rise. Furthermore, nationalism in the Western Balkans is manifested with tones of fascism, which should be a huge security concern. This is a very strong reason why the EU should pay closer attention to encouraging better democratization in region.

One participant advocated for a reality check with the topic of this debate, arguing that there is always going to be nationalism – this is an issue that comes in waves. The Western Balkans for their part have not spilled over into an aggressive form of patriotism unseen before. This point was quickly countered with the argument that the relativization of nationalism is very dangerous. Furthermore, the demography of populist voters is becoming more and more varied. Brexit, for instance, was not just voted for by blue-collar workers.

However, it was without doubt to all the conference attendees that the rise of populism in Europe is contributing to enlargement fatigue. Growing support for populist and far-right political movements in EU Member States, are making the decision-making progress regarding accession volatile and unpredictable. As accession decisions are made by unanimity in the EU – this aspect puts the Western Balkans at an ambiguous distance. One participant quite bluntly stated that there is no European financial perspective for enlargement post 2020, therefore, accession for the Western Balkan countries seems unlikely.

The session then shifted to the question of internal and external security, with reference to the normative power

of the EU against the influence of non-European actors such as Russia and Turkey. The experts stated that although the primary responsibility of security lies with the respective WB countries, Europe is integral to achieving lasting security goals. The participants all agreed that enlargement to the Western Balkans is the best security policy for Europe. It is essential to have a shared view of the future. The region must therefore have the desire to meet democratic reforms and build a healthier society. It was stressed that Western Balkan countries need to concentrate on collaboration and building positive neighborly relations. A participant made the argument that the recipe of small differences that exists in the region will likely lead to disaster if this way of thinking is not reversed. Collaboration between the countries and a shared vision for the betterment of the region is, therefore, key.

EU credibility was the ultimate point of the session. It is difficult to promote the values of liberal-democracy elsewhere when the trends of populism and support for far-right parties informs the decisions and stance of EU Member State governments. The EU has an obligation to increase its credible perspective and position. It certainly has some of its own housekeeping to do.

Session II: Democracy in the Western Balkans – the Current State of Play

The conference's second session echoed the first in terms of the wider concern for our current crisis in democracy. All over Europe we are seeing an unflattering version of democracy weave its way into daily politics. The participants agreed that for the WB this is a worrying trend, as democratic shortcomings are felt much harder in societies where there exits weak rule of law and freedoms of equality.

To properly address the subject of this session, some participants made the point that defining democracy is in itself quite problematic. When speaking about democratization, for instance, we can quickly discover that this is quite a complicated and abstract goal. Democracy is an umbrella concept and, therefore, very difficult to define. There are differing perceptions of what democracy entails all over the world and whilst we may believe that in this context we are advocating for the exportation of an EU type democracy – the current differences between Member State adherence to this fundamental principle is striking.

This is perhaps most poignantly reflected in the EUs double standards when it comes to relations and negotiations with the aspiring candidate countries. One participant argued that there is a triangle of democracy, authoritarianism, and EU integration existing in the WB, which is leading to dead end negotiations and paradoxes of progression. Recent declines in democratic standards in the region have been observed by scholars and NGOs, but have been left uncriticized by the EU. It is a case of the

Union opting for the safeguarding of stability over pushing for real democratic change. The conference participant described this state of play as 'stabilitocracy'.

Many attendants agreed that the EU has remained rather silent on democratic backsliding in the Western Balkans, even when confronted with concrete evidence of its presence. It was apparent to them that the EU is willing to give strong support to the regimes in the region (despite their clear lack of adherence to rule of law and democracy) in exchange for continued stability. However, as one specialist pointed out, this is a misleading type of stability, as it still corrodes away at the foundations of democracy. The same type of stability tactics are happening even within the EU. For instance, Hungary's Viktor Orban has crept under the veil of the democratic process and taken the EU Member State along a very nationalist path. Yet there has been very little in the way of opposition from the EU. At the same time, this undermines EU democracy promotion in the Western Balkans as its legitimacy is questioned. Some participants warned that this type of EU stabilitocracy needs to be urgently reversed should the objective be real progressive change in the region.

The discussions from the session made clear that aspirations of true democracy in the region are still a long way off. Citizens in the WB lack basic democratic pillars such as access to open information and unbiased reporting. State control of media is a huge problem throughout the region and certain commentators went as far as saying that there was no media freedom at all. Furthermore, there is a weak role of parliament in the WB and citizens do not have faith in its structure and functioning. In fact, last year's Economist Democracy Index stated that all countries in the region were considered 'hybrid regimes', bar Serbia which is considered a 'flawed democracy'.

Whilst some may argue that it is up to the citizens to elect rightful leaders and remove those who betray their electorate, there is not a culture of peaceful protest in the region. Citizens are either afraid of speaking out or they believe that only a revolution could spark real change and oust corrupt leaders.

Many of the participants raised their concern that there exists little public pressure on political elites to implement their promises once in power. Political campaigning and assurances to follow EU criteria seem to be treated as a game which has led certain commentators to describe it as a perversion of democracy.

The session also brought to light the role of the EU and the *acquis communitaire* in the promotion of democracy in the region. Many of the participants agreed that the strict focus on the fulfilling of requirements in chapters 23 and 24 of the negotiation chapters are clear evidence of a checklist type reform approach which deludes from the greater ambition of accession and a larger/stronger

EU. Some went as far as stating that there is a fetishization of the *acquis communitaire* which emulates it to the answer of all problems. A commentator pointed out that the EU is looking at the trees rather than the forest.

One expert went on to say that the process of EU approximation has become unrelated to progress in democratization. There is of course emphasis on promoting democracy and rule of law in the region, but the methodology and tools of the EU have not brought the progress needed. The EU's top-down institutional approach has brought in new legal frameworks that are in place throughout the Western Balkans and are essentially up to date with relevant international standards. However, autocrats in the Western Balkans do not govern by formal rules, but rather through informal rules and power structures, state capture techniques by ruling parties, patronage networks, and control of the media.

It was clear to a number of the participants that the institutional approach is not working in the region. There needs to be a bottom up approach, which starts with civil society and grassroot movements. However, the EU remains frustratingly silent on this method of democracy promotion. The call from the conference experts was for the EU to have a more nuanced approach. Rather than investing all their energy in building relations with the regions' leaders (many of whom show autocratic tendencies), the Union should be more concerned with establishing stronger ties with democratic civil society movements.

In terms of policy advise, specialists stated that the EU must criticize what is not right and be more dedicated to the long-term goal of the integration of the WB. Moreover, the European Commission should be producing more regular progress reports and communicating the results on a wider scale. Participants were advocating for more frank talk in the European democracy promotion. Anti-democratic methods and occurrences need to be highlighted and condemned – not overlooked for the sake of maintaining smoother relations. For instance, there is a need to scrutinize the financing of political parties.

Criticism from the EU towards the WB should not just happen behind closed doors. It should be pushed into the wider public debate so that there is an understanding of the necessary measures needed for real progress. In addition, ordinary citizens will feel much more engaged in the process and understand what is needed from their elected leaders.

There were some participants who advocated for a less critical argumentation of the EU's role in the decline of democracy in the WB. One commentator made the point that the EU is proactive in encouraging reform but perhaps this is not conveyed properly. The specialists were reminded that of course it is important to be critical of the EU democratization process, but at the same time there is evidence of clear progression. There has been immense value in the international pressure from the EU. It is fair to say that the political changes that have been implemented would not have been possible without this international influence.

The same experts argued that it is easy to pass fault on international actors for the troubles and strifes suffered in the region. However, there needs to be more responsibility taken by these countries to improve their own situation for their own sake. An expert warned that the EU is not the panacea to all problems, and that the Western Balkan countries need to understand that there are wider benefits to democratic development that will aid their own societies. Full EU accession should not be treated as the only incentive for democratic change.

That being said, the specialists contended that there needs to be outside pressure (the EU) to promote real change within society and have the rule of law put firmly on the agenda. Since the distancing of accession in Juncker's Speech to the Union, the Berlin process has aided the region in keeping in line with democratic changes. However, in order to keep the wider European vision alive, the EU needs to think further than just the tick-box process of the acquis communitaire. Many of the participants argued that since the measures of accession have changed so much since the 2004 enlargements and since the EU is constantly evolving, there needs to be a move towards a Copenhagen Criteria Plus. Accession guidelines which would be much more engaging and bring wider stakeholders together and not focus simply on a top-down approach.

The overall consensus was that the EU should be more outspoken. Currently the EU is selling security and stability instead of real democracy exportation. The EU's own internal democratic crisis is the most existential threat to the WB integration process. It undermines the democracy promotion in the WB when you have certain states acting outside of core EU principles. For instance, in Hungary we have witnessed a huge democratic decline and the rise of Sebastian Kurz is indicative of this populist shift. Many participants agreed that the EU will not be successful with democracy promotion if it does not reverse its own democratic backsliding.

Session III: Parliamentary Elections and Inclusion of All Political Stakeholders

In this session there was a broad discussion about how to achieve free and fair elections in the WB and how to sustain that aim in a region that has a history of strong patronage networks, autocratic leaders, and clientelism. Many of the speakers concurred that political polarization is notoriously evident in the region, the rule of law is often fragile, judiciary is not independent, and some states remain dysfunctional and weak. It was concluded that there is a long way to go in improving electoral legislation practices.

Democratization in the WB is judged through the measure of civil society's development, media impact, as well as international democracy and state-building. In addition, a lack of nationalism and whether or not minority groups are legitimately represented are important considerations. However, as expressed by many of the conference attendees, in the Western Balkans there is the existence of 'losers' and 'winners', as well as the philosophy of 'our' domination and the exclusion of 'others'.

Countries in the region have passed through a 'triple transition' that includes liberalization, democratization, and post-war transition. However, there is still a long way to go and urgent democracy-building is required as well as a need to address frozen conflicts. One expert therefore raised the question: How can we talk about democratic political representation and inclusion of all stakeholders when frozen conflicts persist? Other participants made the point that power-sharing and a wider European focus are currently the only way forward, given the narcissism of small differences in the region. However, the majority agreed that the persistence of frozen conflicts opens the door to authoritarianism and unconstructive populism.

Some experts criticized that the ethnic representation strategy, especially in Bosnia and Herzegovinian, has created systems of positive ethnic representation without accountability. This form of 'positive discrimination' has, in turn, created new forms of discrimination. The question therefore arose; if ethnic power-sharing was meant to be the first steps towards peace, is it still valid today?

Perhaps unsurprisingly, the discussion took a turn to the influence of other international players in the region. Some of the specialists warned that non-European actors are having an increased effect in the region which is diverting the countries away from Europeanization and offering short-term financial gains. Russian soft power, for instance, is playing an active role in strengthening radical opposition movements in Serbia and financing the respective parties. Another example was given regarding Montenegro's accession to NATO. It was strongly suspected that Russia attempted to halt this occurrence by supporting the opposition, or, as stated by Montenegrin officials, organizing a *coup d'état* on Election Day in January 2017.

Furthermore, both Turkey and China are offering short terms solutions with 'no strings attached investment'. One specialist raised the point that certain political players in the region are seeing these as tempting offers especially considering the increased accession fatigue felt amongst the candidate countries. Non-European actors have an increased authoritarianism and polarization effect on the political systems in the Balkans, which if left uncountered, could lead to worrying security implications. Even within the states there are influencers who

wish for their respective nations to steer clear of the European path. The Serbian Orthodox Church for instance has severe anti-EU aspirations.

In the latter half of the session, the discussion shifted towards the issue of corruption. Most seemed to agree that corruption is a huge issue in the region and that it is woven into the political landscape, seeping through to almost all governance areas. As organized crime and political corruption work hand in hand, if the region wishes to move towards a sustainable and democratic future, this concerning matter needs to be urgently reversed. A specialist pointed out that in 2014 the EU passed the first Anti-Corruption report. The EU should use this to drive the transparency process in the region.

One participant raised the point that corruption is interfering with any prospect of free and fair elections. Serbia for instance, has severe problems with election corruption and the legislation process is basically mocked by the cavalier attitude of politicians who ignore democratic measures of operation and run their parties like patronage networks. Parliament is often seen as a chamber of delegates rather than a space of politicians to debate, challenge, and strike up progressive change. The participant argued that while there are civic movements that want to change this mockery of operation, they are lacking the legislative power to do so. Only politicians can change the way politicians behave.

Ironically enough, parliaments are currently not a place where you can change the national agenda. The speakers contended that the governments in the region are basically all closed institutions. The experts argued that because politicians are operating in this way and illegitimately safeguarding their positions in power, when a major party does collapse, there will be a complete breakdown of the system. As autocracies get stronger, parliaments get weaker.

One speaker suggested that a start to improving the situation of corruption would be to invest in the provision of MP offices, which should be in any case considered a very basic precondition. This would be a worthwhile investment and would perhaps encourage government officials to see the value and pride that comes with working for their country. The same speaker went out to say that there should be more promotion to abstain from illicit political behavior. Political integrity should be a pre-condition for entering the world of politics. However, this notion is not widespread in WB parliaments.

One expert made the comment that a true representation of specific groups and their inclusion within the decision-making process is in the long-term problematic, because voters are split, on the one hand, between formal programs of domestic political parties (e.g. party manifestos that include pro-European commitments) and on the other hand, the behavior of domestic political elites that

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do not act according to formal programs, but according to the interests of non-European actors.

One specialist proposed three important aspects that need to be in place in order to improve parliamentary elections and the inclusion of all stakeholders. Firstly, the empowerment of youth, so that they can understand that casting your vote makes sense. Secondly, the empowerment of civil society. Thirdly, there needs to be an improved economic foundation because without it we see political parties move towards nationalist rhetoric.

There needs to be more of a proactive drive from the EU to speak out against democratic backsliding and to highlight evidence of corruption. However, when the Union is heard congratulating a party that has effectively brought in autocracy, it is no surprise that many are pessimistic of effective countermeasures being brought in by European officials.

The conclusive recommendations were leaning towards greater reform but also more effective communication towards the region's citizens. The question of legitimacy, inclusion over exclusion, and domination should be one of the primary concerns of the democratic future of the Balkans. Furthermore, neglecting certain ethnic groups and minorities means perpetual frozen conflicts, particularly in multiethnic countries such as Bosnia and Herzegovina, Kosovo, and Macedonia.

Session IV: The Role of Nationalism in Domestic Politics

At the start of the second day, the conference's fourth session raised the concern of the influence of nationalism in WB politics. A specialist pointed to the fact that we are today seeing a rise of national identity politics in the region. They continued with the evidence that we live in a time where: the former Serbian President threatens to send an army into Kosovo; in Montenegro, the political opposition has been quoted saying that "the country is on the brink of civil war"; and in Albania, Prime Minister Edi Rama is quoted saying that "Kosovo and Albania should unite if the EU keeps treating it the way it does".

Euroscepticism is on the rise and this creates a breeding ground for nationalism. The populist wave in Europe has had dire consequences for the political situation in the Western Balkans. A commentator noted that when the EU accession process was first on the horizon for the region, most countries abandoned their nationalist policies and rhetoric so as not to jeopardize their European path. However, since now nationalism no longer seems to be a taboo in Western European politics, many politicians in the SEE argue it is a legitimate route to take.

The problem of nationalism is of course a European wide phenomenon but in places like Germany, for instance, they have the institutions and legislations in place to cope with nationalist threats. The WB do not have this type of framework in place so the nationalist threat can quickly escalate to dangerous levels.

A concerned speaker stated that this is a significant challenge for the EU to face. The Union's transformative power has not been enough to provide an all-encompassing solution to the region's economic problems as well as to highlight the benefits of membership. Furthermore, economic growth has not had direct correlation to higher employment in the region, indicating that economic challenges in the Balkans are structural. The speaker went on to conclude that it is the current state of economic deprivation that makes nationalistic and populist rhetoric (as well as authoritarian solutions) so popular in the region.

Another expert explained that nationalistic rhetoric is a consequence of economic deprivation, yet its existence cannot be reduced to economic factors. Neither are they culturally pre-determined. Nationalistic rhetoric stems from political mobilization, lack of rule of law, as well as state capture. This provides political space for clientelism and rent-seeking. Unfortunately, nationalism is a good business model for the short-term. Identity politics is cheap, yet it satisfies votes, it makes money, and it is easy to install. So, for many politicians it is an attractive route to gain support. In sum, nationalism provides benefits for the select few and negates opportunities for the general public.

The conference attendants made it clear that nationalist rhetoric can be found in environments where politicians are trying to make up for failed policies. The session's discussions stipulated that Balkan nationalism uses the concept of victimhood. The point was made that nationalism in the Balkans is different and potentially more dangerous because the 'othering' element is directed to its immediate neighbors.

One participant made the point that there is unfinished nation and state building in the region (state being the issue of borders) which provides an opportunity for political actors to pursue nationalistic policies. This not only discourages the potential of positive neighborly relations, but it can also create an environment in which the violation of state law is justified. Resolving nation and state building issues remains the key challenge. Difficult questions of borders, nationality, and ethnicity will not solve themselves and long-term planning is the only effective way in securing peaceful solutions.

Making a counter-point, a conference speaker stated that nationalism is not a new phenomenon, being nationalistic is part of politics. The 'us' and 'them' rhetoric may be on the political left or right, but it is still nationalistic. It is, therefore, not a question of how to remove nationalism but how to go beyond it. There is a need for something that can transcend nationalism, an idea or a concept. The European idea was perceived by many to be this concept but with the state of populism in the EU today, perhaps that is no longer the case. Identity issues are plaguing real

cooperation and democratization in the region. In addition, every society has its own interpretation of history, which makes neighborhood strategies and ethnic relations difficult to progress.

The conference participants admitted that joining the EU would not be the panacea to all problems, elements of nationalism will still be there. However, without the EU, identity issues could quickly spill over into radical nationalist movements and ethnic conflict could again be a threat in the region.

Investment in education was an important policy suggestion that came forward in the session. Nationalism is born in schools and in the same vein this is where one can instill compassion and understanding for those outside of perceived identity categories. There is a 40 percent figure of unemployment amongst the youth in the region and this is leading to disenfranchisement and frustration with national politics. Many well educated young people are moving abroad for a better socio-economic standing which is leading to wide concerns about a brain-drain in the region.

The consensus in the session was that investment coming into the region for young people just is not enough. One specialist advised that sending young civil servants from the region to the EU Commission for a period of experience is a great way to instill a broader perspective into the national frameworks. It may help young people see the futile nature of nationalism and show them that 'us' against 'them' is not a solution. A commentator made reference to a study of Francis Fukuyama where, speaking on the region, he stated that they lived in a society with a paradoxical form of nationalism, in which citizens would kiss their flag but not pay their taxes. Moving away from this perceived behavior requires a cultural shift which can only start with the youth.

