



*Europe and
the Commonwealth
of Independent States*

UNDP Issues Paper

The Inflexibility Trap

**Frustrated Societies,
Weak States and Democracy**

United Nations Development Programme
Bratislava, August 2002

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for Europe and the CIS
1 UN Plaza, New York, 10017, USA

Layout: Miro Kollar
Desktop & production management: Stano Jendek | Renesans
Printed in Bratislava, Slovakia

ISBN 92-1-126151-1

Acknowledgements

This issues paper was written by Dr. Ivan Krastev, Director of the Centre for Liberal Strategies in Sofia, Bulgaria on behalf of the Working Group on the Future of the Nation State under the 'Blue Bird' Initiative.

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Comments on earlier drafts of the paper were provided by Tomasz Anusiewicz, Ben Slay, Andrey Ivanov, Sandra Pralong, Lisa Smirl and Tony Verheijen at the Regional Support Centre.

The preparation of the publication was the responsibility of Dessislava Raykova and Lenka Rapošová. The printing and design were the work of Miroslav Kollár and the Renesans.

Preface

“The Inflexibility Trap: Frustrated Societies, Weak States, and Democracy” brings several important issues concerning emerging governance systems in the states of Southeastern Europe to the agenda of political leaders, experts and representatives of international organizations involved in state building in the region. It is also the first concrete output of the “Blue Bird” initiative, which brings together Southeast European analysts and researchers working to define the policy agendas for good governance and sustainable development in the region, in the inclusion of Southeast European states in the European Integration “project”.

The Blue Bird project follows up and builds on UNDP’s report on “Human Security in South-East Europe”, which was commissioned in the aftermath of the Kosovo war. “Blue Bird” is a long term initiative that aims to produce a comprehensive set of policy proposals produced by experts from the region to the governments of the region by the end of 2003. Support to Blue Bird has been provided by various donor organizations. The underlying issues paper was prepared based on the preliminary findings for the Blue Bird working group on the “Future of the Nation State in Southeastern Europe”, chaired by Dr. Alina Mungiu-Pippidi (Romania), with the participation of Dr. Sveltana Alexandrova (Bulgaria), Dragos Aligica (Romania), Ozan Erozden (Turkey), Dr. Venelin Ganev (Bulgaria), and Simona Zavratnik (Slovakia). The working group is funded by UNDP’s regional programme, with the support of the Dutch Government’s MATRA programme. Dr. Ivan Krastev, the initiator and director of “Blue Bird”, developed this issues paper on the basis of the materials provided by the working group.

“The Inflexibility Trap” develops some key issues that are too often overlooked in debates on the future of Southeastern Europe. The fact that the issues raised in the paper have been identified by senior experts from the region makes it all the more important for the international community to devote serious attention to them in future discussions. I hope that future meetings and workshops held under the Blue Bird initiative will help to further deepen the debate on the questions raised in the paper. In this way Blue Bird can help bring about the long term improvements in human development levels needed to complete Southeastern Europe’s reintegration into a peaceful and prosperous European continent.



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SECTION 1

Introduction

Conceptualizing the current state of politics on the Balkans is like designing a mousetrap without knowing what a mouse is. On political maps, the region looks like an explosive mixture of weak states, non-states and present and future protectorates. In the history books, the Balkans stand for delayed modernization and incomplete state-building processes. In policy reports, the region is described as a place where borders (when defined) are soft, identities are hard, reform policies have failed, and the future is unclear. What we do not know is how many *de facto* states function in South East Europe, and to what extent they function. What we do know is that they are now all formal democracies. The Kosovo parliamentary elections on November 17 marked the stage at which all countries and entities in the region gained their representative assemblies. A decade ago the problem of the region was the prevalence of non-democratic states. Now, the problem is that we have more democracies than sovereign states, and less political change than we had hoped for.

This issues paper argues for the need to re-think the analytical framework for evaluating the chances and risks of a working democracy in the Balkans.

The contradictory trends and developments in the region make the reading of democracy's balance sheet an uneasy task. On the positive side, the major political actors in the region do not question democracy as the only legitimate and desirable form of government. The general public may be disappointed with the status quo, but is not attracted to non-democratic alternatives. The military are in the barracks; Milosevic is in The Hague; elections are regular. In comparison with some of the states of the former Soviet-Union, South Eastern Europe shows constant progress in democratization.

On the negative side, there is a justified fear that Balkan democracies as a whole are more fragile than we had suspected. Trust in democratic institutions is dramatically low, with Parliaments rarely getting more than 20 percent approval, growing anti-party sentiments, undermined confidence in politicians and ever fewer people going to the ballot-box.¹ The latest presidential and parliamentary elections in Bulgaria and Romania indicated high volatility in voters' preferences. The intellectual climate has deteriorated. Anti-liberal and anti-western ideas are growing in influence. The reformist agenda of the elite is no longer the agenda of the public.

One of the latest public opinion polls conducted in Bulgaria, a country defined by Freedom House as a consolidated democracy, shows that according to the public the last 12 years have been wasted time. Compared with 1989, 50 percent of respondents claim that the situation has worsened, 33 percent claim that it has not changed, and only 17 percent see improvement. 62 percent of Bulgarians would prefer to live in a different age. The figures from Macedonia are even more frightening. Asked whether they consider that in general Macedonia is moving in the right direction, 62 percent of the citizens of the country say 'no' and only 12 percent approve of the direction being taken. The results of the Balkan Survey conducted by International IDEA in

¹ The approval rating of the Macedonian Parliament in December 2001 was 6.9 percent.

the beginning of 2002 confirm a trend of collapsing expectations and growing disappointment with transition. Albanians are the only optimists for the future.

The apparent difference between citizens' and the international community's perception of the current state of affairs in the region is at the heart of this paper. It is no secret that governments and societies in SEE are facing grave problems, but the question is: In what terms should we analyze the current mistrust in the performance of democratic institutions and new political elites in order to overcome it? *In our view, it is more useful to analyze the problems in terms of a crisis of democracy than in terms of unfinished democratization.*

In democratic politics perceptions are the only reality that matters and therefore the analysis in this paper focuses on citizens' perceptions. This perspective generates a re-thinking of the dominant paradigms governing the analyses of the political process in the region. The way people perceive present reality determines how they vote, how much they save, and if they are ready to live together. In such an analytical framework the notion of transition is not a useful one. Most people in the Balkans are convinced that they live in imperfect democracies, but in democracies nonetheless. They judge the advantages of democratic regimes not on the basis of the ideal type of democracy constructed by a political scientist, but on that of their own democratic experience. It is naive to believe that their disappointment with the status quo will not affect their trust in the democratic system itself. 'Transition' for the expert is their life for the people.

