Crucial Problems of International Relations through the Eyes of Young Scholars

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Research Plan

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Crucial Problems of International Relations through the Eyes of Young Scholars

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Foreword of the Editors

Dear colleagues, friends,

It is our pleasure, on behalf of doctoral students of the Jan Masaryk Centre of International Studies, to present you with the proceedings from the XIV International Conference of Young Scholars, Prague 2010. This shows again that the conference is a viable event which gives young scholars from all over the world a precious opportunity to present the results of their research, as well as to mutually exchange their ideas and opinions.

The project “Crucial Problems of International Relations through the Eyes of Young Scholars” was supported by IGS VŠE, grant number F2/39/2010. The main purpose of the project is organisation of the above mentioned XIV International Conference of Young Scholars. This Conference has been organised annually by Jan Masaryk Centre of International Studies since 1997 with the intention of widening theoretical knowledge of the international relations. Participants are mainly Ph.D. students and young research fellows engaged in the issues of international politics, political science, diplomacy, international law, security, European studies or world economy. To our great pleasure this year we welcomed sixty panellists at the Conference. Further objective of the Conference is to support young researchers by giving them convenience to formulate their own research topic, exchange ideas, familiarise with various theoretical and methodological approaches and last but not least establish contacts and cooperation.

This publication is an integral part of the allocated grant and its goals copy those of the International Conference of Young Scholars.

At this point we would also like to thank our partners - the Faculty of International Relations of the University of Economics, Prague, the Konrad-Adenauer Stiftung (through the Centre of European Studies) and the Czech United Nations Association, without their help the Conference could only hardly take place. A special gratitude goes to PROF. PHDR. ZUZANA LEHMANNOVÁ, CSc., the head of the Jan Masaryk Centre of International Studies, for her kind and lasting support.

It is predominantly the participants and their contributions in the form of the papers that maintain the tradition. Let us therefore express a wish that with your help, as well as with the help of the above-mentioned supporters the tradition of the International Conferences of Young Scholars in Prague will carry on.

With thanks to all,
LENKA KOVAČOVSKÁ and MARTINA JENÍČKOVÁ
Editors
Jan Masaryk Centre of International Studies

The Centre was founded in 1991 and named in the honour of Jan Masaryk, a well-known Czech politician who served as a first post-war Minister of Foreign Affairs of Czechoslovakia and was a symbol of democracy in the post-war years.

The Centre takes an interdisciplinary approach toward teaching and training in the field of International Relations. We put stress on a strong theoretical knowledge but we focus also on practical issues the world has to face, with special emphasis on the European Union, globalisation, etc.

The Centre cooperates with a number of institutions and universities throughout the world. We are the founding member of the Central and East European International Studies Association (CEEISA) and a partner school of the International Affairs Network.
Emerging powers in Africa – implications of economic relations with BRIC for public governance in host countries

JUSTYNA ANDERS

(…) where Africa's traditional business partners see only difficulty, the Chinese see opportunity. They are the new pioneers in Africa, and -seemingly unnoticed by aid planners and foreign ministries in Europe - they are changing the face of the continent⁰.

Abstract

The scope of the paper is to analyse impact of international economic exchange on processes of modernization in public sector in selected underdeveloped states of African continent. Developmental studies provide some insight to understanding of different factors of growth and put institutions and government quality in one of the most prominent places.

International development assistance programmes under aegis of the such organizations as UN, UE or USAID are conditional in terms of linking availability of funds and eligibility to fulfilling certain criteria, implementation of governance standards in public policy being one of them. Increased role of emerging economies changes balance of powers not only in terms of drifting world policy into multipolarity but may also influence assistance programmes for underdeveloped nations. Clash of values and norms of policy making between First World and BRIC calls for analysis how increased dependence on exchange with BRIC may influence public governance in host countries. Increased presence of BRIC in the African market was already a subject to numerous studies regarding impact on human rights. The question of crowding out effect of BRIC investment in terms of normative patterns of public policy as seen by the EU, UN or USAID remains opened.

¹ Hilsum (2006), quoted after Kaplinsky, McCormic, Morris, 2006
The data for analysis will comprise investment patterns of BRIC in Africa: its dynamics, sectors, target markets and entry modes. Governance quality of emerging economies and host African nations will be compared in order to assess potential conformance against the background of benchmarks set by international organizations. These data will be subject to critical analysis in view of recent studies on governance in Africa and its alleged limited impact on poor results of economic policies in African countries.