Many of the participants were adamant that the Western Balkan nations wish to be told what to do, given clear instructions and deadlines. If there exists only this abstract notion of improving democracy the countries can quickly lose focus and run away from their responsibilities.

The session discussions made clear that the EU needs to speak out on the dangers of populism, making it clear to the region that nationalist practices would jeopardize their European path. The cost for the WB to verge from this path with the type of nationalist parties they have lurking in the shadows would be far too high. Furthermore, paricipants made the point that the EU needs to work with an array of different NGOs in the region to improve the democratization process and take a more pragmatic approach to finding effective partnerships.

Nationalism in the WB goes beyond matters of economic hardship, it is linked to the challenges facing political and judicial institutions in the region. Going back to earlier session discussions, the EU's approach of securing stability by supporting regional governments 'no matter what' is not sustainable. Improving regional civil society, taking strict measures on authoritarian tendencies and instances, as well as focusing more on European values rather than strategic interests could provide effective solutions to quelling the rise of nationalism in the region.

Session V: Media as the Fourth Estate in Times of Fake News and the Digital Age

The final session of the two-day conference navigated the topic of media freedom and fake news. The impact of media in the WB was debated with careful consideration given to the unrestricted platforms of social media, where fake news can be easily circulated and digested. Part of the conference findings were that this was not just a concern for the region but an issue on a global scale which policymakers must guard against.

The conference participants stated that we are witnessing a rapid proliferation of social media, which is changing the consumption of content in a drastic way. News cycles are so much shorter, there is 'breaking news' almost every hour, and we are hounded by click-bait type articles. Media ratings are becoming more about number of likes, followers and re-tweets, rather than the quality of reporting.

One expert described the fact that the dissemination of news is changing. All around the world we are seeing a general trivialization of content, pervasive tabloidization, and a rise in the influence of online media. As a consequence, the consumption of media content is being sought predominately through social networks, thereby allowing the occurrence of fake news and disinformation to increase.

However, a specialist made the point that, although fake news circulating on social media is a rising issue, there is also an educated scepticism amongst audiences and an open platform for disinformation to be countered with more respected news providers. Worryingly though, the global phenomenon of fake news is taking a radical and deep reflection in the Western Balkans. In SEE there is a much weaker media foundation which means that fake news can travel a lot faster and further without being countered. Politically controlled media has always been a huge problem in the region, but today social media is being used by national parties to create a fake reality.

There are for instance YouTube channels in the WB that can reach out to over 300,000 followers, but the broadcasters are not upheld to any standards of unbiased representation of political views and so there is ample space here for party based influence, sponsoring and corruption.

As the conference took place in Sarajevo it seemed appropriate to the participants to discuss the situation of

media broadcasting in Bosnia and Herzegovina. The country has a concerning amount of media channels, both television and radio, which are publicly owned. Their existence and operation are made possible by finance from the local administration, which in turn is controlled by local governments. Therefore, the appointment of editors, directors, and board members is in under close supervision by government officials.

The participants went on to discuss how the content in these media outlets is most often nonconflicting and lacks any kind of investigative stories, despite the fact that the country is faced with a whole range of socio-economic issues that need urgent attention. In addition, it is totally directed toward political parties and very little toward the public, which actually pays for them.

It was surprising to many of the commentators how a political party could have its own broadcasting channel. In Western Europe there is certainly allegations about party biases from certain media channels, however, in Bosnia and Herzegovina it is taken to the next level with direct political party ownership of channels. Furthermore, most news channels are seen as a platform for business, not a space to inform the public on national events.

Speaking of media freedom in Serbia, one specialist stated that since the year 2000 there had been a lot of progress, however, the last five years have brought the country back again to a state of corruptible and controlled media. Media headlines include accusations of political opposition leaders as 'traitors to the nation', a clear indication of state-media ownership. The specialist continued with a comment on Serbian local media, which has also suffered due to new legal parameters brought in by the government. Local municipalities can no longer fund their media outlets, so they have to be privatized. This means that they have nearly all been bought up by tycoons who are close to the political elite.

Critical members of the conference stated that there is little space for professional journalists and editors to stand up for what they believe. Throughout the region, as a media network, there is a difficulty in having an adverse opinion to the state. In the best-case scenario, they will be accused of being biased but on the other side they could be accused of being crooked or of being spies. Some journalists are even being threatened and beaten up for writing investigative stories. Cases recently brought to light in Kosovo, Montenegro, and Serbia, for example, give evidence to this worrying trend.

There is a great need for professional and accountable journalism in the region in order to properly encourage democratization and a shift from nationalist policies. One commentator made the observation that one of the promising values of the EU is the strength of free media. However, there has not been outright criticism from the Union at the clear lack of media freedom present in the WB. The participants agreed that the EU should be more direct about the worrying state of the media in the region and make clear that this cannot continue should the countries wish to remain on the path of accession.

That being said, EU Member States are not exactly the most shining example of media freedom. A large part of the reason for Brexit for instance was down to fake/bad news. One expert recommended that there needs to be implementation of fake news countermeasures. There are groups set up internationally which act as fake news myth busters and fact checkers. A U.S. and German system awards politicians and news broadcasters 'Pinocchios' should they state something that is factually not true and can be deemed as fake news.

Media is a reflection of society and in the WB it points to corruption, nationalism, and clientelism. Legislation on media-ownership is sorely needed to move away from political party biased news and towards free and investigative reporting.

POPULISM IN EUROPE: CHALLENGES FOR THE WESTERN BALKANS

Ramadan Ilazi

"Populism" was always linked to a dangerous excess, which puts the clear-cut moulds of a rational community into question"
Ernesto Laclau[1]

"... they attracted voters who were anti-Establishment, anti-liberalization, anti-European, anti-everything that has come to be regarded as the norm"
Sylke Tempel[2]

Introduction

Following Emmanuel Macron's victory in the French presidential election, Antonio Tajani, the President of the European Parliament declared in May, that "the season of growth of populism has ended". However, three months later, the Alternative for Germany (AfD) scored 13.5% of the vote in the national election, securing seats for a right wing party in the German Bundestag for the first time in half a century. According to a recent study by the European Policy Information Center, in the 2016 and 2017 elections, 55.8 million Europeans voted for a populist party, that is one in five Europeans.[3] This means that populism: "has now established itself as the third ideological force in European politics"[4]. A New York Times graphic in the annex shows trends of increasing support for far-right parties across the European Union.

In the background of a financial crisis that has been ongoing in Europe since 2009 and fuelled by terrorist attacks and the refugee crisis from the wars in Syria and Iraq, populist leaders and far-right parties have been gaining substantial ground in national institutions of major EU Member States. Populist movements are challenging the liberal-democratic model and, more importantly, long standing norms in the EU. Populist far-right parties are exerting influence in the public discourse and national decision-making processes. This concerning trend is likely to lead to serious consequences for the European integration process.

The most impactful outcome of this growing wave of populism, especially far-right populism, was 'Brexit', the June 23, 2016 vote of the United Kingdom to leave the EU. Over 17 million people voted leave in a campaign that was dominated by anti-immigration discourse and attacks against the core principles of the EU. Although a recent study has shown that one in four Brits believe they were misled by the leave campaign,[5] the process of managing Brexit has created even deeper divisions within the EU and between the Union and the UK. Overall, as the Human Rights Watch report notes, 2016 has not been a good year for the EU due to the refugee crisis, Brexit, multiple terrorist attacks, the rise of populism, and growing support for the far-right parties[6] (see appendix 1).

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1   Laclau, E. (2005). On Populist Reason (1st ed.). London: Verso.
2   Smale, A. (2015). New York Times. Retrieved September 25, 2017, from https://www.nytimes.com/2016/03/15/world/europe/german-state-elections-point-to-vulnerability-for-angela-merkel.html.

3   Heinö, A. J., Caccavello, G., & Sandell, C. (2017). Authoritarian Populism Index 2017. Brussels: European Policy Information Center.
4   Ibid.
5   Hopkins, S. (2017, 8 22). News. Retrieved from The Huffington Post: http://www.huffingtonpost.co.uk/entry/brits-believe-they-were-misled-over-brexit_uk_599bf511e4b04c532f441339.
6   Human Rights Watch. (2017). World Report 2017. Retrieved from Human Rights Watch web site: https://www.hrw.org/world-report/2017/country-chapters/european-union.

This wave of populism, that has been closely associated with elements of nationalism and mercantilism, has not been embraced so openly in Europe since before the Second World War. European integration has been the primary target of attacks from populist leaders, especially from the far-right. Considering the significance of the European perspective for the six countries of the Western Balkans, this brief paper considers how the rise of populism and the growing support of far-right parties in the EU can affect the region, and moreover, what the region can or should do in order to counter arguments from the populists and the far-right.

Brief Conceptualization of Populism

What explains populism? Some of the favourite terms that populist leaders and far-right parties use include 'industrial sovereignty', 'smart protectionism', 'reindustrialization plan', and 'reject free-trade agreements'[7]. These concepts provide an important insight into understanding populism and its political ambitions in the EU, which can be seen as a political project aimed at undoing European integration and dismantling the Union as a whole. This is an understanding in line with Lord Windlesham's argument that populism is: "an attraction toward simplistic solutions to complex problems"[8]. Populism is widely explained from the economic perspective which is to say:

> "Rising economic insecurity and social deprivation among the left-behinds has fuelled popular resentment of the political classes. This situation is believed to have made the less secure strata of society – low-waged unskilled workers, the long-term unemployed, households dependent on shrinking social benefits, residents of public housing, single-parent families, and poorer white populations living in inner-city areas with concentrations of immigrants – susceptible to the anti-establishment, nativist, and xenophobic scare-mongering exploited of populist movements, parties, and leaders, blaming 'Them' for stripping prosperity, job opportunities, and public services from 'Us'."[9]

Hans-Georg Betz's research into populism helps us understand some of the factors that have in the past shaped populism in Europe. He argued that there were three events that influenced populism in Western Europe in the 1990s: "the resurgence of ideological and political turbulence in the late 1960s, rising social conflicts in the early 1970s, and the spread of mass protest by new social movements in the 1980s." He maintains that these "were symptoms of a profound transformation of West European Politics"[10]. In other words: ideology, social conflict, and mobilization. In this context, two important questions emerge: Are we currently facing a crisis of values in Europe? And, is the xenophobic rhetoric we witness a symptom of an emerging social conflict that challenges social cohesion in the EU?

The economic argument, however, is not sufficient to understand and explain populism in the EU. When we trace the root causes of European integration, we understand that this project was about providing concrete solutions to concrete problems that post Second World War Europe was facing. This issue brings us to the question of social cohesion in relation to European integration. Stanley Henig contends that "…unification was a specific response to a series of problems which confronted a group of countries in Western Europe in the immediate aftermath of 1945. […] The statesmen and leaders concerned were seeking new methods of handling practical problems. They were national politicians seeking what they considered the national interest."[11] In other words, European integration was a project to make the life of citizens in Europe easier and better. It seems the understanding of this pragmatic approach to the EU has somewhat faded among the general public in an ever-expanding Union that has become too political and complicated for many to understand. Taking advantage of this perception are the populist parties who offer simple solutions to complex socio-economic issues and use 'othering' techniques to offer a target of blame. Therefore, the very freedoms and rights that boosted the economies of Europe and created peace are under attack by far-right populist leaders. The cultural backlash theory is particularly important to consider in the context of European integration. It suggests that support for far-right parties and populism may be a "reaction against progressive cultural change". In the aftermath of the Second World War, Western European countries rejected nationalism and embraced values of multiculturalism. Arguably this is something that has been taken for granted. Since 1973, the EU has gradually expanded, with an average of 7.6 years between every round of enlargement. Whilst the European Commission has been heavily engaged in preparing countries to join, it could have been more proactive in communicating the value of enlargement to the societies of the current Member States.

[7] Lemieux, P. (2017). Populism and Protectionism. Regulation, 40(2), 6-7.

[8] Windlesham, L. (1998). Politics, Punishment, and Populism. Oxford: Oxford University Press, p. 4

[9] Inglehart, R. F., & Norris, P. (2016). Trump, Brexit, and the Rise of Populism: Economic Have-Nots and Cultural Backlash. USA: Harvard Kennedy School - Faculty Research Working Paper Series, p. 2.

[10] Betz, H.-G. (1993). The New Politics of Resentment: Radical Right-Wing Populist Parties in Western Europe. Comparative Politics, 25(4), 413-427. P. 413.

[11] Henig, S. (1997). The Uniting of Europe: From discord to concord (1st ed.). London and New York: Routledge, p. 6.

An Overview of Far-right Parties and Leaders in the Principle EU Member States

Just how widespread and influential are far-right, anti-EU and populist movements in Europe? The following is a brief mapping of far-right and populist parties in principle EU nations. In Austria, the Freedom Party (FPÖ) candidate for President, Norbert Hofer, almost won the 2016 presidential elections. The nationalist party, which was originally founded by ex-Nazis in the 1950s, looks like the likely partner in a coalition with Sebastian Kurz's Austrian People's Party (ÖVP) [12], who won the October 2017 parliamentary elections.[13] As already noted, the AfD (Germany) has secured 92 seats in the Bundestag making it the third largest fraction. The National Front in France, which campaigned strongly against the EU, gained over six million votes in the 2015 regional elections and scored 25% of the votes in the 2014 European Parliament elections. The Italian Northern League, an anti-immigration and anti-EU party that has five members in the European Parliament, is a founding member of the Europe of Nations and Freedom (ENL) political group. In the Netherlands, the Party for Freedom of Geert Wilders has four seats in the European Parliament and came second in the 2017 elections, securing twenty seats in the House of Representatives. The leader of Poland's Law and Justice Party, Jaroslaw Kaczynski, stated in 2015 that Poland should refuse war refugees from the Middle East because "they bring diseases and parasites".[14] Similarly, Slovakia declared their country would only accept Christian Syrian refugees under the EU's relocation scheme, because Muslim refugees "would not feel at home".[15] The situation is equally concerning in Scandinavian countries with growing support for far-right parties. The anti-immigration party, the Sweden Democrats, is currently the third biggest political party in the country. The common denominator for all these actors is an anti-EU sentiment with a particular opposition to the expansion of the Union. This brings us to the issue of enlargement policy.

Enlargement Policy and the Western Balkans

The European integration process has been the main force behind decades of peace and economic prosperity in Europe. In 2012, by a unanimous decision of the Norwegian Nobel Committee, the EU was awarded the Nobel Peace Prize as it "for over six decades contributed to the advancement of peace and reconciliation, democracy and human rights in Europe"[16]. John McCormick refers to the EU as an embodiment of Immanuel Kant's idealistic proposition for perpetual peace (2011). The European integration process had major transformative effects in Central and Eastern Europe and the Balkans.[17] Without the prospect of EU membership, it is difficult to imagine how far the countries of the Western Balkans would embrace the liberal-democratic model and engage in regional cooperation. European integration, as noted by leaders from the region, has been a state-building and society-building process. Although nationalism has not yet been supplanted, it is nonetheless impressive to see radical and nationalist leaders from the Yugoslavian era speak with passion about the core principles of the EU. However, this is in no way a sustainable model as there is no guarantee that such leaders will adhere to those principles once in office.

The main priorities of the EU in relation to the Western Balkans until 2019 were outlined in the 2015 medium-term strategy and include inter alia the rule of law, the democratic functioning of institutions, public administration reform, and economic development and competitiveness. All six Western Balkan countries were promised EU membership upon the fulfilment of accession criteria. Currently, Montenegro and Serbia are the frontrunners in the process and are already negotiating accession. Kosovo signed its Stabilisation and Association Agreement (SAA) with the EU that entered into force in April 2016 and later in the year, the European Reform Agenda (ERA) was launched. Macedonia seems to be heading in the right direction towards ending the gridlock of its European integration process. Bosnia and Herzegovina has formally applied for membership while Albania's accession negotiations will most likely be opened in 2018. Despite this progress, academics like Nechev question, whether countries like Kosovo, Bosnia and Herzegovina, and Macedonia are even part of the enlargement process.[18] In this context, perhaps the case of Kosovo is the most compelling because without recognition from Greece, Cyprus, Slovakia, Romania, and Spain, the country cannot achieve candidate status, even if it delivers on domestic reforms. Considering the latest developments in Catalonia, it is hard to imagine that Spain will be willing to change its position on Kosovo. The Brussels mediated dialog ties the European perspective for both Serbia and Kosovo to delivering on the normalization of

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[12] Deutsche Welle. (2017). Retrieved from http://www.dw.com/en/austrias-sebastian-kurz-turns-to-far-right-fpö-for-coalition-talks/a-41088459.

[13] The Austrian lower house of the Parliament, the National Council has 183 seats. Result from October 15, 2017 election show that ÖVP secured 62 seats while FPÖ 51 seats.

[14] Reuters. (2015). Reuters web site. Retrieved September 30, 2017, from https://www.reuters.com/article/us-europe-migrants-poland/polish-opposition-warns-refugees-could-spread-infectious-diseases-idUSKCN0S918B20151015.

[15] BBC. (2015). BBC World News. Retrieved September 30, 2017, from http://www.bbc.com/news/world-europe-33986738.

[16] The official website of the Nobel Price. Retrieved October 23, 2017, from https://www.nobelprize.org/nobel_prizes/peace/laureates/2012/press.html.

[17] Grabbe, H. (2006). The EU's Transformative Power: Europeanization Through Conditionality in Central and Eastern Europe. London: Palgrave Macmillan.

[18] Nechev, Z. (2016). Reinstating the Transformative Power of the European Union in the Western Balkans . European Fund for the Balkans.

relations. The efforts to secure a comprehensive normalization by 2018 (also corresponding with the intent of the European Commission to launch the new 2025 Enlargement Strategy), are – at least in Kosovo – expected to help address this crucial obstacle for Kosovo in the European integration process.

As for Macedonia, it remains to be seen how much public support and political capital the new government can attain in order to push forward the difficult issue of the name dispute with Greece. Bosnia and Herzegovina's perspective depends on the prospect of changing its highly complex institutional arrangement and the influence of nationalism in Republika Srpska. Alongside these country-specific challenges, the European perspective for all six Western Balkan countries heavily depends on regional cooperation and their ability to deliver on the fight against organized crime, corruption, and decriminalization of politics. The outcome of the lack of progress in the European integration process for the Western Balkans, as also noted by Nechev, is twofold: Firstly, it makes fertile ground for nationalism and religious extremism and secondly, it will lead to increased efforts by non-EU countries to exert their influence in the region. That being said, these are the arguments used by the political elites in the region when defending their lack of progress to the EU. In absence of meaningful results in the implementation domestic reforms it is hardly a surprise that they grasp at such threats in efforts to find short-cuts in the accession process.