The last decade established a pattern of viewing the Balkans from the perspective of the region's most endangered country. In 1993 it was Bosnia that shaped the picture of the region. In the last two years the Balkans were viewed through the lens of the dramatic developments in Kosovo and Belgrade. Recently, Macedonia has become the paradigm maker. Indeed, the media headlines dictate the analytical perspective. This intellectual dominance of the 'emergency' has its analytical price. Analyses produced in the past ten years read like natural disaster reports. They argue for sanctions or aid but fall short of understanding the logic of policy failures.

In this report, we read the chances and challenges for sustainable democracy in the region through the prism of one of the democratically most developed Balkan countries - Bulgaria. The logic of our analysis is that it is more the democratic fragility of successful Bulgaria than the democratic deficits of some of the other countries that represents the gravest challenge facing the Balkan democracies in the medium and long term. Bosnia in 1993, Kosovo in 1999, and Macedonia in 2001 are all worst-case scenarios that have materialized. Bulgaria, on the other hand, is viewed by many as the model not for what Balkan democracy should be, but a model of what Balkan democracy could be. It is the danger inherent in this model that we will try to illuminate.

This analytical framework centered on Bulgaria will not only open room for a typology of the problems, it will also be instructive with respect to the limits of democratic consolidation in the region. Bulgaria's unexpected political developments in 2001 are a further reason for adopting the current framework. In the last six months Bulgarian citizens voted out the most praised reformist government in the region (that led by Ivan Kostov) and elected a government headed by ex-King Simeon Saxe-Coburg-Gotha. The King's movement took 50 percent of the seats in Parliament. In light of the fact that the movement was constituted just three months prior to the elections, its performance can be justifiably described as an electoral revolution. The King's movement did not simply sweep the major political parties - the UDF and the

Socialists - aside. It also carried the majority in every single age group, education group, and income group and in 28 out of 31 regions in the country. Then, three months after the King's landslide victory in the parliamentary elections, the majority of Bulgarian citizens voted against the most praised reformist president in the region, despite the fact that President Stoyanov was endorsed not only by the UDF but also by the king's movement and several other democratic parties. The voters' choice for president was the leader of the socialist party, Georgi Parvanov, who just a month before had been considered unelectable.

The vagaries of the Bulgarian experience should not make us blind to a trend that was already visible in the Balkans with the parliamentary and presidential elections in Romania: there is consistently a protest vote. The same trend is noticeable in the opinion polls of other studied countries. *The question is, will the protest vote run the Balkans? Are we observing a shift towards "delegative democracy" as experienced in Latin America? What kind of parties, persons, and ideas will be the future incarnations of this protest vote? Why do the so-called "reformists" spectacularly lose elections? Is this going to be the fate of the present Serbian government? What are the roots of public disappointment? Was democracy weakened or strengthened by these explosions of political volatility?*

This paper moves away from the beloved normative question of the democratization paradigm: how free and fair are elections, how free and independent are the media or judiciary, how effective is the rule of law. It moves away from measuring and ranking democracies and from imposing the logic of democratization on the political developments in the Balkans. A democratization framework allows one to compare achievements, but it rules out a comparison of experiences. The question we try to answer is *what is happening politically in the Balkans and what can we expect to happen?* We fear that by accepting the dominant paradigms about developments in the region we risk missing the challenges South East Europe faces. The dominant paradigms misrepresent the problems of the region and consciously or unconsciously "normalize" the status quo. The current paper tries to go beyond this type of normalization.

The generalization of the problems of the six 'democracies' that we analyze poses a serious risk. Albania, Bulgaria, Macedonia, Montenegro, Kosovo and Serbia differ significantly. Kosovo is an international protectorate; Montenegro is an unwilling member of a non-functioning federation; Serbia is in the early stage of political and economic reforms; Macedonia is in the process of self-reinvention, Albania is a version of a contested democracy, and Bulgaria is in the midst of its negotiations for joining the EU. The political process in Montenegro and Kosovo is primarily centered on the problems of independent statehood while social and economic issues dominate the political process in Bulgaria and Albania. Indeed, the diversity does not stop here. For the last 12 years there has been no real transfer of power in Montenegro, while Bulgaria has completed two cycles of transfer of power from left to right and vice versa. The communist legacies of the analyzed countries also differ substantially. For instance, the closed type of Stalinist society in Albania between 1945 and 1989 was radically different from the form of liberal communism enjoyed in Yugoslavia in the same period. The experience of the last decade also has not brought the countries together. It was more the dissolution of Yugoslavia than the end of communism that shaped the agenda in the ex-Yugoslav states and societies. The experience of violence that is common for Serbia, Albania and Macedonia is unknown to the Bulgarians.

The region thus shows a clear pattern of diversity, even if several common patterns and tendencies can also be clearly identified. An attempt to grasp these common trends forms the skeleton of this report. All the countries included in the study have shared a dramatic decline in

the standard of living. None of the studied countries, with the exception of Albania, has returned to its 1989 GDP level. In most of them, de-industrialized economies co-exist with a social structure characteristic more or less of advanced industrial societies. All these societies have witnessed a rise in social inequality. All of them suffer from the absence of a durable democratic tradition. All of them share a profound sense of insecurity. All of them, with the exception of the Albanians, are pessimistic with respect to the near future. All of them see membership of the EU as their most desirable future. It might be questionable to treat all these diverse countries in one and the same group, but politically they are treated that way. In many cases the most practical definition of 'a mouse' is 'a small animal that can be caught in a mousetrap'.

SECTION 2

How not to think about the Balkans

Moving away from the dominant paradigms does not mean invalidating their findings. Each of them has its validity and usefulness, but none of them helps us to understand what is happening politically in the Balkans today. The reason for this is that none of them is focused on the internal logic of recent developments.

The decision not to think exclusively in terms of ethnicity, transition and European Integration determines the perspective of the present paper. We suggest that understanding the internal dynamics of political instability in the Balkans requires, i) a critical reflection on the three paradigms that are shaping the outsider's perception of the region, ii) a map of the security, and social conditions, iii) an analysis of the political status quo seen as the interplay between the politics of corruption and the politics of external constraints, iv) a conceptualization of the state weakness in the Balkans today.