The paper contributes to understanding of nature of South – South relations in both economic and political terms and provides some ideas for discussion of rationality behind international assistance programmes for underdeveloped nations.

Introduction

The scope of the paper is to analyse impact of international economic exchange on processes of modernization in public sector in selected underdeveloped states of African continent. Developmental studies provide some insight to understanding of different factors of growth and put institutions and government quality in one of the most prominent places. Nonetheless, little is known about direction of the relationship between institutional development and growth. D. North in his seminal work provided evidence on primary role of institutions and was supported by R. Coase and A. Alchian on the ground of transactional cost theory (E. Glaeser, R. La Porta, F. Lopez-de-Silanes, A. Shleifer, 2004; A. Hira, R. Hira, 2000). As institutions reduce risk in economic relations they also create path-dependence by reducing scope of future choices for market participants. In this way they create historically embedded basis for future growth. On the other hand there is a strong influence on secondary role of institutional framework in the process of economic and social development. Lipset, Barro and Przeworski claim growth to be a foundation for good institutions. The results of recent study on factors contributing to underdevelopment in Sub-Saharan Africa by E. Grundlach and S. Hartman support this viewpoint (E. Grundlach and S. Hartman, 2007). Against this background the economic activity by BRIC in Africa becomes not only a question of impact on economic growth but also that of institutional modernization. The extent to which these relations contribute to transfer of norms and values for African public administration remains unknown although there are theoretical prepositions regarding process of modernization in public administration. These studies refer mainly to European continent and might have limited value in relationship to SSA although they offer insight to patterns by which changes in public sector occur as a result of frequent interactions with the representatives of dominant culture. As such they might be also used as a
basis for analyzing impact of trade, FDI and foreign aid from BRIC being new actors in SSA and entering competition with First World countries such as the United States, France, UK, Germany, Portugal and the Netherlands.

Three problems in the area of governance emerge in relationship to the increased role of BRIC in international exchange on the African continent:

- difficulties in assessment of impact of international economic exchange on processes of modernization in public sector SSA countries in general;
- theoretical gap with regard to mechanisms that shape transfer of norms and values affecting quality of governance in SSA countries both from developed countries and from emerging economies in Africa;
- question of reconsidering systems of developmental aid for SSA countries from donors sensitive to good governance issues such as UN, USA and UE in face of increasing role of BRIC in the African continent.

Theoretical background

Theories within institutional sociology might serve as a basis for analysis of transfer patterns with regard to governance rules, values and practices between countries while taking into account certain limitations concerning applying preposition on organizations to complex body of the state. On the other hand these are public organizations that are responsible for the quality of government and public services provision. Based on this mechanisms of the intersystemic osmosis and isomorphism characteristics can be useful in analyzing how countries adopt, adapt or transform towards institutions that are external to their everyday practice.

According to Powell and DiMaggio (Powell and DiMaggio, 1991) growing similarity between organizations occurs due to successful imposition from the dominant partner (coercive isomorphism), adoption of what is considered to be right (normative isomorphism) and imitation of what is considered to be attractive or successful. In between-state relationships or international organization-state relationships peace making operations might be regarded as a tool of coercive isomorphism, and it seems that what happens in SSA countries in their relations with BRIC result in attractiveness driven isomorphism. However, there is a problem with normative isomorphism when what is declared right by politicians might be at the same time a subject to imposition due to profound differences in culture, legal and political traditions. Conditioned international assistance is an example of such a transfer tool.
Frequent interactions between organizations that exist in the same organizational field (perform similar or complementary activities, use and exchange similar resources) serve as a facilitator for isomorphism (Scott, 1995). Scholars in the area of Europeanization also make such a preposition (i.e. Boerzel, 2003). In fact there is only partial evidence on that and only strictly harmonized and regulated common policies such as Common Agricultural Policy and Cohesion Policy produce transformation in public institutions of the new member states of the EU (J. Anders, 2009). There is also lack of data on the nature of influence of economic relations on public organizations but these organizations are influential stakeholders as they set framework for exchange. Also representatives of studies on Europeanization claim that misfit in norms, rules and values creates adaptation pressure. The greater difference, the bigger pressure. These norms, rules, values, ways of doing things in administration and policy practices that have high goodness of fit to national framework are attractive and swiftly adopted. Minor institutional differences produce adoption, while profound dissimilarities call for transformation (C. Radaelli 1999, T. Boerzel, 2003). Adoption of these proposals to the situation of SSA countries is problematic. On the one hand, there is a misfit between rules, values and practices of SSA countries and international donors (World Bank, International Monetary Fund, USAID etc.) that should produce adaptation pressure. On the other hand, Western institutions might have a limited attractiveness for SSA partners. The question is, whether economic exchange with BRIC can serve as an instrument of exposition towards a different set of norms and values in public policy making that will be more attractive than those of Western democracies?