Maintaining a Credible European Perspective for the Western Balkans

In a move that could be seen as appeasing populist rhetoric but also answering the growing concerns that EU expansion was coming at a cost of integration, in 2014, the European Commission President Jean-Claude Juncker announced a five-year halt on enlargement. Although it was evident that no country was ready to join the EU by 2019, the decision created a perception in the region of an EU that was distancing itself from the Western Balkans and this led to questions whether the EU commitment for enlargement for the WB was weakened. The Berlin Process, initiated by the German Chancellor Merkel, was meant to be a response to this new situation and the concerns of the region. The Berlin Process managed to reenergize the European integration process in the region and invigorated the approach of regional cooperation. This initiative presented an opportunity for the Western Balkans to address some of the key economic problems focusing on the Connectivity Agenda with investments in infrastructure. The Berlin Process presents the only forum where the highest levels of government from all six countries meet to exchange and, often agree, to cooperate on addressing practical problems for the region. For instance, this process led to the establishment of the

Regional Youth Cooperation Office (RYCO), which is to date the most visible outcome of this initiative.

The Berlin process created a regional approach to the European integration process for the Western Balkans and focused the conditionality policy on regional cooperation. This approach is based on the argument that it should be the ability and responsibility of the countries in the region to find practical solutions to issues standing in the way of accession. The results from the process have shown an increase in cooperation.

Maintaining a credible European perspective for the Western Balkans means the whole region is set on the course of membership. This, without doubt, requires a bold vision from the EU, as was the case with the 2004 enlargement round. The President of the European Commission announced that in 2018, the Commission will publish a strategy for the successful accession of Serbia and Montenegro by 2025. The strategy will focus on the rule of law, fundamental rights, the fight against corruption as well as the overall stability of the region. This is arguably the strongest action in recent years taken by the Commission in reaffirming the EU's commitment to enlargement in the Western Balkans. The expectation is that the strategy will be inclusive, meaning accession negotiations should be opened with all countries of the Western Balkans: "Such an approach would create a win-win situation in which both sides would benefit: the EU would regain its credibility and its leverage to apply the conditionality policy rigorously, while the Western Balkan hopefuls would have no excuse not to converge with EU policies and criteria."[19] This approach would be appropriate considering that organized crime, widespread corruption, and weak institutions of rule of law are more or less common denominators for the countries of the Western Balkans.

However, this new strategy for the enlargement process is an initiative of the European Commission, therefore, Member States are not all equally as optimistic and enthusiastic about the prospects of expansion. Enlargement fatigue, or the EU's fatigue with the Balkans, is difficult to challenge when the dominant opinion about the region is that governments of those respective states are not willing to do what it takes to become members. Returning to the main question of this paper, growing support for populism and far-right political movements in EU Member States, makes the decision-making process regarding accession volatile and unpredictable. Considering accession decisions are taken by unanimity in the EU, this worrying trend puts the Western Balkans at an ambiguous and uneasy distance. We have seen how it took only one member state (The Netherlands) to block (for over a year) the

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[19] Nechev, Z. (2016). Reinstating the Transformative… p. 5.

prospects for closer relations between EU and Ukraine and this occurred despite the fact the country had a civil war to defend its pro-European stance. Although the Dutch senate approved the ratification of the Free Trade and Association Treaty between the EU and the Ukraine on May 30, 2017 ending the saga, one year prior to that 61.1 percent of Dutch voters had rejected the agreement. Dutch leaders demanded a kind of a guarantee that the agreement would not set Ukraine on a path to membership, and this was subsequently guaranteed at the EU summit in December 2016.[20] The dominant negative image about the Western Balkans among the EU Member States is a serious concern, both in the context of this argument and with the background of populism and far-right politics. Anti-Muslim sentiment as well as other prejudices and fears about the region can influence how the citizens of EU Member States feel about expanding into the region. Especially considering that it is predominantly portrayed as a provider of asylum seekers and a region marred by nationalism, organized crime, gangs, corruption, and lack of employment.

In Lieu of Conclusion: How Can the Western Balkans Help the EU?

Governments in the region can aid their countries a lot by admitting to their faults and working progressively rather than opting for the ease of blame and using the EU as a political scapegoat. This type of self-criticism could help the region come to realize some of the hard truths about their political situation and start to reverse the negative perceptions they currently face.

However, currently the reality is that the region is suffering from a situation where nationalism has not yet been supplanted and political discourse harks back to the past, often with senior government leaders glorifying war crime convicts, thereby keeping old wounds fresh and inhibiting good regional cooperation. Nationalism is the antagonist to European integration not just for countries in the Western Balkans but for EU Member States as well.

There is also some truth when it comes to the rule of law, a key concern for all countries of the Western Balkans. There is significant amount of work to be done in establishing an independent and responsible judiciary, in order to prevent political interests interfering with the fight against corruption and organized crime. The governments in the Western Balkans often seem to invest more time in finding shortcuts to the accession process, rather than being truly committed to reforms that not only bring the country closer to the EU but also build democratic and economic resilience. When governments in the region

make reforms and decisions that adhere to the European integration process they seem to act as if they were a punishment from the EU, despite the fact that they work to benefit their own citizens. Imbalanced pressuring of the EU for membership on the part of the Western Balkans can have very negative effects in the support for enlargement policy among the citizens of the EU Member States. It is in the best interest of the Western Balkan countries to help boost the legitimacy of the enlargement policy. They can do this by demonstrating that the EU normative framework can bring concrete positive results, especially in creating new opportunities and jobs for youth, fight against corruption and organized crime.

The EU can certainly improve their end of negotiations by adjusting the tone with which it speaks to the region. There needs to be a language which the EU uses to communicate with the citizens in the region and a separate language which it adopts to communicate with the governments in the region. The language towards the government, especially when indicating areas for improvement for governments in the region and lack of progress, needs to be very specific. One example in this regard, is the European Reform Agenda for Kosovo and the objectives outlined under the rule of law pillar.

The governments of the Western Balkan countries should work together in addressing their image problem. One way in which they can accomplish this is by agreeing to establish joint Cultural Information Centers, on the subject of the Western Balkans, in various influential EU cities such as; Brussels, Berlin, and Paris etc. Furthermore, in cooperation with the European Commission, these countries should implement an EU wide awareness campaign about the Western Balkans, highlighting the positive impact of the enlargement policy for the region. The Western Balkans should be at the fore-front in providing counter narratives to populist and far-right movements and campaigning for the benefits of the European integration process.

Equally important is the argument of EU credibility. It is becoming ever more difficult to promote the liberal-democratic values elsewhere while the trends of populism and support for far-rights politics informs the decisions and stances of EU Member States' governments.
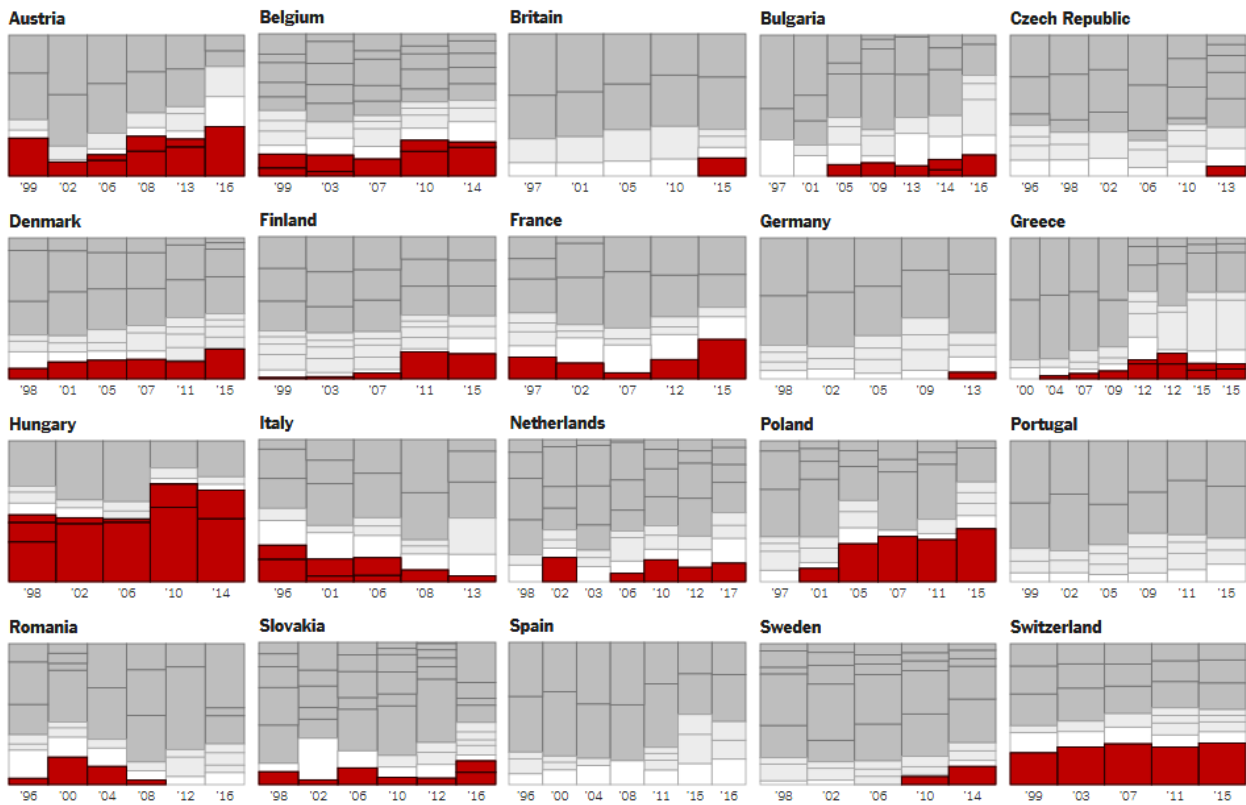
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[20] Teffer, P. (2016, December 16). Euobserver. Retrieved from News: Foreign Affairs: https://euobserver.com/foreign/136305.

Appendix

Party Ideology in Parliamentary Elections

Party ideology in parliamentary elections*   Center-left, center-right   Other parties   Right-wing and far-right

*The 2016 presidential elections in Austria and Bulgaria and the 2015 French regional elections are included to add a more recent result for those countries.

Source: Print Screen from the New York Times website authored by Aisch, Gregor; Pearce, Adam; Rousseau, Bryant.

WESTERN BALKANS: THE CHALLENGE OF DEMOCRATIC TRANSFORMATION

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In the early 1990s, democracy was everything people were dreaming of in the Western Balkans (Albania, Bosnia and Herzegovina, FYR Macedonia, Montenegro, Kosovo, Serbia). After fifty years of communist rule and the fall of the Berlin Wall, the winds of change in Eastern Europe finally arrived in the region. With unfavorable starting positions, regional disputes and bloody conflicts in the 1990s, the Western Balkans, which were lagging behind other post-socialist countries, finally started their democratic reforms in the early 2000s.

Twenty-seven plus years later, some progress has been achieved, albeit slowly, in moving towards free market economies, establishing better institutions, and implementing security sector reforms. Although the argument can be made that formal democracy is in place, in substance it is absent. Instead, there exists a 'Balkan-type' democracy that has created a wide gap between elites and citizens.[2] This form of democracy is more about power games with autocratic minded leaders who benefit by maintaining weak institutions, extensive patronage networks, and holding arrogant contempt for any form of transparency or accountability. As former socialist countries in the Western Balkans transitioned towards free market economies, attention was focused on the quick liberalization of markets, rapid privatization, and deregulation at the expense of similar reforms in strengthening the rule of law. The result of this imbalance created a 'rent seeking' environment and increased levels of corruption.

Institutions such as the Bertelmann Stiftung, that measure transition in the world through the Transformation Index, indicate that the Western Balkans democracies suffer from significant deficiencies with respect to the rule of law, the functioning of democratic institutions, and stateness. According to the 2016 Economist Democracy Index, countries in the Western Balkans rank very poorly. They are classified as 'hybrid regimes'[3] with serious weaknesses in political culture, the functioning of the government, and political participation. The countries rank between the global position of 81 (Albania), and 101 (Bosnia) in terms of the quality of democracy. Oddly, the only exception is Serbia which is considered a 'flawed democracy', ranking in 64th place.

In practice the Western Balkan countries have electoral democracies, but allegations of election rigging are common and transitions of power are rarely smooth. While blatant election-day voting fraud is not the case anymore, strategic manipulation of elections is

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[2] https://www.bti-project.org/en/reports/regional-reports/east-central-and-southeast-europe/.

[3] http://www.eiu.com/public/thankyou_download.aspx?activity=download&campaignid=DemocracyIndex2016.

becoming the norm. Rarely involving violations of the law, the manipulations of elections are craftily tilted to influence the playing field. Government funds are used to buy media access, electoral rules are changed with dubious due processes, electoral institutions are politicized, and funding for political parties is highly questionable.

If everyone in the region accepts the essence of open and free electoral politics, making it work seems much more difficult. Electoral contestations and vote rigging allegations are the usual game in town and in the region. As a result, there is a widespread apathy and suspicion that elections have become a fool's game. Interest in actively participating in the electoral process is declining. Electoral turnout is at a dismal level, ranging between 40% to 54% with the exception being Montenegro at 73%.[4] Elections are no longer seen as opportunities to mandate change. Rather, voting is seen as an opportunity to deny the worst of the worst from gaining power, while those in power enjoy the benefits of people's distrust in their opponents.

The picture of democracy in the region has shown a disappointing negative trend in recent years. Regress in the democratic management in the region was also a consequence of a prolonged economic impact of the economic crises of 2008-2009, which affected the Western Balkans in a double dip recession resulting in negative growth rates in 2009 and 2012. The negative spillover effects of the Eurozone crisis through trade and investment channels, significantly worsened the economic situation in the region, putting the political systems under further strains and challenges.
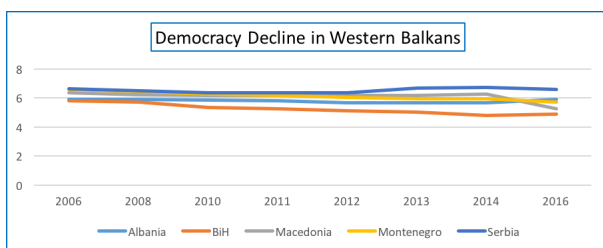

Figure 1: Democratic Backsliding in the Western Balkans
Source: Economist Intelligence Unit, Democracy Index 2016 (for full size, please see appendix)

The shades of democracy differ in the region, but over the past decade, perhaps as part of the global trend, there is visible regression in the path of democratic transition. Commonly noted as democratic backsliding, this is a very complex term that can lead to different endpoints at different speeds. Backsliding denotes to the weakening of the political institutions that sustain an existing democracy.[5] Unfortunately, the weakening of the democratic system is legitimized through the very

institutions of democracy, such as national elections, voting majorities, courts, and the 'rule of law' that the majorities produce. In the Western Balkans, the democratic backsliding has not been rapid, but it has involved gradual changes, yielding political systems that are ambiguously democratic. In the region, the democratic deficit is a result of a vicious cycle of weak institutions and autocratic leaders. The political and economic institutions are not able to develop independence from strong autocratic leaders, and on the other side, the leadership has failed to foster independent institutions.

Currently, the countries of the Western Balkans remain stuck in a never-ending transition process. According to the 'Catch Up' Index, they rank at the bottom of all European countries regarding the standards of economic development, quality of life, democracy, and governance.[6] In the Western Balkans, incomes per capita are only 14% of the EU average (at an average level of 4,936 USD yearly). Inequality and the shrinking of the middle class are urgent challenges that, if not seriously addressed, could tear the region apart. According to the Balkan Barometer survey published in October 2017, unemployment, the poor economic situation, and corruption are chief concerns of the population in the Western Balkans.[7] In reality, the failure of liberal policies to deliver economic prosperity and social justice for the majority of the population are the main drivers of the crisis of democracy in the Western Balkans. Weak functioning of governments and lack of political contestations over economic and social issues are common throughout the region. In this bleak and depressing economic picture for the majority of the population, dissatisfaction with democracy is growing. Populism, interestingly manifested in the mainstream parties, has opened space for maneuver for opportunistic leaders at the cost of more relevant reformists.

Accession into Euro-Atlantic institutions was viewed as the main mechanism for enhancing security, stability, and democracy in the 'troubled' region. The successful European Union enlargement of Central Europe has been used as an example for the Western Balkans. Democratization is a feature of Europeanization, and the 'carrot' of membership was used to motivate the political elites to adopt and implement important structural democratic reforms. Countries in the Western Balkans are in different stages in the EU integration process. Four of them are EU candidate countries. Montenegro and Serbia have opened the negotiation process, while Albania and FYR Macedonia are expecting to open their negotiations, conditioned on demonstrable progress on important reforms. Bosnia and Herzegovina has submitted its application for

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4   http://www.electionguide.org/.
5   Nancy Bermeo, "On democratic backsliding", Journal of Democracy, Volume 27, Number 1, pp 5-19.

6   http://www.thecatchupindex.eu/TheCatchUpIndex/.
7   http://www.rcc.int/pubs/51/.

candidacy, and Kosovo has signed the Stabilization and Association Agreement with the EU. Unfortunately, both countries have modest integration perspectives with a wide range of internal and bilateral issues that add to the complexity of the process.

EU membership is still viewed as a strategic foreign policy objective for countries in the region. However, the political elites favor integration for political gains whilst having little meaningful commitment to the core European liberal democratic values. There is an 'imitation argument' in existence in the Western Balkans, where leaders try to replicate democratic institutions simply by adopting a democratic language in their political discourse, aimed at gaining more international acceptability and receiving less pressure for real democratic transformation.[8]

The rise of illiberal democracies, political polarization, and populism (especially in Central Europe) sends the wrong message to the Western Balkans, a region where liberal democratic constituency has never really been cultivated. In Central Europe (a region that has recorded the most dramatic regression of any other region during the last decade), the crisis of liberal democracy is not much different from that we observe in other parts of Western Europe. A skeptical population frustrated with the traditional elites for their inability to deliver real solutions to problems of increased inequality, immigration, terrorism, has become dissatisfied with mainstream politics, creating a public backlash against globalization. In Central Europe, societies are less resilient and more vulnerable to extreme populism as a consequence of weaker institutions and shorter democratic experience. Some commentators even argue that the illiberal turn in Central Europe is a side-effect of the EU driven reform process, focused only on the elite, that has left the citizens unexposed to the liberal democratic institutions.[9]

When observing democratic backsliding in Central Europe, leaders in the Western Balkans view EU requirements of accession as double standards. They openly complain that the EU has raised the bar of membership to higher and more demanding levels.

Meanwhile, the rise of illiberal democracies in Central Europe is adding to the 'enlargement fatigue' that has captured the EU since the economic crisis, thereby politically freezing the prospect of enlargement in the Western Balkans. The other challenges with strong cumulative effects on the EU institutions that hinder the enlargement process are issues such as slow growth rates, high unemployment rates, the threat of terrorism and violent extremism, as well as the matter of Brexit.