2.1 The Legacies Paradigm

The bad legacies paradigm was very popular in the earlier stages of the dissolution of Yugoslavia and was rooted in historical and cultural arguments. The report of the international commission on the Balkans (*The Unfinished Peace*) published in 1996 is a classic example of this analytical approach. It defined the major obstacles for effective democracy in the Balkans as 'legacies of war, of communism, and of history'. Giving its recommendations, the Report focused on 'the development and revival of civil society', regional and inter-ethnic projects, re-writing the history textbooks in the region, and so on. The freedom of the media was defined as a key element in promoting democracy in the Balkans. But 'freedom of media' was basically reduced to freedom from governmental intervention. Political danger of special interests controlled media remained unnoticed.

The 'unfinished peace' discourse and the paradigm it embodies have influenced most of the international democracy aid programs. The unspoken assumption of this paradigm was that the political problem in the Balkans was primarily ethno-political. The status of minorities became the leading indicator for democratic achievements and the NGO community was selected as a favorite partner for democracy building projects. It was this ethnic tolerance centered perspective that contributed to the unrealistic assessment of the situation in Macedonia before September 2000. This approach did not succeed in separating "post-Yugoslav" problems from the problems of post-communism. The research of Alina Pippidi and Gabriel Badescu demonstrates that any attempt to explain the political and social developments in the Balkans in the terms of Ottoman legacies is ill founded. It is the communist past much more than the pre-communist tradition that pre-determines the value maps and behavioral patterns in the region.

In the context of the legacy paradigm violent nationalism was perceived as the most prominent threat to the democratic process and political parties and individual politicians were

judged primarily on the basis of their nationalistic or anti-nationalistic record. This explains why the liberal elements of the former communist elite easily achieved favor with the international community. Politics was reduced to a clash between nationalists and non-nationalists.

This does not mean that ethnic tensions and ethnic identities have not played a critical role in shaping the political reality of the region. However, quite often the 'ethnicity only paradigm' takes the justification and legitimization of certain political decisions as the essence of Balkan politics. To an extent this paradigm is already unfashionable, but it is still used with respect to Serbia and to some extent Macedonia. It is no longer influential with policy circles, but it still dominates the international media coverage of the region. This paradigm is also blind to the changes in nationalistic platforms themselves. If a new wave of nationalism threatens the region, it will be in the form of anti-Western populism or anti-Roma xenophobia rather than in the form of the 19th century type of nationalism that was characteristic of the dissolution of Yugoslavia.

2.2 The Democratic Transition Paradigm

Thomas Carothers, in his subtle criticism of the 'transition paradigm', singles out its five core assumptions: 1) any country moving away from dictatorial rule can be considered a country in transition to democracy 2) democratization tends to unfold in three obligatory stages - from opening via breakthrough to consolidation 3) a belief in the determinative importance of elections 4) a belief that at the end of the day 'structural factors' - economic level, political history, institutional environment - are not so important 5) a belief that a functioning state is always there and that state-building and democracy-building enforce each other.

In our understanding, the controversial aspect of 'transition' is its normative character and teleological nature. All new democracies are supposed to follow one and the same path. Democracy is analyzed not so much through the relations between leaders and led, but judged by the level of its institutionalization. In its radical form, the transition paradigm can be visualized as a global democracy promotion office where all new democracies fill in their forms and expect to be judged on the basis of how free and fair are their elections, how independent is their judiciary, how free are their media and so on. Freedom House's 'Nations in Transit' Report is a classic example of this paradigm. The democracy-promotion community now prefers to rank democracies rather than to attempt to understand them.

The attractiveness of this approach for policy makers is two-fold. On the one hand, the transition paradigm creates a comprehensive framework for comparing the achievements of different transitional countries; on the other hand, the 'scores' and 'democracy rankings' are the basis for the assessment of democracy used by the international institutions, and individual Western governments. The theorists' dreams of hard data and regression analyses and the bureaucrats' dreams of results that can be reported meet happily in the transition paradigm. However, such a measurement of democracy creates a false expectation with respect to the accountability of democracy-building programs.

As a result, the transition paradigm fails to understand the internal logic of the political processes in new democracies and it is frequently blind to the way citizens perceive their political regimes. The outcome is that citizens vote out governments praised and 'ranked' by the West.

The assumption that a functioning state is a given and that state-building and democracy building reinforce each other turned out to be especially disadvantageous with respect to the Balkans. The risk of being non-contextual was clearly illustrated by the manner in which the problem of the independence of Kosovo was treated in the transition paradigm.

Since 1991, democratization has been viewed as the major instrument for bringing stability to the Balkans. In its initial stages the dissolution of Yugoslavia was conceptualized as a specific manifestation of the general trend of the collapse of communist regimes. The Yugoslav wars were explained mainly through the undemocratic nature of the old political system and as a skillfully orchestrated strategy by the old communist elites to ensure their own survival. The orthodox policy line was that democratization would reduce ethnic tensions and that it was the only way to avoid the dismantling of the existing states. This explanation has some validity, but the lessons learned from the last decade demonstrate its limits.

The dissolution of Yugoslavia demonstrated that when a society has to choose between democratization and self-determination, the latter comes first. The expectations that democratic change in Belgrade would eliminate the independence of Kosovo from the agenda of Kosovars have turned out to be unrealistic. History demonstrated that for Kosovars, democracy is important. However, it is important only within the borders of their own state, which had to be established first. Political change in Croatia is the other powerful example that successful democratization is possible only after state-consolidation has been achieved.

Another key misconception of the transition discourse is that the devolution of state power has been conceptualized as a victory for the emerging civil society. The state, in the early years of transition, was perceived as the major obstacle for the emancipation of society. The victory of democracy was understood in terms of the withdrawal of the state. It was in this analytical concept that the “NGO fashion” was born. But can the rise in the number of NGOs – most of them sponsored by the West – be identified with the rise and strengthening of civil society and democratic consolidation? Can civil society flourish in a place where there is no rule of law and a functioning state?