These emerging issues have driven European leaders to focus mainly on domestic problems, and on the other side have intensified the determination to increase conditions and screening of EU candidate countries before membership. In a vicious cycle, this allows leaders in the Western Balkans to cite 'reform fatigue' and stall the much-needed transformation efforts.

The concerning reality is that the lack of successful economic and social developments could feed anti-EU sentiments in the Western Balkans. The biggest challenge is the reduction of the EU's power of attraction that will weaken its leverage in dealing with many unresolved issues in the region. The current trendline is worrying. Only 39% of people in the Western Balkans think EU membership is a good thing, while 36% have a neutral opinion. Negative perceptions prevail in Bosnia and Herzegovina and Serbia, while Albania and Kosovo are the only exceptions, in which people are still optimistic about the future in the EU.[10] For people in the Western Balkans, the EU means more freedom to travel (31%), freedom to work and study (32%), and economic prosperity (30%).[11]

The EU has not been critical enough when it comes to addressing democratic backsliding in the Western Balkans. Some argue that the EU has preferred stability over democracy in the region, or 'stabilocracy', relying on strong leaders that claim to provide pro-Western stability.[12] Perhaps the lack of criticism from the EU is related to the lack of commitment in the enlargement process. In the last few years, the 'enlargement fatigue' has also been visible in the political and diplomatic language of the EU and its leaders, who have openly stated that membership was not feasible for new countries in the short term. This was no surprise given the current situation in the Western Balkans, but the 'five-year moratorium' following Commission President Jean-Claude Juncker's announcement of no enlargement during his mandate sent strong de-stimulating messages to the region, negatively impacting the reform process, and allowing democratic backsliding. Maintaining a credible EU perspective in the Western Balkans is key for a secure future in the region, but also for a stable, democratic, and prosperous Europe. Germany has tried to keep the enlargement perspective alive through initiatives such as the Berlin Process which started in August 2014. During the fourth meeting of this format last July in Trieste, the German Chancellor Angel Merkel declared that "political stability in the region means political stability for us as

[8]   Jason Browlee, Authoritarianism in the Age of Democratization, Cambridge University Press, 2007.
[9]   Ivan Krastev, "Liberalism Failure to deliver", Journal of Democracy, Volume 27, Number 1, pp 35-38.

[10]   http://www.rcc.int/seeds/files/RCC_BalkanBarometer_PublicOpinion_2016.pdf.
[11]   http://www.rcc.int/seeds/files/RCC_BalkanBarometer_PublicOpinion_2016.pdf.
[12]   http://www.biepag.eu/publications/the-crisis-of-democracy-in-the-western-balkans-authoritarianism-and-eu-stabilitocracy/.
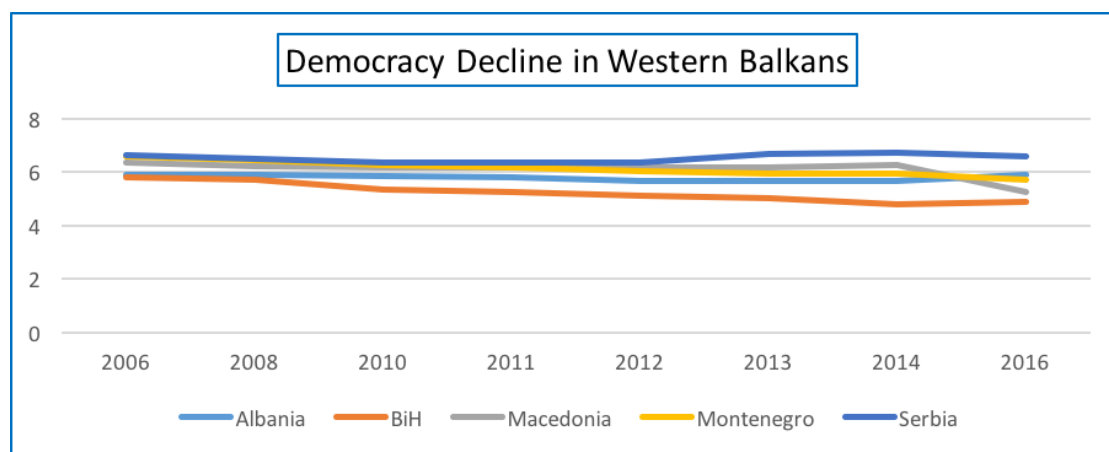
well. We know this from the past experience"[13]. Fortunately, this perspective was openly reiterated by the President of the European Commission, Jean Claude Junker in his 2017 State of the Union Address.

A stronger commitment in the region should not mean that the EU has to decrease its requirements and accept the countries without fulfilling the standards. However, a good lesson to be learned in this field (coming from Eastern Europe) is that leverage through conditionality works before membership, especially regarding the democratic standards. If the EU does not use its leverage now, it will be much more difficult to handle the region when problems there go beyond repair. The EU should not allow its influence to fade in the region, especially now that the Western Balkans is yet again becoming a theatre for great power competition. Russia and other players, such as Turkey and China, are trying to significantly increase their political and economic presence. The vacuum of power created by weak and unstable institutions coupled with a lack of political action in the enlargement process has left ample space for these new external players to exploit. However, the rise of geopolitics in the Western Balkans is also used by some of the leaders in the region, who seek to leverage the 'Russian challenge' to extract concessions from the Western partners, and at the same time paying lip service to reform efforts.

It is common for leaders in the Western Balkans to blame everyone else for their situation and to never take any responsibility for failures to improve the rule of law. The EU should engage more actively with the civil society to invite bottom up reforms, and must be uncompromising in the promotion of rule of law, good governance, and the development of strong institutions. Such a foundation will lead to economic opportunities. Young people aspiring to higher standards of living need viable options to remain and invest in their home countries. Unfortunately, for too many, the only real option is to seek realistic opportunities of living a democratic life in the West, rather than try to change the situation at home.[14]

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[13] http://www.novinite.com/articles/181182/Angela+Merkel%3A+%27Political+stability+of+the+Western+Balkans+Means+Political+Stability+For+Us+as+Well%27.

[14] https://www.theglobalist.com/european-union-migration-brain-drain-and-the-western-balkans/.

Appendix

Democracy Decline in the Western Balkans

Source: Economist Intelligence Unit, Democracy Index 2016.

DEMOCRACY IN THE WESTERN BALKANS – THE CURRENT STATE OF PLAY

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At the 2003 Thessaloniki summit, the European Council declared that the future of the Balkans is within the EU. This political commitment taken by EU heads of state and governments, together with those of the Western Balkans, provided for a strong incentive for reforms to the societies of the Balkans and seemed to entail the promise that they would follow the path of 'democracy through integration' (Dimitrova and Pridham 2004), which initially had proven to be a successful formula for the political transformation in Central and Eastern Europe.

However, apart from Croatia that entered the EU in 2013, fourteen years after the Thessaloniki summit, Albania, Bosnia and Herzegovina, Kosovo, Macedonia, Montenegro, and Serbia remain excluded with no definite accession date in sight. In the meantime, contrary to initial predictions, democracy in the Western Balkans has been backsliding. The described reality has triggered a shift in the academic and policy literature to conclude that, in the case of the Western Balkans, the EU integration process has not been able to effectively counter non-democratic tendencies, including outright democratic rollbacks. After a brief period of sincere commitment towards democratic reforms in the early 2000s the region is now facing the trend of de-democratization.

In this study, I closely scrutinize the dynamics at play in the Western Balkans in terms of trends, patterns and apparent paradoxes in the triangle of democracy, authoritarianism, and EU integration. By analyzing the main features of democratic decline in the Western Balkans, I will be able to identify the main actors beyond these processes, and try to offer advice on how to prevent further democratic backsliding and revitalize the democratic processes in the region. Particular attention will be given to the role of the EU, which bearing in mind its unprecedented transformative potential owing to the conditionality based enlargement strategy towards the Western Balkans, is supposed to be the main democracy promoter in the region.

State of Play

Democracy is increasingly challenged on a global scale, with a 'crisis of democracy' becoming the prevailing narrative (Bermeo 2016). Due to rising populism, the surge of right wing political movements, or various restrictions implemented in response to terrorism and other security threats, fundamental democratic values are far from guaranteed (even in more established democracies). However, while breaks in democracy can and do occur even in consolidated democracies, the consequences are more severe in transitional democracies, like the Western Balkans.

In addition to the challenges of political and economic transformation following the violent conflicts from the

1990s, Western Balkan countries remain weak states with dysfunctional institutions, notwithstanding the considerable diversity among them. Under such circumstances, deficiencies in fundamental democratic prerequisites, including freedom, equality, the rule of law, and free (in Bosnia and Herzegovina) and equal participation in political processes (in the rest of the region), can lead to nationalist mobilization and the rise of populist politics penetrating the media and public discourse. Similarly, the absence of institutional and economic checks and controls on various branches of power can lead to a systematic erosion of democracy and the rule of law. Finally, in the absence of independent media, citizens lack access to reliable information to make informed decisions at elections. Currently, all these factors are at play in the Western Balkans.

Recent assessments of the situation concerning the state of democracy in the region have been sobering. Among the key measures of democracy, the Bertelsmann Transformation Index places the countries in the categories of 'defective' or 'strongly defective' democracies, with the lowest ranked Western Balkan country, Kosovo, holding a similar spot to Paraguay or Georgia, and Montenegro, as the best ranked country, is just below Brazil.[1]

The Economist Democracy Index in 2016 considers all countries in the region (except, oddly enough, Serbia which fares better as 'just' a flawed democracy) as hybrid regimes, Albania between Guatemala and Ecuador, Macedonia in the company of Uganda, and Bosnia just before Lebanon but after Thailand.[2]
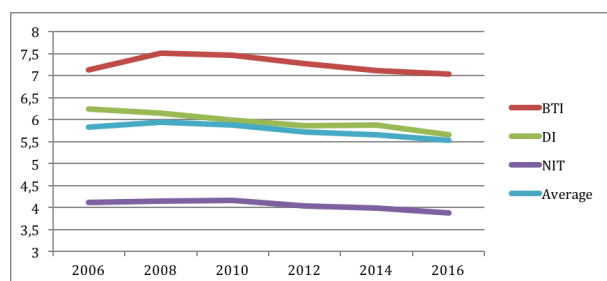
The Main Features of De-democratization

Although democratic indices do not come without shortcomings, they compellingly corroborate that democracy in the Western Balkans has been backsliding for a decade. Although not all countries of the Western Balkans are equal and the features of their flawed democracy vary, i.e. the degree to which incumbents disregard institutions and democratic rule, there are still striking similarities among them that resemble a de-democratization pattern.

First, there is no single turning point for the entire region, yet the downward spiral began eleven years ago and accelerated with the economic crisis in 2008 and multiple crises within the EU that distracted the Union from enlargement. The democratic regression happened in plain sight, but lacked the high-profile watershed, as there have been no controversial new constitutions, as in Hungary, or contested constitutional revisions, as in Turkey.

Second, the process of EU approximation has become unrelated to progress in democratization. Despite the particular emphasis on democracy and rule of law in the region, the methodology and tools of the EU have not brought the anticipated progress. The top-down institutional approach employed by the EU has introduced new legal frameworks that are essentially in place throughout the Western Balkans and have mostly been brought up to date with relevant international standards.

However, autocrats in the Western Balkans do not govern by formal rules, but rather through informal rules and power structures, state capture techniques by ruling parties, patronage networks, and control of the media. Furthermore, the economic transformation processes starting from the 1990s featured an intertwining of economic and political power, deeply embedded in clientelist practices as well as political and economic corruption. In this setting, state institutions were never able to develop the independence and strength to weather autocratic leaders, while civil society has continuously suffered from various methods of more or less open pressure.

Finally, although the elections are held, autocrats are able to secure the necessary popular support through their control of the timing of said elections, the patronage of many voters, and control of the media. Hence, democratic institutions continue to serve merely as tools for political elites who, no different than in previous cadre politics, alternate between posts in executive, legislative, and other functions.

EU Stabilitocracy Promotion

The EU has remained rather silent on the described democratic backsliding in the Western Balkans, even when confronted with concrete evidence, as in the case of the wiretapping scandal in Macedonia, or the Savamala incident in Serbia. This leaves the impression that the EU is willing to provide external support to regimes that include considerable shortcomings in terms of democratic governance for the sake of the promise of stability. This exchange of stability for external lenience on matters of democracy can be called a 'stabilitocracy' (Bieber 2017). In a regional context, this practice has led to the establishment of a new type of illiberal political system that formally commits to EU integration and internalizes the reform discourse, but in practice continues to govern through informal rules and clientelism –

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[1] Bertelsmann Transformation Index 2016.
[2] The Economist Intelligence Unit, "Democracy Index 2016: Revenge of the 'Deplorables'", *The Economist*, 2016.

both of which are part of the toolbox of populist rulers with an authoritarian streak. At the same time it continues to offer stability towards the EU, be it in pacifying regional issues, such as bilateral relations, or in regard to external challenges, such as the flow of refugees.

However, these offers of stability are misleading, as the lack of democracy in the region is the main source of instability itself. Semi-authoritarian stabilitocracies are both willing to cause and manage instability with its neighbors or towards the internal other – the opposition or minorities – for the sake of securing continued rule. The former could have been observed in the infamous Belgrade-Mitrovica train episode, or the unexplained recall of all Serbian Embassy staff members from Skopje a few months ago, while the latter is evident in persistent smear campaigns against domestic independent media outlets or oppositional figures. Paradoxically, if things continue as they are, the Western Balkans ruled by Viktor Orban-like presidents and prime ministers will result not only in less liberal democracy but also less stability.

Finally, the more entrenched these autocratic governments become, the costs and risks of losing their office are greater, both in terms of the loss of access to the clientelist networks that state capture provides, but also regarding the risk of legal cases brought against them. Thus, a change of government becomes harder, riskier, and potentially destabilizing. This is why the trend of EU stabilitocracy promotion needs urgently to be reversed in the Balkans.

Democracy Promotion in the Western Balkans

After years of democratic decline, the new Macedonian government that took office in May 2017 constituted not just the first democratic transfer of power in the region in four years, but also an apparent break with the success of autocratic rule in the Western Balkans. The results of the local elections held in October 2017 convincingly clarified that after a decade of increasing authoritarian rule, clientelism and nationalism, most citizens actually back a different political course.

The process of transfer in power was not easy. It required concerted action of a broad opposition coalition that overthrew the incumbent in an election, monitored by civil society with large-scale social movements, and external pressure embodied in the Priebe Report and the EU mediation that set up the special prosecutor, as well as U.S. mediation by Deputy Assistant Secretary of State Hoyt Brian Yee. The sequencing of events in Macedonia closely resembles what theorists of 'electoral revolutions' (Bunce and Wolchik 2006) have been writing about for decades, and it is important, therefore, to draw lessons from the Macedonian experience.

First, in response to the state capture in several Balkan countries, a Macedonian moment is increasingly becoming the only path towards renewing democratic rule in the region.

Second, the biggest failure of previous 'electoral revolutions' in the region from late 1990s and early 2000s was the failure to build and respect institutions and rules, often with the tacit consent and encouragement from outsiders. From Milorad Dodik in Republika Srpska in 2006 to Aleksandar Vučić in 2012, too often the hope of Western actors was pinned on finding the next reliable, reformist partner. The result has been supporting the current generation of strongmen, who adopted democratic rhetoric for their external audience, but kept an undemocratic way of internal governance.

The key to sustainable change is strengthening institutions rather than individuals over people and building professional, accountable, and transparent institutions able to break the power of patronage networks that are the main transmission belts between politics and citizens across the region. The EU must ensure that democracy in aspiring member states is not negotiable. Past progress reports, i.e. for Serbia and Macedonia, have undermined the credibility of the EU in pushing for democratization by failing to mention apparent authoritarian practices. Without exception, the EU must highlight all democratic deficiencies in the Western Balkan countries. It needs to pay greater attention to the whole forest and not just the trees along the way, as it currently does via the tick-box exercise exemplified by the Chapter 23 and 24 benchmarks. Furthermore, the issue of consolidation of liberal democracy should be regularly addressed in the annual progress reports, as a new negotiating chapter focusing on the core criteria set for new EU members. Equally important, the Commission needs to ensure that the criticism it might have been articulating behind closed doors becomes more audible, as noting shortfalls reminds citizens of the core reason for joining the EU.

The EU needs to sharpen its focus on monitoring the aspiring members on their paths to stable and prosperous democracies governed by the rule of law. At the same time, the vagueness of the *acquis communautaire* in the field of democracy promotion contrasts with the centrality of this issue in the accession negotiation process. For a smoother process of the pre-accession reforms, both the candidate countries and their citizens should know when and how they are considered to be progressing. In this regard, the EU has to distil particular criteria and indicators on the basis of which the progress of the candidate countries will be graded.

Next, sustainable change also requires a new type of party politics. To date, most parties in the region are deeply distrusted and filled with members who joined to find employment rather than to pursue a political commitment. They are essentially interest groups focused on gaining and maintaining power with only formal adherence to European type ideological distinctions. The

political groups of the European Parliament by inertia provide support for the Balkan parties belonging to their campus. In the future however, they need to follow not only their rhetoric, but also actions related to their commitment to respect European values including the democracy and the rule of law.

Finally, following the change in power, the EU's interest in critical input from expert NGOs and assistance to civil society is fading. It is vital that international democracy promoters maintain their support for the inclusion of civil society and social movements in an effort to create pressure on the new governments to govern better and more transparently. Additionally, efforts should be made to support constructive (local) grass-roots initiatives. Civil society empowerment should strengthen expertise, capacities, improve technical organization, and provide for regional and international networking possibilities (e.g. regional ombudsperson network, regional media outlets such as N1 TV which broadcasts simultaneously in Serbia, Croatia, and Bosnia and Herzegovina, etc.). It is equally important that the EU continues to use local expertise, whereas the collaboration with credible civil society organizations should be further institutionalized via regular channels of communication. This can be achieved, for instance, by commissioning regular 'shadow' reports on the state of democracy and similar efforts.

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THE WESTERN BALKAN SOCIETIES' TRAVAILS WITH DEMOCRATIC TRANSFORMATION AND THE FATE OF THE TRANSFORMATIVE POWER OF EU INTEGRATION

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International indices measuring the degree of democracy reached by societies worldwide in recent years, have registered a marked decline in the countries of the Western Balkans.[1] This is an astonishing development given the region's recent history and support it has enjoyed from the international community. Following the wars of the 1990s, the Western Balkan countries received international support for state-building and democratic transformation to a degree unseen in any region of the world post-1989. Since the middle of the last decade, external democracy assistance has been more and more centered on the EU and its integration policy toolbox (partnership documents, Stabilization and Association Agreements, accession negotiation chapters, IPA funds, etc.).