The transition paradigm is misleading not only because of its questioned assumptions. In the context of the fears that constructed it, the transition paradigm is shaped by the fear of a breakdown of democratic regimes, defined by Schmitter as ‘the sudden death of democracy’. ‘Transition’ still thinks about democracy exclusively in its opposition to authoritarianism. However, the question remains whether the threats to democracy are the same now as they were in the 1970s. What are the dangers for democracy at a time when democracy does not have declared enemies, and undemocratic alternatives have retreated? It is not surprising that influenced by its ‘family connections’, the transition paradigm remained blind to the risks of a ‘slow death of democracy’ – the erosion and de-legitimization of democratic regimes in the institutional framework of democracy itself. This ‘slow death scenario’ can be described as democracy without politics. The major risk the Balkans face today is the scenario that sees the destruction of the representative nature of democracy combined with the continued presence of its institutional shell.

2.3 The Development/Integration Paradigm

As a policy ideology for acting in the Balkans, the development paradigm is a latecomer. It resulted from the exhaustion of the legacy and transition approaches. Focused on some of the

economic, institutional, and social pre-conditions for the success of democratic politics, the development paradigm discovered that the economy and incomes matter. Structural factors such as the economic level and a favorable institutional environment were recognized as critical for securing public support for democracy. It was in this paradigm that the state was re-discovered as a pre-condition and not as a result of a functioning democracy and a functioning market. The World Bank's strategy paper 'The Road to Stability and Prosperity in South-East Europe' (March 2000)² is the best illustration of this approach.

The Development/Integration paradigm is the most influential today, so it is important to identify out its hidden assumption for the future political development in the region.

As in the transition paradigm, democracy is evaluated primarily according to the level of its institutionalization. The policy choices societies should make are radically de-politicized, so the problem is not in policy making but in policy implementation. Strengthening democratic institutions is perceived basically as the problem of capacity building, creating proper legal frameworks, and developing an effective and efficient bureaucracy. Development/Integration advocates are not interested in who the winners and losers are in the short run, as they assume that in the long run all will be winners. All major political choices societies face are reduced to trivial technocratic choices. The introduction of hard policy constraints like Currency Boards or the replacement of local currencies by the Euro is favored by this approach. In its most radical form, the EU integration paradigm views the political challenges in the Balkans in terms of building an EU member-state. The institutional environment in the region is perceived exclusively in terms of its compatibility with EU norms and standards. The integration paradigm is the only long-term policy vision for the region and this explains its growing influence.

However, there are several hidden assumptions behind this paradigm that should be seriously discussed. The integration policy package starts with the assumption that one day all Balkan countries will be EU members, but does not pay enough attention to the period when those countries are still not members. Second, this paradigm is basically suspicious towards any genuine political process in the region as it perceives democratization as an adjustment to EU standards. And third, this paradigm views the process of consensus-building much more as a result of the work of conditionalities, rather than as a result of a dialogue between different interest groups inside the countries concerned. The manner in which the international community has imposed constitutional change in Macedonia is very instructive in this respect. On the one hand, the changes enforced by the international community were reasonable and necessary. On the other hand, the changes were perceived as an imposition and contributed to an increase of public mistrust in the Macedonian institutions and elites.

The democratic deficit that is considered mostly as a negative side effect of European integration in some member states has a much more profound effect on the candidate countries. The legislative process is deprived of its role as a channel for conflict-resolution and is reduced to the translation and adoption of European legislation.

This analytical re-reading of the policy paradigms shaping the views of Balkan democracies leads to several conclusions. All three paradigms have their usefulness and validity, but they replace the question 'what is happening in the region' with a set of made answers. The legacy

² The World Bank had been tasked by the Stability Pact with establishing the regional policy strategy.

approach (in judging political development in the Balkans) is totally ethno-political in its perspective. The transition paradigm is reduced to measuring institutions and institutional performances, and the development/integration paradigm promotes a non-political, expert-driven approach to the region. All conceptual frames disregard the perspective of the citizens as the most important factor in understanding democratic development and all are concerned with explaining why things are not working, as they should. Meanwhile, however, they fail to explain why things are working in the way they do.

The present paper, in contrast, adopts a citizen-centered perspective and treats citizens' political experiences as the only meaningful point of departure in any analytical journey designed to understand Balkan politics. We define democracy not so much by its institutional settings, but through the relations between governments and citizens. For us, democracy is a regime in which people not only take part in free and fair elections, but can also influence policies. For us, it is important not only what governments do but what people think.

SECTION 3

Exploring the causes of instability

This section explores the main causes of the three destabilizing factors identified in the previous two sections:

- The widening gap between the public and the elite;
- Growing distrust in the reformist agenda;
- The emergence of cynical and angry majorities.

In order to know what is happening politically in the Balkans, we need to pose the following questions: What makes individuals and societies so insecure? Why are Balkan democracies so corrupt or why do their citizens perceive them as pervasively corrupt? What are the effects of hard external conditionalities on shaping citizens' loyalty to the democratic regime?

3.1 The Security Condition

The security issues of the region are well explored and are usually structured around five critical questions. What status for Kosovo? What is the future for Macedonia? What are the chances of survival for Bosnia-Herzegovina as shaped by the Dayton agreements? When can the international forces leave the region? When will Bulgaria and Romania join NATO? However, these security questions centered as they are on borders, legal status and international guarantees, are not compatible with the insecurity agenda of the public. The most probable risk scenario that faces the region is not aggression or wars, but the collapse of the state. It is state weakness that emerges as the major security threat for the region.

In 1992 the Badenter Commission singled out 'government's full control over the territory' as a critical criterion for recognizing the right of the ex-Yugoslav republics to secession. If this criterion were to be applied today, most of the present Balkan states would not qualify for independent statehood. Post-Milosevic Yugoslavia does not control its territory; Serbia does not control what legally is her territory; and the Macedonian government de facto does not control some parts of the country. The inability of most governments in the region to secure the physical integrity of the state's territory is at the core of the international perception of the current state of affairs.

September 11 and the global war on terrorism also require re-thinking security dilemmas in the Balkans. Formulated in the language of post-September 11 sensitivity, the problems of the region should be structured around new type of questions. *Can parts of the Balkans be turned into terrorist safe heavens? What is the influence of organized crime on the politics of the governments in the region? How should the Albanian armed groups in Macedonia be treated?*

Only recently the international community realized the profound process of the criminalization that is taking place in the region. As a legacy of war, armed groups of different types proliferate in the Balkans. The prolonged UN embargo on Yugoslavia facilitated the

establishment of cross-border criminal networks. Drug channels, channels for smuggling weapons, stolen cars, cigarettes, alcohol, and people are at the center of security threats in the Balkans. What we learned after September 11 is that terrorist networks often use drug and cigarette smuggling channels to spread their activities. As recently as in 1999, 6.5 tons out of 60 tons of marihuana confiscated in Western Europe were considered as smuggled from Albania. Thus Albania and Morocco are considered the two major drug suppliers to Western Europe. A number of publications in the local and international press have documented that some of the smuggling channels have functioned as government-run businesses. Criminal lords are among the most devoted political donors in the Balkans. It is a well-documented fact that most of the local mafia are ethnically based networks. This combination of ethnicity and criminality is a critical element in sustaining violent accusations of other ethnic groups. American academic Robert Hislope in a well-researched paper claims that the outbreak of violence in Macedonia in year 2000 can be directly related to the interests of the Albanian criminal groups. In his view the combination between Albanian social criminality and the corrupt Macedonian state is the major obstacle for the stabilization of the country.

The criminalization of the Balkan states and politics makes the tasks of the international community much more difficult. The only way for NATO and the EU to bring more security to the region is by policing these countries, but these two organizations are inexperienced at providing soft security. The reformulation of the security problem in terms of policing has a significant impact on the division of labor among the international security providers. The basic question is whether the EU is ready to create a common police space including the Balkans. And the answer to this question depends not on the possession of smart weapons but on the capacity to create 'smart borders' – borders open for trade and closed for terrorists.

From an internal perspective, all public opinion polls conducted in the past years indicated alarmingly high rates of insecurity. People feel insecure about their lives, their property, their communities and about the states in which they live. The levels of physical and economic insecurity are no different in the former Yugoslavia on the one hand and in Albania, Bulgaria, and Romania on the other. It is the weakness of one's own state and not the aggressive behavior of neighbors that is at the center of citizens' concerns. A study of the cost of security in the region will show that both citizens and businesses spend huge amounts of money on security. They insure their cars with mafia-controlled insurance agencies, pay protection money to the local gangs, pay for security systems, and pay bribes to law enforcement officials to motivate them to fulfill their obligations. The World Bank calculated that 7 percent of firms' turnover in Albania is paid as bribes. The major complaint of citizens is that the weak state presents a threat to their rights, which is in fact no different from the arbitrary violence of the communist state. In both cases citizens live in total insecurity. It is the instrumentalization of insecurity and disorder that constitute the power base for the collusion of politics and criminality.

3.2 The Social Condition

The decline in standards of living, the emergence of mass poverty, the high rates of unemployment are not new to observers of the Balkans. What remains unnoticed, however, is the dramatic rise in the physical and social displacement of huge groups of society. In fact Balkan democracies are the democracies of displaced people. This is obviously true with respect to the war victims in former Yugoslavia, but it is also true in a broader sense. How many

people live in the same place they lived 10 years ago? How many of them work in the same place? How many of them remain in the same professional and social circles? Migration to capitals and big cities and emigration to the West is well documented. However, the story that remains untold is the destruction of the old professional classes. The loss of status, no less than the loss of income, determines the hostile attitude of huge groups of people to the new status quo. Balkan societies are infected with 'status panic'. There are many illustrations of this. Every sixth Albanian works abroad. Readiness to emigrate has increased rather than declined in Bulgaria over the last years. Around 52 percent of people say that if they had the opportunity, they would emigrate from Bulgaria.

The process of social and physical displacement produces a key distinction between mobile and immobile groups in the population. Public opinion polls in Bulgaria indicate that because of financial and psychological constraints, the majority of respondents claim that they have not left their town of residence for the last two years. The localization of huge numbers of citizens, mainly old and disabled people, via their social paralysis and self-imposed exile is one of the sources for the collapse of the support for the reform agenda. The destruction of the old middle class is the structural explanation for the rise of political volatility.

The volatility of the social framework has increased because of the continued effects of the gap between the reform agenda and the short- and mid-term expectations of citizens. The radical and extensive programs of privatization and economic re-structuring have led to unprecedented levels of unemployment and the virtual wipeout of entire sectors of the economy and social networks underpinned by economic activity. There has been a systemic process of impoverishment in numerous sectors of the economy and society. In addition, there are sectors of society that seem completely unable, in the short and medium term, to resume employment. Economic recovery, in the countries where it exists, has been patchy in, and concentrated around, the major cities of the country. The much needed overhaul of the social insurance, pension and health care systems has resulted in the undermining of basic pillars of social reference and existence, producing enormous personal insecurity and psychological volatility. This has translated into a notable mistrust in the capacity of government to provide a set of services and frameworks that ensure predictability and well-being. In such a mindset, politics is predominantly perceived as the site of improper redistribution and individual enrichment rather than a provider of basic services. The social condition in the Balkans is a key factor for volatility in individual and collective behavior. The welfare functions of the communist state were critical for the old regime in securing a certain legitimacy with the population. Now, when the post-communist type of 'farewell state' replaces the communist type of welfare state, it naturally results in a legitimization crisis for the new democratic regimes.

But economic decline and the rise of social inequality do not translate into a rise of anti-democratic sentiments. The economic crises in the Balkans have resulted in a demand for more, not less, democracy. Polls indicate that people are dissatisfied with the performance of their democratic regimes. However, they do not look for non-democratic alternatives. There are not thousands of protesters on the streets of the Balkan capitals, there are no anti-IMF riots like those in Latin America. Societies seem not to have lost their patience. But the political economy of post-communist patience should not be misread. People are not protesting essentially because communism has destroyed their capacity for collective action. Public criticism is expressed as criticism of corruption of regime. So any citizen focused perspective on the state of democracy of the Balkans should try to answer: Why are the Balkans so corrupt, and why do governments fail to curb corruption?

3.3 The Vicious Circle of Corruption

‘Corruption is pervasive in the Balkans’. This is what one hears on the streets and what Transparency International claims. Public officials take bribes because they do not have a reason not to take bribes while private companies give bribes because they do not have the option not to give. The purpose of our analysis is neither to measure corruption, nor to focus on the structural causes of it. The last years have witnessed a boom in anti-corruption studies. The rise of corruption has been interpreted in cultural terms (the notion of Mediterranean corruption); analyzed in terms of weak institutional environments, in terms of communist legacies, and so on. We neither want to repeat the findings, nor to question the proposed measures. Our question is: Why are political parties engaged in corrupt exchanges and how does this affect the democratic system? *This paper argues that epidemic party corruption has to do not so much with communist legacies, post-communist pathologies or the quality of the legal environment, but with the increase of the cost of politics.* In the early years of transition, there was public resentment over the ideological nature of the political process and over the extreme levels of political confrontation. However, persistent accusations of corruption were absent. The hypothesis we emphasize is that the process of de-ideologization of politics (the dissolution of the communism vs. anti-communism axis) and the reduction of politics to a quarrel over minor differences has resulted in a painful deficit in interest in politics and produced a deficit of militants.