However, what we have seen in many Western Balkan countries in recent years is the rollback of democratic reform alongside an increase in authoritarian and autocratic political tendencies. One cannot help but ask why there exists such an inconsistent democratic transformation, and why does this happen despite the EU's transformative power? Perhaps more decisively, what is the impact of the Union's internal crisis on its influence and leverage in its immediate neighborhood?

The Challenges of Postwar Democratic Transformation

The Western Balkans societies were facing challenges of democratic transformation after the end of the Balkan wars of the 1990s that were marked both with similarities and differences when compared with other true socialist countries of Eastern Europe that successfully managed EU integration.

In general, the Western Balkan societies faced the same challenge as the Soviet socialist societies: the needed transformation from a socialist political and economic system towards a liberal democratic market economy, with strong rule of law. One of the main problems of political and economic transformation was the heritage of informality in social relations, the traditional role of informal and semi-formal networks, and the practice of informal acting from within (state) institutions, which undermines the transformation of the institutions of state and economy.

From its real socialist past, the post-Yugoslav countries drew certain comparable advantages: elements of political pluralism, much larger spaces of liberal freedom

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1 Populists and Autocrats: The Dual Threat to Global Democracy. Freedom in the World 2017, Freedom House 2017, available at: https://freedomhouse.org/sites/default/files/FH_FIW_2017_Report _Final.pdf.

than was the case behind the iron curtain, access to the Western world through travel and migration, a legal system that in large parts met the standards of liberal democratic civil law, and larger spaces of social and intellectual dissent, the nucleus of civil society.

That being said, the Western Balkans were also burdened with disadvantages which progressed alongside a negative, authoritarian, post-socialist kind of political transformation. They faced the consequences of war destructions both literal and psychological that impacted in everyday society. In addition, they have had numerous unresolved status conflicts that left many countries without basic preconditions for sustainable democratization (state sovereignty, territorial integrity) and kept ethnic nationalisms alive.

This unique mix of similarities, advantages and disadvantages formed a specific challenge of bridging a double gap on the path towards sustainable democratic transformation in the Western Balkans. The first gap was between the existing formal elements and institutions of political pluralism and democracy that marked the exceptionalism of Yugoslav socialism and the practical structural homology to the Soviet socialist systems of one-party rule.[2] This led to the systematic hollowing out of democratic institutions, forms and categories copied from liberal democracies of their substance. The second gap, which was added to the first after the breakdown of the socialist system, was the one between the establishment of the basic formal institutions and mechanisms of liberal, multiparty democracy in the beginning of the 1990s and their profound undermining by the 1990s context of the Balkan wars and war policies.

The Western Balkan Societies' Travails with Democratic Transformation

The challenge of the aforementioned double gap as well as its continued, negative impact on all postwar attempts in democratic transformation, was largely overlooked due to the dominating role and presence of ethnic nationalisms. It was this issue that was treated as the core challenge to democratization. That ignorance and the resulting focus on only this single issue built the basis of internal and external hopes and expectations of a linear process of postwar transition of the Western Balkan societies towards democracy, rule of law, and market economy. Those expectations had been informed by a perception of the party and political systems in the 1990s, which were characterized by a dichotomous divide between 'nationalists' and 'democrats'. Yet, once in power, the disappointing performance of the perceived democrats (the West's seeming natural allies), proved that the so called ideological divide turned out to

be if not entirely artificial, then by and large irrelevant, when it came to concrete political performance. Ethnic nationalism and ethnic conflicts built the ground for nurturing patronage systems, which profoundly undermined attempts towards democratization and continue to do so.

Political systems in the region over the last decade have seen a number of negative, worrying trends: Reform rollback (BiH, Macedonia), authoritarian to autocratic tendencies (Republika Srpska, Macedonia, Serbia), political instability due to extreme polarization of party systems (Montenegro, Kosovo). Thereby, the constraints against sustainable democratization have largely remained the same: Strong executives which are determined more by the parties in power than the formal rules they succumb to, weak parliamentarianism, parliaments that serve more as an extended arm of the executives than they live up to their role as an independent power overviewing the executive, independent institutions under political pressure, marginalized or completely politicized patronage systems that profoundly undermine the formal functioning of state institutions as well as the institutions of market economy, weak rule of law, media that suffer from political influence and control and serve as instruments of political spin, party systems that lack a stable foundation in social stratification, and unresolved status disputes that serve as a lasting scapegoat to avoid structural reforms of all kind.

Democratization and the EU: Ownership Fetishism and Internal Crisis

The role of the EU in the Western Balkan societies' travails with democratization needs to be analyzed because democratic backsliding in the Western Balkans has taken place in a period in which the EU has occupied the lead Western role in the region, but also because it is the EU that holds the strongest instruments of democracy assistance. With its integration toolbox in the Western Balkans, the EU has potentially the strongest instrument of external democracy promotion anywhere in the world. Yet, when the Union was handed over Western leadership in the region from the U.S. in 2005 and chose enlargement as its main policy instrument, it did not perceive the toolbox as having such influence. Moving from Central Eastern Europe to the Western Balkans, the enlargement toolbox was rather understood as a bureaucratic-technocratic tool. It was over the period of a decade that the integration toolbox gradually evolved into an instrument of external democracy promotion. This was done through the creation of the two rule of law chapters 23 and 24, the monitoring of the implementation of laws and reforms, the introduction of opening, closing and interim benchmarks for

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[2] This failure of the Titoist socialist systems declared project of deep democratization has been characterized as "authoritarian decentralization in place of democratization".

accession chapters, and the practical departure from the formal Copenhagen criteria,[3] et.al.

However, the evolution of the EU integration toolbox into strong instruments of external democracy promotion proceeded simultaneously within a highly ambivalent environment that undercut its impact. Firstly, it took place in the post-Iraq war era that has been marked by a widespread skepticism, and questioning of external democracy promotion by the West. Secondly, it took place in the context of the Euro and wider EU economic crisis which led to subsequent enlargement fatigue. As a consequence, EU member states pursued and supported enlargement more quietly, without advocating it much among their own citizens. At the same time, the discussions about where Europe ends and about the EU as a political union were *de facto* suspended for almost a decade. On a positive note, the rising skepticism towards enlargement among EU member states' citizens provoked the substantial strengthening of reform conditionality in the enlargement process (that was also part of lessons learned from the experience of the Romania-Bulgaria and Cyprus accessions). Third and finally, the concept of 'ownership' turned into a dogmatic political fetish by which the EU damaged its own aim of democracy promotion in the Western Balkans. In the context of the 2005 double transition, firstly from U.S. to EU leadership, and secondly from a postwar state-building approach based on an executive mandate by international institutions towards the continuation of reforms by domestic elites in the framework of EU integration, the concept of 'ownership' was meant to signal this policy shift. Yet in the context of the Euro crisis and the political marginalization of the region and of enlargement, 'ownership' degenerated into a cover up for the lack of a strategic policy towards the region and of the political will to deal with unfinished business in the Balkans. In reality, stability became the real, undeclared political paradigm, and the basis for a bureaucratic muddling through, while 'ownership', in practice, often only meant less transparent, external interventions and dirty deals behind closed doors, which ran directly counter to the efforts undertaken by the EU to promote democratic transformation.

The escalation of the EU's internal crisis, that peaked in 2015-16 with the refugee crisis and Brexit, has further damaged the Union's leverage over democratic reforms in the Western Balkans as well as the transformative power of its enlargement policy. The emergence of two illiberal member states, Hungary and Poland, undermines the EU's credibility as a powerful political entity and role model based on liberal democratic values and standards. The EU's policy in the European refugee crisis towards the countries along the Balkan route, in par-

ticular Serbia and Macedonia, as well as the performance of neighboring member states such as Hungary, Bulgaria and Croatia, profoundly undermine the promotion of democracy and the rule of law in the (potential) candidate countries. The consequences have put membership in the EU as a desirable aim into question.

Recommendations:

With the entry of Emanuel Macron into the French presidential office and the decelerated rise of populism in EU member states throughout national elections in 2017, for the first time in a decade there is a chance to reform the EU. At the same time, in 2017 for the first time in many years the Western Balkans have gained the political attention of highest echelons in the European Union, without any violent conflict or escalation breaking out in the region. This opens a window of opportunity for the EU to revive its enlargement policy, to re-strengthen its credibility as a liberal democratic entity, and gain leverage to promote democratic transformation through enlargement.

However, in order to do so, the EU needs to undertake a few adaptations to its current policy approach and instruments. The EU, its institutions and member states need to:

- Deal with the unresolved status disputes by copying the Serbia-Kosovo dialogue approach, that is the accession process complemented by a political process. In addition, the strategic endpoint of status dispute negotiations in the political process needs to be addressed early on.

- Consistently and strategically insist on status dispute solving <u>and</u> democratic reform conditionality, instead of trading democracy for solving status disputes.

- Develop a policy of partnership with citizens as a constitutive element of its future enlargement policy.

Finally, the EU needs to deal with its internal democracy problem. Otherwise, its internal constitution will continue to delegitimize the insistence on democratic reform in (potential) candidate countries and undercut the case for enlargement in the face of EU citizens.

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[3] According to the Copenhagen criteria, among others, a country is considered to be sufficiently democratic to join the EU at the moment the Union decides to open accession negotiations.

POPULISM IN EUROPE: CHALLENGES FOR THE WESTERN BALKANS

Ivan Pepić

Almost three decades after the fall of communism, the Balkans still remain a black hole in terms of democratization in Europe. Today, most of these states are considered to have 'flawed democracies' or 'hybrid regimes' in which "elections have substantial irregularities that often prevent them from being both free and fair".[1] Moreover, the rule of law is often fragile, judiciary is not independent, and some states remain dysfunctional and weak.[2] However, all of these countries are aspiring to EU Membership which requires an improvement of democratic parameters. Despite the intrusion of Non-European Actors (NEAs) and strong oppositions, mainstream domestic policies are based on adaptation to EU conditionality.

The Balkan countries are generally committed to EU integration, however, some political and ethnic groups seem to be intentionally excluded from important processes of decision-making. Thus the question arises: Why are certain groups being excluded from important processes regarding the future of their countries? The democratization of Balkan states is studied through the measure of civil society's development,[3] media impact,[4] as well as international democracy and state-building.[5] Scholars have studied the actors and their participation, but neglect the concept of political representation. In doing so, they fail to analyze how various groups are represented and what needs to be done to improve their representation. This leads to a second question: Why does political polarization remain so strong across the region?

Following the institutionalist approach, this introductive article will show that the political representation of single voters, specific interest groups, and collective ethnic groups in the Balkans is linked to incomplete democratic transition, NEAs' influence (in particular Russia and Turkey), and unfinished international democracy development and state-building. Consequently, political representation in the Balkans is characterized by polarization, the existence of 'losers' and 'winners', as well as the philosophy of 'our' domination and the exclusion of 'others'. This also launches the question over the legitimacy of ethnic power-sharing in Bosnia and Herzegovina (BiH), Kosovo, and Macedonia. Was power-sharing originally thought to be a first step towards peace and is it still valid today? We should rethink how

1 Economist Intelligence Unit Democracy Index, 2015, https://www.yabiladi.com/img/content/EIU-Democracy-Index-2015.pdf, (accessed on 2 September 2017).
2 F. Bieber, 'Building Impossible States? State-Building Strategies and EU Membership in the Western Balkans', Europe-Asia Studies, 63(10), 2011, pp. 1783-1802.
3 R. Belloni, 'Civil Society and Peacebuilding in Bosnia and Herzegovina', Journal of Peace Research, 38(2), 2001, pp. 163-180.
4 M. Taylor, 'Media Relations in Bosnia', Public Relations Review, 26(1), 2000, pp. 1-14.
5 See D. Chandler, Bosnia: Faking Democracy After Dayton, Pluto Press, London, 2000.

to improve political representation and ensure the inclusion of all actors in important decision-making processes, such as the future (geo)political choices of these countries.

Political Representation and Incomplete Democratic Transition

One of the simplest definitions of representation is to 'be present'. This means that political representation "is the activity of making citizens' voices, opinions, and perspectives 'present' in public policy making processes".[6] However, a question remains: "Does democratic representation require representatives to advance the preferences of democratic citizens or does it require a commitment to democratic institutions?"[7] Answers to similar questions are unclear, because they depend on political culture and voter preferences.

Nevertheless, the recent authoritarian past has left a visible burden on political representation in the Balkans which undermines the importance of democratic institutions, such as the rule of law. This situation is due to the consequences of an extremely unique and complex set of transitions that these states had to undertake in a relatively short period of time. Countries in the region have passed through a 'triple transition' that includes liberalization, democratization, and post-war transition.[8] Some have succeeded, while others are still dealing with democracy-building and frozen conflicts. Considering these largely accepted[9] concepts that describe the situation in the region, it seems that a culture of domination and the exclusion of 'others' prevails over accommodation.[10] How can we talk about democratic political representation and inclusion of all stakeholders when frozen conflicts persist?

The persistence of frozen conflicts opens the door to authoritarianism and unconstructive populism. One possible solution to these challenges might be found in power-sharing. In other words, the political representation

of all ethnic and minority groups should be guaranteed, against majoritarian trends. Without this precondition, institutions in the Balkans risk to exclude the 'other' groups and this makes fertile ground for discontent and splinter movements, bringing a vulnerability to long-term rule of law.

NEA's Impact on Political Representation in the Balkans

The presence of NEAs had a twofold effect in the Balkans. On the one side, certain international actors had a crucial role in stopping BiH's War in 1995 as well as negotiating terms with Belgrade at the moment of the Kosovo crisis. The EU and the U.S. often liaised with Turkish officials as they were considered to be a bridge between the region and the international community as well as the fact that the country supported the region's path towards the North Atlantic alliance.[11] Similarly, Russia, at the beginning of the 1990s wars, voted in favor of United Nations missions in the Balkans, recognized successor states, and cooperated with Western powers, which included taking part in peace conferences and sanctions against the Milošević regime.[12]

However, both Turkey and Russia fell into an authoritarian trap which became more and more incompatible with the West's form of governance. This consequently affected their relations towards the Balkans. Ahmet Davutoglu's 'Strategic Depth' illustrates Turkey's attempts to design "its Balkans policy on the two important Muslim peoples of the region: Bosniaks and Albanians".[13] Turkey's attemps to influence internal political affairs was evident in 2009 when they were observed "calling for a meeting between 'Bosniak parties' (Party for Democratic Action, Party for BiH, and the Social Democratic Party of BiH) in order to patch up disagreements".[14] However, historical determinism based on Neo-Ottoman constructivism is a way of manifesting soft power which is not accepted by non-Muslims.

Since 2011, authoritarian tendencies in Turkey have increased, as well as support for Recep Tayyip Erdogan in the Balkans. For instance, member of the BiH Presidency, Bakir Izetbegovic, said back in 2012 that: "Erdogan does not belong only to the Turks, but he is our common leader".[15] While the leader of the Montenegro Is-

6   Stanford Encyclopedia of Philosophy, 'Political Representation', 6 January 2017, https://plato.stanford.edu/entries/political-representation/, (accessed on 5 September 2017).

7   Idem.

8   M. Kasapović, 'Demokratska tranzicija i političke institucije u Hrvatskoj', Politička misao, 33(2-3), 1996, pp. 84-99. Kasapović based her research on the case of Croatia. However, it can be applied to countries in the Balkans that were under military aggression.

9   K. Aggestam and A. Björkdahl, 'See Just Peace Postponed: Unending peace processes & frozen conflicts', JAD-PbP Working Paper No. 10, January 2011, https://www.researchgate.net/profile/Karin_Aggestam/publication/260320358_Just_Peace_Postponed_Unending_peace_processes_frozen_conflicts/links/5530ff960cf2f2a588ab82e4.pdf, (accessed on 4 September 2017).

10 K. Aggestam and A. Björkdahl, 'See Just Peace Postponed: Unending peace processes & frozen conflicts', JAD-PbP Working Paper No. 10, January 2011, https://www.researchgate.net/profile/Karin_Aggestam/publication/260320358_Just_Peace_Postponed_Unending_peace_processes_frozen_conflicts/links/5530ff960cf2f2a58 8ab82e4.pdf, (accessed on 4 September 2017).

11 B. Demirtaş, 'Turkish Foreign Policy towards the Balkans: A Europeanized Foreign Policy in a De-Europeanized National Context?', Journal of Balkan and Near Eastern Studies, 17(2), 2015, pp. 123-140.

12 J. Headley, Russia and the Balkans: Foreign Policy from Yeltsin to Putin, Hurst & Company, London, 2008.

13 B. Demirtaş, op. cit., p. 130.

14 D. Jović, 'Nova turska vanjska politika i pitanje Bosne i Hercegovine', Političke analize, 1, 2010, p. 31.

15 Izetbegović: Recep Tayyip Erdogan je naš zajednički lider', 16 February 2012, https://www.klix.ba/vijesti/bih/izetbegovic-recep-tayyip-erdogan-je-nas-zajednicki-lider/120216060, (accessed on 13 September 2017).

lamic Community, Rifat Feyzic, stated that 'Erdogan was the leader of whole Islamic world'.[16]

Similarly, Russian interests became incompatible with the West after NATO's intervention in Kosovo and its expansion in the region. In the case of Montenegro's accession to NATO there were strong indications that Russia tried to halt the process by supporting the opposition, or, as stated by Montenegrin officials, organizing a *coup d'Etat* on Election Day in January 2017.[17] As elsewhere in Eastern Europe, Russian anti-Western demeanor in the Balkans also depends on state-business interests, in particular, in the energy sector. For instance in Montenegro, Russia is the largest inward investor, with as much as 32% of enterprises under the country's ownership.[18] Moreover, Russian soft power, as represented by the Serbian Orthodox Church, has an active role in the political life of Serbs, representing a firm anti-Western stance.[19]

NEAs have an increased authoritarianism and polarization effect on the political systems in the Balkans. Their influence on certain political parties divert political aspirations away from Europeanization and the democratization process. In contrast to Croatia, Serbia has never had a consensus on the European path and it has a strong anti-Western parliamentary opposition.[20] This has caused the Serbian government to strike a balance between nationalist-conservatism, supported by Russia, and pro-Western forces, which has fragmented the system. Indeed, some authors stress that even though ruling parties are formally pro-EU their ideological positions "resemble the tenets of 'sovereign democracy' articulated by United Russia" based on "statism, social conservatism, hostility to NATO, support for the principles of and non-interference (by the West) in foreign affairs".[21]

Consequently, a true representation of specific groups and their inclusion within the decision-making process is in the long-term problematic, because voters are split, on the one hand, between formal programs of domestic political parties (e.g. party manifestos that include pro-European commitment) and, on the other hand, the behaviour of domestic political elites that do not act according to formal programs, but according to NEA's interests.