The vicious circle of corruption can be described as follows. The massive withdrawal of the ideologically most motivated citizens from political activities makes political communication much more expensive. In 1991 enthusiastic young people were disseminating the posters of political parties. In 1999 these young people were not enthusiastic any more. Now political parties should pay to have their posters and leaflets distributed. In 1991 citizens were on the streets, joining rallies and discussion and it was quite easy for the politicians to get their message across. In 1999 parties did not capture citizens’ imagination any more and parties had to pay for commercials or for ‘friendly coverage by the media’. There are ample examples, but they all show the need for money that political parties are faced with. The result is that parties started to sell their influence over the decision-making process.

The increased cost of politics and the effort to pay the price resulted in four major consequences. First, people became even more disgusted with politics, so the cost of politics went up. Second, the new politics led to the promotion of new politicians, those that Della Porta called ‘business politicians’. Third, the increased price of politics and massive efforts to take money on behalf of the party reduced the moral cost of corruption for the individual politicians. Those who perceived it as normal to take money for the party started to take money for themselves. Fourth, political parties decided to create a class of donors, close to their parties. The privatization process in Bulgaria, for instance, was turned into an instrument for promoting a UDF affiliated business class. Privatization was not any more about what to sell, how to sell, and at what price to sell, but to whom to sell. In the cases of small and medium enterprises, the friend of the party is perceived as the strategic investor. Buying the media turned into the dream of the parties. Thus, the need for money in the context of expensive politics is one of the reasons governments failed to fight corruption. It is not simply politicians’ greed for money; it is society’s lack of genuine politics that drives corruption.

The second reason for governments’ inability to convince their citizens that they are taking measures against corruption is related to the fact that the actual level of corruption alone does

not drive the anti-corruption sentiments of the public. The corruption problem has two distinctive faces. One is the actual level of corruption, the other is the escalation of anti-corruption perceptions. Studies by the Centre for Liberal Strategies have shown that anti-corruption sentiments in Bulgaria are driven not so much by the actual levels of corruption, but by the total disappointment with the results of transition and rising social inequality in general. Anti-corruption rhetoric and anti-corruption sentiments are structurally more important for post-communist politics than is usually believed. In the absence of a viable alternative to democracy and in the context of the de-politicization of the policy process, the anti-corruption rhetoric remains on the one hand the only legitimate way to criticize the status quo and, on the other, the only platform open to the anti-reformist parties. In the case of Bulgaria, and also in other parts of the region, we can see the emergence of the 'muckraking moment' where the corrupt nature of the elite is assumed and no one makes any effort to prove it. The existing situation is clearly illustrated by the fact that in Bulgaria in the last decade none of the members of the political class has been convicted for corruption, while at the same time the Prosecutors office is investigating the 100 biggest privatization deals and most of the leading political figures are under some sort of investigation. Until now, none of these investigations has been completed and the collected evidence ends up not in court, but in the media. The result is not the triumph of the rule of law, but a state of total insecurity and the increased use of the Prosecutor's office as an instrument for political pressure.

The perception of the public that everything is corrupt and everybody is corrupt is the basic danger to Balkan democracies. The Balkans are threatened by the corrosive effect of local corruption but also by the desire of international organizations to blame corruption for all failures of the last decade.

In his studies Richard Rose has shown that what is common for those who are ready to turn their back on democracy and look for alternatives is not their incomes, their party affiliations, not former membership in the communist party, but their conviction that their country is totally corrupt. In this respect a democracy supportive anti-corruption campaign should have two objectives –to reduce corruption and to make this improvement visible to the public. It is difficult to guess which of these two objectives is easier to achieve.

The present frustration with democracy in the region and the public disaffection with it cannot be grasped without understanding the nature, logic and re-productive power of the current state weakness. The shift to functioning democracy in the region depends on the success of societies and governments in overcoming state weakness in the coming years. The persistence of weak states may lead to the slow death of democracy in the Balkans.

SECTION 4

The weak state as an underlying cause of public disaffection

‘Weak state’ is a powerful term often used in the Balkan discourse. It was never defined because there was an assumption that analytically, but also practically, state weakness was obvious. It is enough to see bad roads, to suffer electricity cuts or to queue for your last year’s salary as a public servant, in order to agree that the state is weaker than it was and weaker than it should be. To the majority of analysts, state weakness is like an elephant: you cannot exactly define it, but you are sure that when you see it, you will recognize it.

4.1 Conceptualizing the Weak State

In the current analysis of the Balkans, there are at least three different ways to conceptualize state weakness. The strength of the state can be measured in terms of capabilities and here, following Joel Migdal, the state’s strength is defined as the capability of governments to implement their policy visions, to penetrate society, to regulate and so on. In this context, the strong state is able to collect its taxes and the weak state fails to do so. It is in this ‘increasing capabilities’ perspective that most leaders in the region see the need to strengthen the state. But the state can be efficient on the collecting side and yet a total failure on the delivery side. So the second measure for assessment of the state’s strength is the perception of consumers of public goods provided by the state. Is the state capable of delivering rule of law? Does it protect human and property rights? The third approach to state weakness defines the weak state as a captured state, a state in which particular group interests dominate the policy-making process, when these interests in an illicit way shape the rules of the game. Russia, in Yeltsin’s last years of power, fits this description perfectly.

Most Balkan countries can be described as weak states in terms of capacity, in terms of delivery, and in terms of capture. In his enlightening research Venelin Ganey has shown that opening of the communist political system contributes to the weakening of the administrative capacities of the state and that the real question faced by the transition societies is not the choice between small government and big government but the challenge to constitute functioning state. Our intention is to conceptualize state weakness as a strategic behavior of the elites constrained by public discontent and political conditionalities, and involved in a predatory project of extracting resources from the state.