Unfinished International Statebuilding: Ethnic Power-Sharing to be Rediscovered

Following the conflicts of the 1990s, the international community has opted for a democratic push by building civil society networks and overtly supporting moderate political parties. However, the Western 'benevolent colonialism'[22] that seeks to provide stability in the Balkans, has not been univocally efficient. Ethnic tensions linked to weak political representation are still common in the region. The international community has provided enormous support to the development of civil and reformist movements. Statistics show that following five years after the war in BiH, the international community had invested 5.1 billion dollars and sent thousands of experts to help stabilize the region. In 1999, 15,000 international staff members resided in Sarajevo. In the first five years after the war, the international community invested heavily in rebuilding of Mostar. The EU alone invested over 200 million Euros in the reconstruction and unification of the city.[23] Finally, in 2008, 12,000 non-governmental organizations were active in BiH, of which around 80% were financed by international donors.[24] These investments and stabilizing tactics lead to an improvement of the election process and political participation, but political culture, pluralism, and civic liberties decreased.[25]

Despite the increase of social mobilization and opposition movements, the international community raised the question of legitimate political representation of various groups.

The case of the electoral rule's changes in 2000 regarding the nomination of delegates in the House of Peoples in the bicameral Parliament of the Federation of BiH illustrates that international institutions (namely the Office of the High Representative, OHR) have been concentrating on building democracy through opposition and mass mobilization support. This led to questions

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[16] B. Demirtaş, op. cit., p. 136.

[17] 'Milo Đukanović: Pokušaj atentata na mene bio je poruka. Poruka glasi: širenje zapada na Balkan bez suglasnosti Rusije nije moguće', 29 January 2017, http://www.jutarnji.hr/vijesti/svijet/milo-dukanovic-pokusaj-atentata-na-mene-bio-je-poruka-poruka-glasi-sirenje-zapada-na-balkan-bez-suglasnosti-rusije-nije-moguce/5562931/, (accessed on 13 September 2017).

[18] D. Clark and A. Foxall, 'Russia's Role in the Balkans – Cause for Concern?', June 2014, http://henryjacksonsociety.org/wp-content/uploads/2014/06/Russias-Role-in-the-Balkans.pdf, (accessed on 2 September 2017).

[19] M. Vukomanović, 'The Serbian Orthodox Church as a Political Actor in the Aftermath of October 5, 2000', Politics and Religion, 1, 2008, pp. 237–269.

[20] All Croatian parliamentary parties (both government and opposition) formed the "Union for Europe", a body which took decision on European affairs consensually. See D. Grubiša, 'Hrvatski referendum za Europsku uniju: anatomija zakašnjelog (ne)uspjeha', Politička misao, 49(2), 2012, pp. 45-72. In the case of Serbia, there is no such consensual body that slows down Serbian path to the EU.

[21] D. Clark and A. Foxall, op. cit.

[22] S. Sampson, 'Weak States, Uncivil Societies and Thousands of NGOs: Benevolent Colonialism in the Balkans', in S. Resic and B. Törnquist-Plewa (eds.) Cultural Boundaries of the Balkans, Lund University Press, Lund, 2002.

[23] M. Kasapović, 'Ovo nije socijalna pobuna, već bošnjačka inačica antibirokratske revolucije', 15 February 2014, https://www.vecernji.hr/premium/komsic-bi-ubrzo-mogao-izaci-na-pozornicu-kao-autenticni-voda-bosanske-revolucije-921259, (accessed on 2 September 2017), based on Thorsten Gromes.

[24] M. Kasapović, 'Ovo nije socijalna pobuna', op. cit.

[25] I analyzed Economist Intelligence Unit Index's data between 2006 and 2015.

about political representation and its legitimization, as the changes were contrary to the Dayton constitution. The OHR changed the intra-ethnic by the inter-ethnic voting principle, which meant that; "everybody votes for everybody".[26] As a result, being the majority in most cantonal assemblies from which delegates of the House of Peoples are decided, Bosniak politicians have had an impact on nominations and outvoted Croatian representatives in the Federation parliament's upper house.[27] Consequently, this contributes to distrust within the population as well as political polarization among representatives of the constituent peoples. This has lead to situation where elections continually reopen the question on statehood and its legitimacy.[28] For these reasons, following Bozo Ljubić's appellation, the Constitutional court of BiH decided on July 6 2017, that the filling of the House of Peoples was unconstitutional, which means that the court has *de facto* annulled the international community's imposition of electoral rules.

In Kosovo, as well as in BiH, the "conflict about the future political order is not only about the distribution of powers between central and local levels of government, but also about the nature of the territorial units: ethnic or non-ethnic".[29] The international community has certainly not supported the complete removal of ethnic power-sharing, but it has openly supported mobilization based on non-ethnic arguments and unsuitable centripetal rules, because "the winner-takes-all character and concentration of power allowed a dominant group or coalition of groups to capture state power, relegating the minority into permanent opposition".[30] This was the case in BiH, where the Federation's House of Peoples had since 2000 lost its function of constituent peoples' representation. In fact, the Constitutional court confirmed that the largest ethnic group dominated over the smaller ones which leaves them feeling excluded, as well as not fairly represented.[31]

For these reasons, the international community should rediscover and re-legitimize ethnic power-sharing, not as a provisional, but more as a long-term process. This would permit equal political representation of all ethnic-

ities and peoples in BiH. In short, international actors should not undermine the importance of ethnic political representation in the Balkans. Thus, parallel to the promotion of minority rights, exclusion and domination should be discouraged by representation based on power-sharing in all political institutions.

Conclusion

The future of the form of political representation in the Balkans should once again receive attention of domestic elites and the international community. The question of legitimacy, inclusion over exclusion, and domination should be one of the primary concerns of the democratic future of the Balkans. Neglecting certain ethnic groups and minorities means perpetual frozen conflicts, in particular in multiethnic countries such as BiH, Kosovo, and Macedonia. However, it is not enough to build democracy through soley supporting anti-nationalist opposition, mass mobilization, civil society, and the promotion of minority rights, while, at same time undermining those identity groups that are excluded from relevant processes or illegitimately (under)represented. There are three elements that shape the character of political representation: incomplete democratic transition, NEAs' impact, and unfinished international democracy and state-building. All of these should be given more attention in future policy proposals that suggest how to overcome illegitimate representation and the exclusion of minorities that have the right to be part of the decision-making processes.

[26] M. Kasapović, 'Lijphart and Horowitz in Bosnia and Herzegovina: Institutional Design for Conflict Resolution or Conflict Reproduction?', Croatian Political Science Review, 53(4), 2016, p. 178.

[27] R. Belloni, 'Bosnia: Dayton is Dead! Long Live Dayton!', Nationalism and Ethnic Politics, 15(3-4), 2009, pp. 355-375.

[28] R. M. Hayden, '"Democracy" without a Demos? The Bosnian Constitutional Experiment and the Intentional Construction of Non-functioning States', East European Politics and Societies, 19(2), 2005, pp. 226-259.

[29] M. Bogaards, 'Democracy and Power-Sharing in Multinational States: Thematic Introduction', International Journal on Multicultural Societies, 8(2), 2006, p. 123.

[30] Ibidem.

[31] Institute for Social and Political Research, 'Bosnia and Herzegovina Federalsm, Equality, Sustainability. A study of BiH redesign to secure institutional equality of constituent peoples', Mostar 2016, http://www.idpi.ba/wp-content/uploads/2016/03/IDPI_studija_web.pdf, (accessed on 3 February 2017).

THE RISE OF THE POLITICS OF NATIONAL IDENTITY IN THE WESTERN BALKANS

Dr. Filip Milačić

The last several months have seen political conflicts intensify in the Western Balkans, with increased ethno-nationalist tensions and nationalist rhetorics. In Serbia, former President Tomislav Nikolić threatened to send the country's army into Kosovo, while the new President and former Prime Minister Aleksandar Vučić and the Minister of Foreign Affairs Ivica Dačić are constantly warning the domestic and international public about the alleged 'Greater Albania' project pursued by Albanian political actors in the region. Moreover, under the sponsorship of the Serbian leadership, a 'declaration on the survival of Serbs in the region' is currently being written. Needless to say, a similar memorandum of the Serbian Academy of Sciences and Arts (SANU) from the year 1986 was an introduction to the resolving of the Serbian national question in a violent manner.

In Montenegro, the opposition has been claiming that the country is on the brink of civil war amid deep polarization between pro-western and pro-Russian parts of the society, whereby being pro-Montenegrin generally overlaps with being pro-NATO, whilst being pro-Serbian equates to being pro-Russian. In Macedonia, former Prime Minister Nikola Gruevski exploited tensions between ethnic Macedonians and ethnic Albanians in order to stay in power. Subsequently, Albanian minority parties feared the country could be ripped apart, in a similar fashion to the situation in the Ukraine.

The situation is no different in other Western Balkan countries. Milorad Dodik, the President of Republika Srpska, is constantly undermining the functionality of Bosnia and Herzegovina and claims it is only a matter of time before the country collapses. Albanian Prime Minister Edi Rama, supported by Kosovo's President Hashim Thaçi, has threatened to unify Albania and Kosovo, a move which would without doubt lead to war. Rama's role in the formation of the Macedonian government is also highly controversial as it reminds of patterns in the nineties when Serbs from the region were coming to Belgrade to 'get their opinion', with catastrophic consequences for the whole region. Last but not least, the new government of Kosovo in its first official meeting decided to dismiss members of the Commission on the demarcation of the border with Montenegro, thereby asking for a new border deal, which Montenegro will unlikely accept. What makes the situation even worse is the fact that all this has been followed by a halt of democratic consolidation, if not by authoritarian regressions, in all the above-mentioned countries.

There are two factors behind these disconcerting developments: one internal and one external.

Internal Factor

In order to clearly depict the role of the nation-state building (statehood) issue (as an internal factor) in the political development of the Western Balkan countries, I will take the ignorance hypothesis from the school of economics and apply it to the process of democratization. This hypothesis argues, that if ignorance led us to poverty (in our case to malfunctioning institutions, i.e. to defective democracies), enlightened and informed rulers and policy makers can get us out and we should be able to engineer prosperity (in our case constitutional democracy). However, as Acemoglu and Robinson argue, the main obstacle to the adoption of policies that encourage economic growth (in our case strengthening of institutions and rule of law) is not the ignorance of the politicians but the incentives and constrains they face.[1]

Departing from this theoretical argument, I argue that the unresolved nation-state building (statehood) issue provides an opportunity for political actors to instrumentalize this issue for their own personal gains. On the one hand, the unresolved nation and state building issues could be used by political actors as a justification for undermining the functionality and independence of key institutions, i.e. for weakening the rule of law. A 'threat to national security' creates an environment in which the violation of the rules of democracy are tolerated and thereby justified. On the other hand, being a 'champion of national interests' is an important resource of their legitimacy, which furthermore enables them to stay in power, thereby keeping the illiberal practices of their rule intact.

Therefore, I advocate that the process of building a functional state (attempts to strengthen formal state institutions and improve state administration) will be thwarted as long as issues regarding the territory and the people of the state remain disputable. Moreover, amid the harsh economic situation across the Balkans, politicians are using 'us against them' identity politics to mobilize their supporters and divert attention away from pressing economic problems affecting the entire region. Milorad Dodik, the current President of Republika Srpska, probably offers the best example for this. According to him, the Republika Srpska's endemic poverty, corruption, and political mismanagement are the result of Republika Srpska's status of belonging to a dysfunctional hybrid state and not a consequence of his government's failings.

Most transitologists studying the political development of post-communist Europe regard state weakness as one of the main obstacles to democratization. Accordingly,

O'Donnell (1999)[2] stresses that a legal system that supports the rights and freedoms entailed by a democratic regime and a bureaucracy that can enforce such rights throughout the territory are key elements of a state that supports a democratic system. Moreover, Merkel (2007)[3] emphasized the positive legacy of socialism in the form of functioning state administration in the countries of post-communist Europe that have successfully managed to consolidate democracy. Segert and Džihić (2012)[4] also advocate the importance of the consolidation of the state – its successful operation as an administrative organization providing important public goods and the rule of law – for the stabilization of a democracy. To summarize in the words of Tansey: "State capacity is fundamental to the exercise of democracy" (2007, 141)[5].

While focusing on its functional 'content', these scholars largely neglect the structural 'framework' of the state as a factor influencing the course of democratization. This paper therefore argues, that by analyzing the relationship between statehood and democratization in the Western Balkans we need to take a step back. In other words, it advocates that before focusing on the relationship between democratization and the functional state ('content' of the state), we, firstly, need to concentrate on the 'framework' of the state. As already emphasized, under 'framework' we understand state building and nation building.

In order for state building to be completed, a country has to fulfill two sets of criteria: it must have clear bordered territory, which is regarded as a symbol of sovereignty (Mann 1993)[6], and it must have state power, in the sense that it has the monopoly of the legitimate use of physical force within a given territory (Weber 1992)[7]. Nation building is also divided into two dimensions: firstly, it must be decided between an ethnic and a civic approach of nation building. Secondly, the defined peoples must both participate in the formation of the general will and thus be subjected to it (Jellinek 1905)[8].

[1] Acemoglu, Daron. and James Robinson. 2013. Why Nations Fail: The Origins of Power, Prosperity, and Poverty. Crown Publishers.

[2] O'Donnell, Guillermo, 1999: 'On the State, Democratization, and Some Conceptual Problems: A Latin American view with Glances at Some Postcommunist Countries', in Guillermo O'Donnell, Counterpoints: Selected Essays on Authoritarianism and Democratization (Notre Dame, IN: University of Notre Dame Press. 133–58.

[3] Merkel, Wolfgang. 2007. "Gegen alle Theorie? Die Konsolidierung der Demokratie in Ostmitteleuropa"., Politische Vierteljahresschrift 41, 1-4: 3-31.

[4] Segert, Dieter, and Vedran Džihić. 2012: "Lessons from "Post-Yugoslav" Democratization: Functional Problems of Stateness and the Limits of Democracy". East European Politics and Societies 26: 239-253.

[5] Tansey, Oisín, 2007: Democratization without a State: Democratic Regime-building in Kosovo, in: Democratization 14, 1. 129-150.

[6] Mann, Michael, 'Nation-States in Europe and Other Continents: Diversifying, Developing, Not Dying', Daedalus, 122/3 (Summer 1993).

[7] Webber, Max. 1992. Politik als Beruf. Stuttgart: Reclam.

[8] Jellinek, Georg. 1905. Allgemeine Staatslehre. Berlin: Häring.

By using this kind of statehood definition, this paper does not in any way deny the importance of a functioning state for democratization. Nevertheless, it puts an emphasis on another, rather neglected perspective and argues that if matters of the 'framework' are not resolved, this will hamper the process of improving the 'content' inside that 'framework'. The unresolved statehood issue tends to cause strong polarization and instability of the political system and therefore slows down, if not halts, the consolidation of key institutions, as is the case with the Western Balkans.

External Factor

External political factors that strengthened incentives for nationalistic politics in the Western Balkans include: the rise of right-wing populism in the U.S. and certain EU countries, the uncertainty surrounding the EU accession processes, and increasing Russian interference. The EU accession process or the so-called 'EU conditionality process' has in the past led to a change of the ethnocratic and exclusive action parameters of some political actors. The popularity of EU membership among the electorate of these countries led to the situation that many nationalist parties abandoned their nationalist policies. However, as nationalism is no longer a taboo in many Western countries (Donald Trump won the American presidential elections on a anti-immigrant platform and Marine Le Pen received a third of votes in France's presidential run-off), xenophobia is again seen as a legitimate basis for politics in the Western Balkans. In other words, many political actors in the region are encouraged by the politics of right-wing populists in the West and their rejection of fundamental values and principles of liberal democracy such as tolerance, pluralism, and the protection of minorities and their rights.

Moreover, as the EU takes a back-seat in Balkan affairs, Russia is filling the void. It actively supports nationalist movements in Serbia, Montenegro, Macedonia, and Republika Srpska. Therefore, is not surprising that in recent times the Serbian Orthodox Church has been much more active in commenting on burning political issues and strongly criticizing the EU and NATO. Despite the fact that Republika Srpska is considered a 'Russian colony in the region', the most striking example of Russian interference is in Montenegro, where the Russian secret service, together with Serbian extremists and pro-Russia politicians, were allegedly involved in a botched attempt to kill the former Prime Minister of Montenegro.

Is there a Solution?

Resolving nation and state building issues remains the key challenge. Ignoring these issues and playing down their importance is very naïve. Thorny questions of borders, nationality, and ethnicity will not solve themselves, nor will a solution happen over-night. Each Balkan nation, i.e. each ethnic group, has its own interpretation of history and societies are deeply polarized. In addition, for many political parties in the Western Balkans, identity politics form their *raison d'être*. Successfully dealing with nation-state building issues and bringing an end to ethnic tensions would clearly hurt their interests. Resolving the statehood problem is thus a very difficult task. Many political actors have little incentives in resolving this issue as it would not only go against their individual interests but it would also deprive them of their *raison d'être*, i.e. their key source of legitimacy.

The party system established on the basis of such ethnic cleavages is characterized by a zero-sum game, in which ethnic issues have a clear priority over class and distributional ones. Such a scenario prevents a consolidation of democracy coupled with the fact that along ethnic cleavages, a consolidated party system carries in itself a constant threat to democratic consolidation (Merkel 1997).[9] In such conflicts, the political debate is not about 'more or less', but about 'either-or', as these types of identities are considered unchangeable (Elster, Offe and Preuss 1998).[10] The reaching of a compromise is very unlikely, because it is much easier to achieve one with respect to socio-economic issues than to find an acceptable middle ground between, for example, as is seen in the case of the Serbian and Montenegrin nation-state building policies. In the words of Horowitz (1985)[11]: "How does a policy maker divide up the 'glorification' of the national language?" The same notion could be applied to the question of other identity issues.

Nevertheless, the level of misuse and instrumentalization of the unresolved statehood issue leads to a violation of the rules of democracy, or, in the best case, it slows down democratic consolidation, which can only be reversed if the EU starts playing a major role again. In this case, even though the incentives for the instrumentalization of these issues would still be present, the political costs would simply be too high as it would very likely cause a slow down of the European integration. Playing the national interest card could still be a political platform that wins the elections. However, the then acquired legitimacy could not be easily misused for violations of democratic rules as they would need to stay on track with the EU accession process. A clear and realistic path to membership in the EU is therefore essential for stopping authoritarian regression and for a further consolidation of democracy in the Western Balkans.

[9] Merkel, W. 1997. "Parteien und Parteiensysteme im Transformationsprozess: Ein interregionaler Vergleich". In Systemwechsel 3. Parteien im Transformationsprozess, edited by W. Merkel, 337–361. Opladen.

[10] Elster, J., C. Offe, and U.K. Preuß. 1998. Institutional Design in Post-communist Societes: Rebuilding the Ship at Sea. Cambridge: Cambridge University Press.

[11] Horowitz, D. L. 1985. Ethnic Groups in Conflict. Berkeley: University of California Press.

RISING NATIONALISM AND EU TRANSFORMATIVE POWER IN THE BALKANS: WHAT WENT WRONG AND HOW TO FIX IT

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Academics talk often about the 'enlargement fatigue'[1], a phenomenon which makes the process of EU accession increasingly complicated. The EU public today is more critical of potential newcomers, and EU member states are not willing to set a timeframe for enlargement. This has led to a situation in which candidate states are not sure that fulfilling all conditions will actually grant them membership. In the Balkans, this has brought quite paradoxical situations. Balkan Barometer public opinion polls from 2015 and 2016[2] show the following:

- Unemployment remains a huge challenge, while work in the public sector remains a 'dream job';

- EU integration means freedom to travel and work in the EU as well as economic prosperity. However, low median salaries preclude travelling, brain drain is a huge risk, and the prosperity gap between the Balkan states and the EU remains large;

- Countries that have not started accession talks (i.e. Albania and Kosovo) have a much more positive attitude towards prospective membership than those who are already involved in negotiations;

- Euroscepticism amongst the Balkan public is growing, and in Serbia those who are against EU membership outweigh the supporters

This is a huge challenge for the EU: its 'transformative power' has not been enough to provide a comprehensive solution to the region's economic problems as well as to demonstrate the benefits of membership. In addition, economic growth has not triggered job creation in the region, highlighting that economic challenges in the Balkans are structural.[3] It is precisely the current state of economic deprivation that makes nationalistic and populist rhetoric (as well as authoritarian solutions) so popular in the region. Moreover, sliding economic standards provide ample grounds for radical religious mobilization: Balkan foreign fighters predominantly come from poor, uneducated backgrounds with few employment skills.[4]

It can be observed that nationalistic rhetoric is being used across the Balkans by rent-seeking elements of the

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1   Szołoucha A. (2010). The EU and enlargement fatigue: why has the European Union not been able to counter the enlargement fatigue, Journal of Contemporary European Research, 6:1, 107-122.
2   Balkan Barometer 2016: Public Opinion Survey. Regional Cooperation Council; Balkan Barometer 2015: Public Opinion Survey. Regional Cooperation Council.
3   World Bank Group, WIIW (2017). Western Balkans Labour Market Trends 2017.
4   Beslin J., Ignjatijevic M. (2017). Balkan foreign fighters: from Syria to Ukraine. EUISS Brief Issue 20/2017.

political elite, which gives them the ability to maintain the status quo and remain in power. Such rhetoric distracts attention from aspects such as the politicization of public administration (and its unwarranted increase), organized crime, and the lack of judicial independence. Dealing with such a situation cannot be limited to devising a new set of economic policies, however advantageous they may appear to be. Nationalistic rhetoric is a consequence of economic deprivation, yet its presence cannot be reduced to economic factors. Moreover, such attitudes are not culturally pre-determined either. Nationalistic rhetoric stems from political mobilization, lack of rule of law, as well as state capture. All of which provide opportunities for graft and rent-seeking. Nationalism thereby becomes an effective business model that concentrates benefits for the select few and negates opportunities for the general public.

'Technocratic reforms' aimed exclusively at economic progress cannot mitigate the expanding nationalistic rhetoric. Recent academic research has shown that EU 'external governance', which attempts to foster institutional capacity and democracy through technical and sector-specific cooperation, cannot bring about positive change unless issues of power and political transformation are addressed.[5] Hybrid, semi-authoritarian regimes (becoming increasingly present in the Balkans) allow reforms only to the extent that does not threaten access to power of incumbent elites, otherwise they reach a 'saturation point'.[6] What both the EU and pro-reform actors in the Balkan candidate states have not been able to tackle effectively are the issues of clientelism, state capture, and corruption. So where exactly have the EU and Balkan countries under-performed?

Firstly, the EU has for a long time conducted enlargement as an executive-driven process without taking thorough consideration of the involvement of national parliaments (however divided they may be) and other stakeholders. A strategy which is detrimental to the cause as their participation is instrumental not just for transposing but also for implementing accession related rules.[7] Until 2011-2012 the EU tended to empower agents of change within the executive sphere but was often silent when these actors broke the rules. It often cared more about acquis transposition rather than developing accountability mechanisms.

Secondly, the EU did not pay enough attention to the issues of media ownership, party funding, and govern-

ment pressure on civil society. When such issues were addressed by the EU, it focused almost exclusively on the regulatory framework without looking into how it was implemented, allowing Balkan autocrats to use 'soft censorship' tools like criminal investigations, intimidations, and DoS (Denial of Service) attacks. Comments from top EU officials that they needed proof of the deteriorating media situation only added to the frustration, creating an impression that the EU cares little for the intimidation faced by journalists, like BIRN for example.[8] Some would even consider the Commission a tacit accomplice in the backsliding of media freedom in the region. Progress reports in Macedonia, for instance, did not reflect the true situation on the ground.[9] Despite the fact that media freedom has previously been addressed, the EU leverage in this domain has been very limited, including in terms of partisan control over advertising markets and media dependence on state funds, etc. The EU approach (arguably a legitimate one) that developing civil society and non-partisan media outlets should come after state-building, has in the long term led to the persistence of 'bad governance', despite the positive intentions of their efforts.[10]

Thirdly, the EU's approach has often created a lack of ownership. The content of the supranational body's advice was positive, but the manner in which it was communicated did not necessarily evoke a spirit of collaboration. In practice, resistance or doubts on the part of Balkan countries about EU technical advice have not always stemmed from 'illiberal tendencies'. It can be better understood when analyzing local conditions and genuine domestic constraints. For instance, this has been the case with the reform of the Croatian Civil Servants Salary Act: stakeholders simply did not believe that the policy solution proposed by the EU is the most effective and inclusive.[11] The EU could have paid more attention to the context of implementing its policy advice in the Balkans, with better integrated local knowledge and understanding that means affect ends.

Part of the responsibility also lies on the Balkan countries. Firstly, there have been instances where capacity-building projects, run or financed by the EU, were instrumentalized by Balkan public institutions. In these cases funds were applied for with little consideration for absorption capacity and practical implementation. Fis-

5   Freyburg T., Lavenex S., Schimmelfennig F., Skripka T., and Wetzel A. (2015).Democracy promotion by functional cooperation: the European Union and its neighbourhood. Houndmills, Basingstoke: Palgrave MacMillan.

6   Bolkvadze K. (2017). Hitting the saturation point: unpacking the politics of bureaucratic reform in hybrid regimes, Democratization, 24:4, 751-769.

7   Kmezic M., Bieber F. (2017). The crisis of democracy in the Western Balkans. An anatomy of stabilitocracy and the limits of EU democracy promotion. BiEPAG.

8   Bieber F., Kmezic M. (2016). Media freedom in the Western Balkans. BiEPAG.

9   Popetrevski V. (2017). The European Commission's complicity in Macedonia's state capture. CEPS.

10   Mendelski M. (2017). The revival of Balkanization: how externally-driven reforms reinforce the fragmentation of governance in South East Europe. Max Planck Institute of Social Sciences Working Paper.

11   Gross L., Grimm S. (2016). Conflicts of preferences and domestic constraints: understanding reform failure in liberal state-building and democracy promotion, Contemporary Politics, 22:2, 125-143.

cal discipline is something that neither the Balkan governments nor the EU have been able to foster.

Secondly, political elites were de-facto circumventing EU demands by watering down reforms of electoral law and half-heartedly addressing electoral malpractice (as has been the case in Macedonia and Montenegro). Ethnic politics can equate to such an effective tool, in maintaining submission, accruing more power, and crushing opposition, that many Balkan leaders have willingly played this card. In other words, ethnocentrism has been able to "neutralise the effect of the ongoing democratic transition" but made conflict resolution and development very difficult.[12]

Thirdly, the NGO community in the Balkans has remained largely 'donor-driven', often lacking contact with grass-root organizations working in rural areas and being somewhat disconnected from the general public. Overreliance on EU assistance has strongly limited the empowerment of regional NGOs.[13] Balkan governments introduced too many technocratic criteria to allow NGOs to be effectively involved in the decision-making process, whilst also fostering an array of civil society organizations that are closely connected to incumbent political parties.[14] As a result, NGOs have suffered from lack of credibility and Balkan governments have often sidelined them (for example, during the Butmir process or the police restructuring in Bosnia and Herzegovina). All the while, the general public has remained suspicious due to the potential links between some NGOs and ruling parties. As a result, even if in principle NGOs can help secure accountability of the political process, many have become "semi-professional conduits of development aid"[15].

So what has to be changed in the EU approach to the Balkan region in order to mitigate nationalism as well as foster and secure accountable political institutions?

Systematic Involvement of Civil Society in the Accession Process

Civil society and various stakeholders have to be systematically integrated into monitoring media freedom and the provision of information for annual progress reports. Such suggestions have already been aired at the margins of the Vienna Balkan summit and further articulated at the Civil Society Forum in Trieste. Specific

EU delegations are already developing close ties with local NGOs, but there has to be a new strategic vision at the high political level of the European Commission. The European Commission could, for example, systematically integrate insights from NGOs like the "Initiative for Monitoring the European Integration of Bosnia and Herzegovina" into yearly country reports. This would help provide a more nuanced picture of how countries are meeting membership criteria. Various civil society coalitions have been formed to monitor their respective countries' progress on Chapters 23 and 24,[16] the EU could also benefit from using this information. Until recently, the Commission was strong on civil society rhetoric but in practice left much to be desired.[17] This has to change if the EU is looking for sustainable reforms in the region. Ultimately, if established political institutions (like parliaments or the judicial system) are not trusted by the general public, civil society can step in. Without systemic involvement of civil society organizations, even pro-EU elites are likely to be involved in malpractice.[18]

Maximum Inclusiveness for Actors within Civil Society

The EU has often been accused of working with a select group of regional Balkan NGOs in order to speed up the acquis transposition, yet this tactic has achieved limited results and actually helped maintain the status-quo in the region.[19] This narrow focus has neither allowed for the enhancement of resource capacity throughout the civil society sector, nor has it led to a more equal and genuine cooperation between the state and various NGOs. Hence, 'maximum inclusiveness', cooperation with both service-orientated as well as rights-based groups, is essential. The EU should also develop a clear understanding of which NGOs are connected to political parties and involved in patron-client networks in order to have a realistic picture of the situation on the ground. Germany and France have been conducting their own assessments of Balkan candidate states, precisely because the analysis presented in the EU yearly progress reports may be too cautious in accounting for the situation on the ground.

[12] Hartmann F. (2013). Practitioner's perspective in Kostovicova D., Bojicic-Dzelilovic V. (eds). Civil society and transitions in Western Balkans. L.:Palgrave.

[13] Wunsch N. (2016). Coming full circle? Differential empowerment in Croatia's accession process, Journal of European Public Policy, 23:8, 1199-1217.

[14] Puljenk-Shank R. (2017). Dead letters on a page? Civic agency and inclusive governance in neopatrimonialism, Democratization, 24:4, 670-688.

[15] Fagan A. (2010). A Europe's Balkan dilemma: Paths to civil society or state-building? L.: I.B.Taurus.

[16] Wunsch N. (2015). Beyond instrumentalisation: NGO monitoring coalitions in Croatia, Montenegro and Serbia, East European Politics, 31:4, 452-467.

[17] O'Brennan J. (2013). The European Commission, enlargement policy and civil society in the Western Balkans, Kostovicova D., Bojicic-Dzelilovic V. (eds). Civil society and transitions in Western Balkans. L.:Palgrave.

[18] Elbasani A., Šabić S. (2017). Rule of law, corruption and accountability in the course of EU enlargement, Journal of European Public Policy.

[19] Fagan A. (2013). Civil society and 'good governance' in Bosnia-Herzegovina and Serbia: an assessment of EU assistance and intervention, in Kostovicova D., Bojicic-Dzelilovic V. (eds). Civil society and transitions in Western Balkans. L.:Palgrave.

New Approach to Transitional Justice – Focus on Reconciliation

Prosecution of war criminals through the International Criminal Tribunal for the former Yugoslavia (ICTY) or raising international awareness about atrocities like those of Srebrenica is of upmost importance. However, on the domestic level, it has brought little in terms of reconciliation. In fact, it often reinforces the discourse of self-victimization and nationalistic sentiments.[20] Transitional justice raises difficult questions about the conduct of many members of the incumbent political elite in the region, who in practice only paid lip service to such measures.[21] Hence, it is crucial to support initiatives like the Coalition for a Regional Truth Commission (RECOM), develop regional organizations that directly address local communities, engage in civic education, and combat segregation. The EU should provide, not only financial, but political backing to such initiatives.

EU has to Follow-up on its Policy of 'Fundamentals First'

As was the case with Central and Eastern Europe, the EU prepares Balkan candidate states for eventual membership by empowering and working with reform-minded elites. However, in the case of Balkan accession, it has to do more than focus on enhancing the capacity of the executive and actually support the creation of accountability mechanisms. Most importantly, the EU has to be vocal when domestic actors engage in illiberal practices,[22] regardless of how much pro-EU rhetoric such actors may use. If not, the EU's slogan of putting 'fundamentals first' remains an empty shell, minimizing its own leverage in the region. The EU cannot afford to hide behind the alleged dilemma of choosing stability or its values. Supporting autocratic politicians in candidate states is not a recipe for stability. Trans-European party organizations can also play an important role here, signaling unacceptable behavior, as well sharing best practices in financial transparency of party funding, something that the EU has not directly been involved with.

The policy of 'fundamentals first' means that the EU will have to negotiate on sensitive ground, touching on matters that relate to the organization of key Balkan political institutions. The EU has to withdraw from practicing tutelage (as was the case of the 'European Raj') but at the same time, needs to apply conditionality and facilitate oversight by domestic actors. Moreover, the EU cannot pretend that it is not involved. The McAllis-

ter Plus proposal, missions of the European Parliament to resolve conflicts in Macedonia etc. show that the EU is already deeply engaged in reforming Balkan political institutions. The EU should be less focused on acquis approximation and formal institutions, and pay more attention to the informal side: issues of media freedom, clientelism, state capture, and 'extractive institutions'.[23] The EU's stance on 'fundamentals first' will become credible if it develops a more transparent evaluation methodology for the country progress report, for example by providing references to sources of information.

Enhance and Support the Berlin Process

The Berlin process has proven to be a good way to keep the Balkans on the EU agenda against a falling interest and involvement amongst certain Balkan states.[24] The challenge is to develop a systematic follow up on the Berlin process.[25] An aspect which can be enhanced, amongst other things, is to host a series of mini-summits which would help keep track of the changing policy agenda.[26] However, attendance of high-profile political figures cannot be a substitute for the 'institutional memory'. Capacity-building projects launched within the framework of the Berlin Process, for instance, the fund for infrastructure, the youth forum, and regional economic integration, are all good initiatives. Yet, it is important to recall that such projects are often launched, not because they offer the best solution but because they are the easiest compromise for EU member states.[27] The Berlin process can do better than just to act as a vehicle that keeps EU attention fixed to the Balkans.

The EU is Not the Only Game in Town, but it Has a Model of the Future

Developing contacts with other international players, be it Russia or the Gulf States, is a viable option for Balkan countries. However, their leadership should understand that, although these countries can bring investment, they are not (at least not currently) providing effective governance solutions or templates, nor are they respected standardbearers of the rule of law. Without these principles, no comprehensive development is possible. Abandoning the EU perspective and playing the nationalist card will only make matters worse for the Balkan countries. The EU is by no means perfect but it

[20] Ostojić M. (2013). Facing the past while disregarding the present? Human rights NGOs and truth-telling in post-Milosevic Serbia in Kostovicova D., Bojicic-Dzelilovic V. (eds). Civil society and transitions in Western Balkans. L.:Palgrave.

[21] Simić O., Volčić Z. (eds) (2013). Transitional justice and civil society in the Balkans. N.Y.: Springer.

[22] Fouéré E. (2017). The Macedonian crisis – a failure of EU conflict management? CEPS Commentary, 5th of May.

[23] Pavlovic D. (2016). Extractive institutions in the Balkans. European Fund for the Balkans Issue Series.

[24] Balfour R., Stratulat C. (eds) (2015). EU member states and enlargement towards the Balkans. EPC Issue Paper № 79.

[25] Fouéré E., Blockmans S. (2017). The 'Berlin Process' for the Western Balkans – Is it delivering? CEPS Commentary, 13th of July.

[26] BiEPAG (2017). Discussion paper: The future of the Berlin Process.

[27] Smeets S. (2015). Negotiations in the EU Council of Ministers: And all must must have prises. Colchester: ECPR Press.

is the region's main chance for development. Simultaneously, disengaging from the region is not an option for the EU. In fact, the presence of external authoritarian actors (like Russia) in the region is a far smaller challenge than the EU's hesitation to address Balkan homegrown corruption and state capture.[28] The EU cannot afford to value the semblance of short-term stability over reform.

Nationalism in the Balkans is not just a reaction to economic hardship, it is a symptom of the dire challenges facing political and judicial institutions in the region. The EU's approach of securing stability by supporting regional governments 'no matter what' cannot continue. Enhancing Balkan civil society, adopting a tough stance on instances of authoritarian conduct and graft, as well as abandoning the tunnel vision of "interests vs. values" could provide effective solutions.

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[28] Bechev D. (2017). Rival power. Russia in Southeast Europe. New Haven: Yale University Press; Austin R. (2017). The Balkans: bad news rising. ECFR Commentary.

BETWEEN FAKE NEWS AND POLITICAL CONTROL

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The first paper printed in Bosnia and Herzegovina (BiH), 'Bosanski prijatelj' in its second edition from 1851 gave a dedication to the renowned Omer paša Latas, in large font across a whole page. The dedication was written to honor his services and accolades. Dispatched by the Turkish sultan to establish peace and order in the westernmost province of Ottoman Turkey, Omer paša Latas, a High Representative for BiH from the mid-19th century, performed this duty with fire and sword. Although the first editor of Bosanski prijatelj, Fra Ivan Jukic, dedicated an entire issue of the magazine to him, that did not prevent Latas from sending him into exile, from which he never returned. Fra Jukic died several years later and was buried away from BiH.

Aside from a couple of brief intervals, throughout history BiH's media has been predominately under political control. This was just as much of a problem in 1851, when there was just one paper, to today when there are hundreds of media outlets.

Media and Public

The media in BiH share some of the problems of world media: General trivialization of content, omnipresent tabloidization, and a tremendous rise in the influence of online media. The consequence of this is that the consumption of media content is being sought predominately through social networks, thereby allowing the presence of fake news and disinformation to increase.