The devolution of state power after communism has been analyzed³. State weakness was explained as a result of a neo-liberal flirtation with ‘the striptease state’ - the attempt to undress the state of all superficialities. This approach does not explain much. Balkan states were never governed by neo-liberals, but they nevertheless ended up naked. The origin of the new elites and the process of the separation of party and state basically contributed to state weakness. But it is

³ The paper can be found on www.blue-bird.hu

important to emphasize that state weakness is not simply an unintended consequence of the reforms, it is the desired state of affairs for the significant parts of the new elites. *The claim of this paper is that new democratic elites in the Balkans have the extraction of the state as their dominant project.* The re-distribution of huge assets in the form of state property has as its result the transformation of political power into economic power. The structural reason for the growing gap between the public and the elites is that the elites do not need wealthy citizens to realize their extraction project. To understand the logic of this process, it would help to consider the post-communist Balkan countries as akin to oil regimes where the role of oil is played by the huge state assets that should be privatized. The elite's refusal to take any responsibility for the welfare of the people is at the heart of the crisis of the Balkan democracies.

The paradox of transition is that the success of the reforms needs a stable and durable policy consensus based on the long term goals of development (economic growth, EU integration). At the same time, the very process of transformation polarizes society, producing winners and losers. Governments do not have much room for manoeuvre. In order to remain in power, they should follow the reform agenda prescribed by the EU or IMF. The external constraints are institutionalized as Currency Boards and other hard instruments. The decision of the international factor to limit the flexibility of governments resulted from the permanent failure of Balkan governments to keep their promises. It is the external constraints that ensure basically the policy predictability of the region. It is sufficient to recollect the collapse of the Albanian state, the shattering political and economic crisis in Bulgaria in 1997, or even simply to watch for a while the Kostunica - Djindjic 'war' in Belgrade to understand the desire of the West for policies binding the hands of the elite. External constraints are aimed at arresting the extraction project of the elites, but at the same time predatory elites use external pressure to excuse their lack of social responsibility. In this sense, external conditionalities affect negatively the relations between politicians and the public. Governments are elected after a love affair with the electorate, but they are married to the international donors.

Viewed from below, the Balkan democracies are political regimes in which the voters are free to change governments, but are very much constrained in changing policies. Any pressure from below is immediately labeled "populism." The international factor does not see anything wrong with parties winning elections on populist ticket and governing on the IMF ticket. This process is conceptualized as a success of reforms. But if this development can be seen as positive in the short run, it is destructive in the long run. The recurring failure of voters to vote for a policy change can lead to three undesirable developments: 1) it can bring to power a political party that is anti-system in its character (Tudor in Romania or Sesel in Serbia); 2) it divorces election campaigning from the actual practice of governance and makes it impossible to hold politicians accountable; 3) it makes political learning ineffective.

4.2 The Implications of the Weak State

The adoption of the citizen centered perspective to the analysis of the state of democracy in the Balkans invites unexpected conclusions. In 1995 Przeworski's report on the chances of democracy ('Sustainable Democracy') predicted, 'the combination of an increasing inequality with reduced sovereignty is likely to exacerbate social conflicts and weaken the nascent democratic institutions'. This prediction is becoming a reality in the Balkans.

There is a consensus that the fragility of democracy in the Balkans is pre-determined by two sets of factors: Balkan factors and post-communist factors. Balkan factors refer to the ethnic

tensions and historical controversies that are obstacles for co-operative behavior and to the delayed and unfinished process of state formation in the region. Post-communist factors refer to the need for a parallel process of democratization and restructuring of the economy in the conditions of declining standards of living and economic hardship.

These factors matter. But reading the crisis through citizens' eyes suggests that some of the important factors contributing to the uncertain prospects of democracy in the region are related to the general state of politics these days. The expectation that the causes for the public disaffection with democracy in the Balkans is caused by specific Balkan factors turns out to be false. In its causes and manifestations the crisis of democratization in the Balkans is not different from the crisis of democracy in the developed countries. What can be different are the consequences.

The growing gap between the public and political elite and the growing mistrust in the democratic institutions is the very essence of the state of politics in the Balkans today.

In the elite's discourse this growing gap is conceptualized as an outcome of the needed but painful reforms on the one hand and the failure of the reformist governments to communicate the reform policies on the other hand. The policy response to the crisis is conceptualized as a need for a more efficient communication policy. As a result, the amount of money spent by the World Bank and EU on 'communicating reforms' is increasing considerably.

In our view the present crisis is not a crisis of communication but a crisis of representation.

Voters are caught in a trap. On the one hand, they want the international community to control their corrupt politicians, but, on the other, they want to have a say in the policy making process. International players also contribute to the de-legitimization of the elite. They do not punish the elite for breaking their contracts with the voters, but on the contrary, they encourage them to do so. The international community punishes governments that break their promises to the IMF, but is not interested to what extent politicians are keeping their promises to the voters.

In the stream of the current analytical conclusions, this paper argues for radical re-thinking of the current democracy assistance paradigm. The focus of a possible new approach will aim at replacing the current democracy without politics into a real political democracy. The major policy objective should be to strengthen democracy, re-connecting the agenda of reforms and the public agenda and re-gaining the trust of the people for democratic institutions.

SECTION 5

Challenges and policy recommendations

The growing gap between the public and the elite, between the agenda of the public and the agenda of the elite is the most urgent challenge for democratic development in the Balkans. Bridging the gap is a critical task that has intellectual, organizational and financial dimensions. In this chapter we want to focus on the new priorities based on the recognition of this challenge. In our view a policy framework rooted in the human security paradigm should replace the now dominant paradigm that represents a cocktail of Washington consensus type of macroeconomic policies, democratization theory inspired programs, law and order rhetoric and EU accession requirements. There is a need to identify the agents that can bring optimism and help society reinterpret the transition.

The analysis of the current state of democracy on the Balkans urges for fundamental re-thinking of the democracy assisting strategies and UNDP is among the players that can benefit most from such re-thinking. In our opinion the lack of trust in democratic institutions and current policy paradigm is rooted in the fact that citizens do not see their fears and concerns represented in the policy process. The problem of poverty in the Balkans is not simply the number of people who live with less than 1 dollar per day. It also includes the number of people who feel poor and who live with the fears and obsession of poor people. The problem with unemployment is not simply the number of people unemployed in national statistics. It includes all those who experience their current jobs as a step in the direction of unemployment. In other words a more successful reform strategy is possible only if the experiences of the people are included in the policy process.

In this respect the human security paradigm promoted by UNDP can be a powerful alternative to the current normative approach with respect to democracy and development.

The main advantage of the human security paradigm is that it integrates macro-economic indicators and subjective experiences of the people. It opens room for more confidence building policies in societies where insecurity is the major feature of the transition. In search for reforms with a human face UNDP should develop at intellectual and program level a distinctive policy package around the idea of human security. In this respect it makes sense to develop a human security index that can be used as a tool for public pressure on the governments and other policy players. UNDP can create a policy group that can re-formulate the key problems of transition in terms of human security and advocate for such an approach with the national governments.

5.1 Institutional Innovations

Most of the policy advice given by the international community to fragile Balkan democracies lacks context sensitivity. The normative character of the policy advice given to the Balkan democracies can be perfectly illustrated in view of the electoral systems and the use of instruments of direct democracy like referendums.

The standard advice given to the ethnically divided societies is to stick to proportional representation and to avoid the temptations of majoritarianism. The problem with this politically

correct advice is that in many parts of the region, Bulgaria in particular, the vast majority of citizens blame the existing proportional representation for the insufficient quality of the political elite and for the rise of party corruption. The public invests a lot of hope in the instruments of direct democracy like referendums and in a personality centered electoral system. How should the political elite and democracy promoting community react to the drive for more? At present there is no encouragement on the side of the international community to experiment with institutional changes. In our view the rigid position of the political elites and international community are contributing to the growing gap between society and political classes. “Anti-populism” of the elite, so praised by the international community, in reality is blocking any genuine attempt for reform from below. In contrast to the experts’ consensus my view is that organizations like UNDP should support and encourage public debate in the direction of the change of electoral system or other significant institutional changes. UNDP can act in the direction of forming task forces of politicians, experts and citizens groups for promoting political reforms. The dangers and opportunities created by the instruments of popular democracy should be evaluated in the political context in which they occur and not judged in principle. The EU’s bitter experience with referendums and the dominant bureaucratic culture prevailing in the Union makes Brussels extremely unfriendly to referendums. In our view referendums can be a useful instrument for creating informed citizens and mobilizing positive political energy in the region. The fact that countries like Bulgaria still lack legislation on national referendums should be viewed as a problem and not as responsible political behavior.

In the context of powerful external constraints exercised on budget and monetary policies people should be given voices in all other areas of policy making.

5.2 Corruption and Anti-Corruption Policies

The spread of corruption is rightly accepted to be the key factor for the low trust in democratic institutions and for the failures of the reform policies. At present, the international community has invested a lot of intellectual energy and financial resources in confronting the corruption challenge. At the same time two aspects of the current corruption phenomenon are neglected. The first is the role of political parties in the rise of corruption. The second is the lack of real incentives for politicians to fight corruption.

A lot has been done on the legislative level for promoting transparent party funding but the real effect of the legal changes is very limited. Understanding party corruption as a reaction to the rising cost of politics as mentioned earlier in our Report opens room for different types of policies. Parties need money and national budgets cannot provide this money because societies hate spending money on parties. In our view the international community should offer funding for political parties in exchange for open and democratic processes inside the parties much in the way German foundations do for their parties.

It is naive to believe that politicians will endanger their chances for re-election by not taking gray money when their competitors take it. However, it is rational to believe that reformist parties will prefer to get clean money instead of being dependent on criminal economic groups. At present such opportunities are not available. In my view UNDP can initiate the creation of a Democracy promotion fund that is open to financing party activities but the eligibility for such funding will depend on complete opening of the party structures at a national and local level. Any civic organization should have the right to inspect party earnings and spending. The creation of such fund will not only cut the influence of criminal money on politics but will also help to distinguish clean politicians from dirty ones.

The second critical issue with respect to corruption is the creation of the right incentives for politicians to fight corruption. Studies conducted by the Centre for Liberal Strategies and supported by the work of Alina Pippidi and other Blue Bird researchers⁴ show that anti-corruption perceptions in the transition societies reflect not only the actual level of corruption but people's general disappointment with transition. This finding is not a trivial one. If anti-corruption rhetoric is not simply a measure on the state of corruption but the grand narrative of the losers, we cannot expect that even actual improvement on the spread of corrupt practices will change people's belief that everything is corrupt and everybody is corrupt. We witness another vicious circle. Politicians who decide sincerely to fight corruption will meet the resistance of the corrupt system but they can not expect that they will get public support because for the public all politicians are corrupt by definition.

The right incentives for politicians to fight corruption assume radical change not only of the judicial system and its effectiveness but also radical change in the media environment. In the environment in which any drive for transparency is portrayed as another corruption strategy chances for cleaning up political system are limited.

In our view UNDP can take the initiative for creating public support and donors interest for programs fighting corruption in the media. Such programs are totally absent in the region. Media are rightly perceived as a major ally in the war on corruption, but it is honest and responsible media that are the ally. Corrupt media are the major obstacle for the success of anti-corruption efforts.

5.3 The Key Target Groups

The survey on the State of Society conducted in Bulgaria in the period March-June 2002 and consisting of public opinion polls combined with anthropological fieldwork and study of focus group discussions revealed a depressing picture of how people are experiencing the transition. More than 70 percent of the people declared themselves losers in the transition. In their view the only winners are politicians and Mafiosi. On the basis of the survey 20-25 percent of the citizens could be considered as actual winners, but only 5 out of these 25 percent are ready to identify themselves as winners. It is the pessimistic perspective of the losers that is the socially accepted one. This culture of cynicism is wide spread in the region. The international IDEA Balkan Survey also identified public pessimism as a major problem for development. Balkan public mood (with the exception of the Albanians) resembles Latin American francosomania-people believe that their efforts are doomed and that the end result will be a failure.

In the context of this growing pessimism there is an urgent need to help people to re-perceive the situation, to help them to see opportunities not only risks. Public opinion polls conducted in Bulgaria in the last decade identify a strong correlation between the general level of public optimism and the general trust in institutions. The rise of public optimism can be considered as a major indicator of the success of reforms.

The question is who are the agents of the new optimism? In our view the key group with respect to re-perceiving the situation are the closet winners, those who actually have won in the last decade, but who have adopted the perspective of the losers. Getting winners out of the closet in my view is one of the key priorities in the Balkan transition.

⁴ For more www.blue-bird.hu

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