At the same time, the media landscape in BiH has an important specificity. It is possible that the country holds the world record for the number of publicly owned media outlets. Although there are the three main public television broadcasters covering the entities and the state, BiH Television, Federal Television, and Republika Srpska Television, the truth is that out of 48 television stations, 15 of them, or nearly one-third, are public. These are city and cantonal TV stations, totally controlled by local governments, which directly fund them. Out of 144 radio stations, 62 are public. That is closing on 50 percent. These are made up of a mixture of municipal and city radio stations as well as several cantonal stations, and their existence and operation are made possible by money from local administration budgets. There are also two news agencies funded from entity budgets.

There is not a shred of doubt that the day-to-day operation of these media outlets is under the direct control of local governments, which immediately ensure, at every government change, the appointment of new editors, directors, and members of supervisory boards.

Content in these media outlets is most often non-conflicting and lacks any kind of investigative stories. It is totally directed toward political parties and very little toward the public, which actually pays for them. Alt-

hough local citizens face numerous problems resulting from poor governance, drastic water shortages, pension issues, unemployment of young people, disastrous public transportation, and dangerous pollution of entire regions, these are not top issues in the media. These issues are usually treated as distant problems, with the perception that blame lies everywhere and not with local governments.

A case in point is the public television of Republika Srpska, whose program has turned into open promotion of President Milorad Dodik and his political party, although indicators of the situation in Republika Srpska, from economic and financial to demographic ones, are catastrophic. The other two big public TV channels (Federal and TVB&H) are not immune to direct political influence either. Federal Television, after being influenced for years by the Social Democratic Party of Bosnia and Herzegovina (SDP), has in recent years been under the dominance of the Party of Democratic Action (SDA).

At the end of October 2017, the controversial director of the Clinical Center and wife of a member of the BiH Presidency / leader of the biggest Bosniak party (SDA), cancelled TVB&H's airing of an interview with Sebija Izetbegovic just one day before its broadcast. This was done without explanation and despite the fact the channel had announced the planned interview days before. The public speculates that the interview was banned by the director herself, dissatisfied with the content. In initial and rare comments by experts, this precedent is described as "dangerous succumbing to political pressure."

When the World Was Young

Well-known and often commented in BiH, is the famous Orson Welles show "War of the Worlds," which alarmed America nearly 80 years ago (October 30, 1938) and sparked panic and chaos in cities throughout the country. A novel about a Martian invasion which the 23-year-old author dramatized as a live program. Those were the golden years of radio, when it was one of the most influential media platforms. The U.S. Government later funded research to scientifically explain the mass hysteria over the radio drama "War of the Worlds". An analysis published in 1940 by Princeton University emphasized that what had considerably contributed to the eruption of collective fear and hysteria was the atmosphere of insecurity and anxiety in which people had lived in previous years. Memories of the great economic crisis had not yet faded and news from the world showed that a new world war was looming large. In 1938 the Nazis had entered Austria and Czechoslovakia and a bloody civil war was raging in Spain.

After Orson Welles, there were quite a few similar attempts across the world which caused a similar, but not

as devastating, effect. In BiH too, there were a couple of successful attempts to 'alarm' the public, the last being in March 2000. In a radio drama, the bursting of a hydro-electric power plant was dramatized and the flooding of a town in the north of BiH was announced. According to media reports, the panic was tremendous, students were released from school, and workers from factories, while some people even broke legs jumping out of windows.

What we have in BiH today is somewhat different and much more dangerous. A big number of fake news portals without any publicly available information on owners, editors or possible points of contact. They feature fabricated stories, shrouded in apparent news forms, which are then spread like forest fire through the endlessness of social networks.

The title of this section of the article quotes a sentence from Samuel Beckett's famous drama "Waiting for Godot." Lamenting over missed opportunities, one of the two main characters tells the other one: "It's too late now … We should have thought of it when the world was young."

Was not the modern world, with its recognizable media phenomena, including radio, still young nearly 80 years ago? And was not a 23-year-old's intention to shock or manipulate the public only a reflection of individual cheekiness within a society that was already then facing the challenges of media?

Eighty years later, when media manipulation is a rule rather than exception, firmly rooted in political systems which zealously fuel it, memory of a world shocked by a radio drama can only provoke a nostalgic smile.

Fake news does not cause panic. It silently undermines public opinion to such an extent that you almost lose the ability to differentiate what you see with your own eyes and what comes to you through the media. The battle against this pestilence is like the battle against drugs. Which is still going on.

ACRONYMS USED

AfD	Alternative für Deutschland (Alternative for Germany)
BiEPAG	Balkans in Europe Policy Advisory Group
BiH	Bosnia and Herzegovina
BIRN	Balkan Investigative Reporting Network
CEFTA	Central European Free Trade Agreement
CEE	Central and Eastern Europe
DoS	Denial of Service
EBRD	European Bank for Reconstruction and Development
EC	European Commission
ECB	European Central Bank
EIB	European Investment Bank
ENL	Europe des Nations et des Libertés (Europe of Nations and Freedom)
ENP	European Neighbourhood Policy
ERA	European Reform Agenda
ETF	Exchange Traded Fund
EU	European Union
EU-28	EU Member States including the United Kingdom of Great Britain and Northern Ireland
EUR	Euro
EURES	European Employment Services
FDI	Foreign Direct Investment
FPÖ	Freiheitliche Partei Österreichs (Freedom Party of Austria)
FYR	Former Yugoslav Republic
GDP	Gross Domestic Product
ICTY	International Criminal Tribunal for the former Yugoslavia
IMF	International Monetary Fund
IPA	Instrument for Pre-accession Assistance
IT	Information Technology
KCSS	Kosovar Centre for Security Studies
LLL	Lifelong Learning
NATO	North Atlantic Treaty Organization
NEA	Non-European Actor
NEET	Young People Not in Employment, Education or Training
NGO	Non-Governmental Organization
OECD	Organisation for Economic Co-operation and Development
ÖVP	Österreichische Volkspartei (Austrian People's Party)
PISA	Programme of International Student Assessment
RCC	Regional Cooperation Council
RECOM	Coalition for a Regional Truth Commission
RYCO	Regional Youth Cooperation Office
SAA	Stabilisation and Association Agreement
SANU	Serbian Academy of Sciences and Arts
SDA	Stranka Demokratske Akcije (Party of Democratic Action)
SDP	Socijaldemokratska Partija Bosne i Hercegovine (Social Democratic Party of Bosnia and Herzegovina)
SEE	Southeast Europe
SEE2020	Southeast Europe 2020 Strategy
SME	Small and Medium-sized Enterprise
TFEU	Treaty on the Functioning of the European Union
TV	Television
U.S.	United States of America
USD	U.S. Dollar
UK	United Kingdom
VET	Vocational Education and Training

WB   Western Balkans
WBIF   Western Balkans Investment Framework
WWI   World War One

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Public Program

Aspen Germany's Public Program is designed for a broader, invited public audience. It serves as a forum for discourse, where new ideas can be discussed in a productive environment of interested and informed individuals. The central focus of the Public Program is values-based leadership – the underlying mission of the Institute – and discussions focus on how leaders can find new ways to deal with today's political and economic challenges of our time.

The Public Program consists of three different formats. The first is the Aspen Forum, a series of evening events for no more than 50 guests who are invited to listen to the ideas of a guest speaker either in an exclusive interview setting or in a brief lecture. Some of these events are hosted in cooperation with Deutschlandfunk Kultur. While the first part of the event is broadcasted, the second part is an intimate, off-the-record discussion for and with our invited guests only. The second format is the Aspen Brown Bag Lunch series, aiming at constructive dialog on current political, economic, and social issues. Two to four experts provide short introductory statements before the discussion is opened to twenty to thirty selected guests. Finally, the Public Program includes major events such as the annual summer party, the President's Night in 2012, and the celebration of 40 Years Aspen Germany. Members of the "Verein der Freunde" (Association of Friends of the Aspen Institute) enjoy privileged access to all Public Program events.

Policy Program

Aspen Policy Programs actively address current policy challenges. In closed-door conferences and seminars that focus on complex political and social trends and developments, decision-makers and experts analyze common challenges and develop viable solutions. Introductory presentations by international experts lay the groundwork for focused debates with the aim of forging international consensus among politicians, diplomats, and experts from academia, civil society organizations, business, and the media. During the discussions, participants develop constructive suggestions and policy recommendations, which are subsequently published and distributed.

Berlin Transatlantic Forum

In 2014, on the occasion of its 40th anniversary, Aspen Germany launched its Berlin Transatlantic Forum to address the most pressing challenges jointly facing Europe and the United States. Each fall, the Institute hosts a conference bringing together renowned experts and decision-makers from both sides of the Atlantic to exchange ideas and seek answers to important questions in the fields of security, energy, and trade, as well as to discuss issues pertaining to our shared foundation of Western values. The annual conference is preceded by a workshop in late spring, during which a small group of experts from Germany, Europe, and the U.S. gathers for an in-depth discussion of key topics of transatlantic concern.

The Berlin Transatlantic Forum marks a continuation of the Institute's close ties to the city of Berlin. In 1974, in the midst of the Cold War, the Institute was founded as a symbol of transatlantic solidarity. Since then, Aspen Germany has attracted high-level guests to come to Berlin to strengthen Euro-Atlantic cooperation. The project is made possible by a generous grant of the foundation "Lotto-Stiftung Berlin".

Staffers Exchange Program

The gradual erosion of the Euro-Atlantic relationship has been most visible in the German-American friendship. The often-hailed relationship has eroded ever since the beginning of the 2003 Iraq war. Diverging views on military force, intelligence gathering within alliance, ways out of the economic and financial crises, the role of the European Union, and the rights and responsibilities of the state to balance personal freedoms and security all point to a growing lack of understanding for each other's views, systems, and political cultures. At the same time, generations are changing. Future leaders on both sides of the Atlantic have little personal experience of what made this relationship so important.

The Aspen Institute Germany, with the support of the Transatlantic Program of the Federal Republic of Germany with funds from the European Recovery Program of the Federal Ministry for Economic Affairs and Energy,

has designed an exchange program for Congress and Bundestag staffers to foster dialog on the transatlantic relations. Participating staffers take part in intensive debates on the most pressing concerns facing the transatlantic community. In addition, they meet with decision-makers, experts, and practitioners. Site visits in Berlin and Washington D.C. as well as cultural events promoting mutual understanding are also an integral part of the program.

Digital Program

The digital revolution is causing some of the most profound societal challenges of the 21st century. It is estimated, that by 2020, almost 25 billion networked devices, approximately 3.5 for every person, will be circulating on the planet. Cloud computing, cross-border supply chains, the Internet of Things, e-commerce and the sharing economy are giving rise to a new class of Mittelstand, the „Micro-Multinational." Across the OECD Member Countries, digitally-dependent jobs make up 22 percent of all new jobs created.

But the digital revolution is not happening in a vacuum. It comes against the backdrop of a rising tide of populism and resentment towards institutions and elites that have not delivered on inclusive growth, security, and social cohesion. Productivity gains of the past two decades – benefiting from the rise of the internet – have accumulated disproportionately at one end of the wealth spectrum as income inequality grows and social mobility becomes more difficult. Many citizens form Dresden to Detroit feel alienated from an overaccelerating process of digitization that some feel is ignoring privacy protection; excluding citizens from dignified work; treating safety and cybersecurity as an afterthought; and unmooring their sense of moral grounding. Against this backdrop of opportunities and challenges, Aspen Germany has established a digital policy program consisting of three pillars.

The Transatlantic Digital Agenda

The Aspen Institute Germany has launched, together with the Atlantic Council and the Internet Economy Foundation, a new initiative, the Transatlantic Digital Agenda: Bridging the Gap. The initiative brings together European and U.S. senior decision-makers from different fields such as politics, academia and the civil society sector to foster closer transatlantic digital cooperation. In this context, the initiative will explore the question: how can we translate the transatlantic values - which have served the global community so well for 70 years - for a digital age where those values are increasingly under threat by economic uncertainty, rising populism, new democratic vulnerabilities, and previously unimagined cyber risks?

Aspen Berlin Artificial Intelligence Conference

In 2018 the Aspen Institute Germany will host its first annual Aspen Berlin Artificial Intelligence Conference which will bring users, policy-makers, business leaders, innovators, economists, philosophers, religious leaders, unionists, civil servants and security experts together to discuss AI's possibilities and drawbacks. The day-and-a-half long conference will address four separate - but interrelated - dimensions of AI: economic impact; ethics and democracy; safety and security; and the over-the-horizon challenges of artificial general intelligence. At its core, the conference will confront the question: How can AI designers, operators and policy-makers guarantee that AI improves lives, ensures dignity, preserves security and safeguards democracy for users and citizens?

Digital Dish Luncheons

Once a month the Aspen Institute Germany organizes a Digital Dish Luncheon, inviting an inspirational thinker to an intimate, off-the-record lunch to discuss a current issue relating to the field of technology. The luncheons bring together leading experts in the tech policy area and experts focusing on U.S.-European relations. By connecting both communities, the Digital Dish Lunch series confronts the experts with trends, frictions, and successes in the transatlantic tech policy field and contextualize issues in the broader U.S.-European relationship.

Southeast Europe Program

The Aspen Institute Germany has focused on developments in Southeast Europe since the early 1990s. In cooperation with the Carnegie Endowment for International Peace, Aspen's former Executive Director David Anderson initiated the International Commission on the Balkans in 1995 under the leadership of former Belgian Prime Minister Leo Tindemans, which published the report "Unfinished Peace" in 1996, an analysis of the causes of the Balkan conflicts and an independent assessment of the European, American, and UN responses. This high-level international commission was followed by a young leaders study group on the future of the Balkans in addition to several other events with a focus on the region.

Since 2008, one of the Policy Program's main focuses has again been on the Western Balkans, including the countries of former Yugoslavia and Albania. In closed-door meetings, the Aspen Institute Germany facilitates an open and honest high-level exchange between former conflict parties in order to support regional cooperation and dialog, as well as to further the region's agenda on Euro-Atlantic integration and the transformation processes this entails. The goal of this exchange is to openly address both problems and disagreements between decision-makers of the region as well as successes and advances. In pursuit of this goal, the Aspen Institute Germany's Southeast Europe Program has two different formats: the Aspen Southeast Europe Foreign Ministers' Conferences and so-called Sub-cabinet Meetings.

Aspen Southeast Europe Foreign Ministers' Conferences

The first Aspen Southeast Europe Foreign Ministers' Conference took place in December 2008. Behind closed doors, top politicians and senior officials from Germany and the U.S. met with foreign ministers from Southeast Europe including, for the first time, the Serbian Foreign Minister and the Acting Foreign Minister from Kosovo. In subsequent years, Foreign Ministers from the region have gathered annually in Berlin for a regional meeting together with their U.S., European, and German colleagues.

Since 2010, Aspen's Southeast Europe Foreign Ministers' Conferences have been organized in cooperation with the German Foreign Office and an EU member state's Embassy in Berlin with the German Foreign Minister. Since 2010, partners have included the Austrian Embassy in Berlin and Foreign Ministers Dr. Guido Westerwelle and Dr. Michael Spindelegger; the Hungarian Embassy in Berlin and then Foreign Ministers Dr. Guido Westerwelle and Dr. János Martonyi; the British Embassy and then Foreign Ministers Dr. Frank-Walter Steinmeier and Philip Hammond; the Italian Embassy and then Foreign Ministers Dr. Frank-Walter Steinmeier and Paolo Gentiloni; as well as the Czech Embassy and Foreign Ministers Sigmar Gabriel and Lubomír Zaorálek. In 2014, Foreign Ministers Dr. Frank-Walter Steinmeier and Philip Hammond used the Aspen Foreign Ministers' Conference as a platform to present a joint German-British initiative to revitalize the reform process in Bosnia and Herzegovina. In his opening speech of 2017, Foreign Minister Gabriel emphasized Germany's commitment to the region and revealed Germany's plans of setting up additional funds to further support the Western Balkans.

Sub-Cabinet Meetings

Since 2009, Aspen Germany Southeast Europe Program's sub-cabinet meetings have brought together high-level decision makers, politicians, diplomats, and experts from the Western Balkans, the U.S., Germany, the EU, NATO, and other international organizations to discuss various issues related to current and future challenges in Southeast Europe. At exclusive closed-door conferences, a limited number of participants can exchange views informally and off-the-record, and discuss differences and commonalities. Supported by expert policy papers, discussions aim at bridging differences that still exist, identifying common challenges and ideas, and developing mutually acceptable solutions and recommendations. Topics discussed include the Euro-Atlantic integration of the Western Balkans, non-traditional security threats, the fight against organized crime and corruption, the role of external actors in the region, economic development, energy security, regional cooperation, rule of law, and democratization.

Leadership Program

Aspen Leadership Seminar

The Aspen Leadership Seminar "Philosophy & Practice" is an exceptional leadership program, which promotes values-based leadership and enables substantial dialog about fundamental questions of human nature and society. The Seminar was launched in the United States more than sixty years ago and in 2011, Aspen Germany introduced this unparalleled program in Germany. Every year, it hosts three Seminars. Led by expert moderators from the U.S. and Europe, the Seminar convenes a small circle of up to 17 high-ranking decision-makers to reflect and discuss the most fundamental questions of the human condition. It has attracted an impressive array of brilliant leaders from across society, including high-ranking representatives from Deutsche Bank, Pfizer, Daimler, Siemens, Airbus SA, Bertelsmann, Axel Springer, BP, politics, as well as think tanks and many others.

The purpose of the Seminar is to encourage participants to think more deeply about their own beliefs and values, enhance their understanding of competing viewpoints, and highlight the complexity of our societies. It is not a skill building or case study exercise but focuses on the essence of leadership. Participants are encouraged through the Socratic method to interpret the materials in their own way. The diversity of views is a key factor for success. Participants emerge from the Seminar with a deeper understanding of their own values and how they translate into their leadership and decision-making. They often find the Seminar to be a life changing experience.

The Seminar is deeply rooted in the Aspen idea of creating a safe space for leaders, thinkers, and artists from around the globe to step away from daily routine to reflect on what makes good leaders and a good society. The first Seminar was conducted in 1951, inspired by philosopher Mortimer Adler at the University of Chicago. According to Adler, philosophy is everybody's business and essential to what makes us human. The idea was that the Seminar would improve society by fostering humanistic thought among important decision-makers.

Aspen Leadership Alumni Program

Leadership alumni are our allies in enhancing the Aspen Leadership Program. Today, the Aspen Leadership alumni community consists of more than 230 alumni from very different professional and individual backgrounds. To keep this network closely connected as a source of continued inspiration, our alumni program is designed with strong involvement of former Seminar participants. The Aspen Leadership alumni program provides a new platform for alumni to connect, continue the conversation about the quality of leadership that is needed in politics, business and civil society, get inspired and exchange ideas, as well as participate in events and programs of Aspen Germany.

A EUROPEAN FUTURE FOR THE WESTERN BALKANS

ADDRESSING POLITICAL AND ECONOMIC CHALLENGES