The economic importance of BRIC countries is steadily increasing with China and India in the leading positions. Asian countries also start building their political position in global world by participation in continental integration and increased investment in military. With regard to African continent these are Asian players that have most to say in economic exchange, while Brazil and Russia are still concentrated on their traditional areas of influence such as Latin America and former Soviet Union respectively. With a limited opposition in China and Russia these countries can easily perform governmental policies abroad also by economic tools. Patterns of legitimization of power are different for Western democracies and developing countries. While majority in popular voting and trust in political institutions produce legitimization in the developed World, it is pure effectiveness that is fundamental for political support in emerging economies and LDC. This match can serve as a basis for attractiveness of i.e. Chinese, Russian, Indian or Brazilian institutional arrangements for SSA countries. For their part, capacity
of taking either these solutions or those encouraged by international donors depends on administrative capacity that is still limited due to institutional (corruption), organizational (staff skills and competences) and financial reasons (tab. 1).

### Tab. 1: Capacity of taking and shaping the developmental policies

<table>
<thead>
<tr>
<th>Political capacity</th>
<th>Administrative capacity</th>
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<tr>
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<td>Trust in political institutions</td>
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*Source: Boerze 2003, adapted*

### Economic relations of SSA countries with BRIC

It is not new for African countries to increase participation in international trade. Economic bilateral relations in the continent have been institutionalizing for at least 30 years, with a notable fast progress in 1990’ that marked first 100 in amounts of Bilateral Investment Treaties for the continent. Although most of them were concentrated in few countries such as Egypt, Tunisia or Mauritius, also SSA countries became a part of this process in the end of 1990’ (UNCTAD, 1998). At that time significant numbers of treaties applied to trade relations within the African continent. 1990’ were also marked by a significant growth of trade flows between Africa and Asia and growth rates reached 30% in 2003. Currently African export to China and India accounts for 40% and 9 % respectively (Y. Yoshino). Five years later trade with BRIC is dominant for fragile states (Kaplinsky, McCormic, Morris, 2006; D. Large, 2007) that face serious problems with political stability and human rights i.e. DRC, Sierra Leone, Sudan or Angola. In case of relatively stable markets of Tanzania and Zambia shares of BRIC and Western democracies including US, France, Spain, Portugal, Italy, Germany the UK and the Netherlands are similar (Fig. 1).
Fig. 1: Share in export/import of BRIC vis-à-vis other countries in selected SSA in % (2009)

Data: UNCTAD

According to research by Sachs and Warner as quoted by Ayayi at least 1% of the 3.4% difference in growth rates between East Asia and Africa is explained by low investment. In this context attracting FDI becomes a political priority in the continent as it can contribute to achieving Millennium Development Goals referring to eradication of poverty and hunger by filling resource gap that of approx. 60-64 bil. US$ annually (S. Ibi Ajayi (ed.), 2006).

There is evidence that FDI serve also as a catalyst for economic and legal reforms. In 1990’80% of FDI in SSA countries were related to privatization as compared to 60% indicator for all developing regions. 1990’ are also a period of growing interest in that area by foreign investors. SADC (Southern Africa Development Community) attracted 1/3 of FDI in Africa in first half of 1990’ to ½ in the second half. Its Finance and Investment Sector Co-ordinating Unit produced a protocol on basic principles of investment policy that underscore inter alia “significance of equal access in relevant areas for both domestic and foreign investors and need to introduce simple, transparent and non-discriminatory procedures for the approval, entrance and operation of investments” (L. Odenthal, 2001). Apart from Angola and Nigeria the rest of FDI receiving countries stressed political stability as a factor conducive of FDI: among them Botswana, Lesotho, Mauritius, Mozambique, Namibia, Swaziland and Uganda (A. Geda, 2006).

2 Angola, Botswana, Congo Zair, Lesotho, Malawi, Mauritius, Mozambique, Namibia, Seychelles, South Africa, Swaziland, Tanzania, Zambia, Zimbabwe.
Oil and gas reserves in Angola and Nigeria are far greater than those of i.e. UK. Also volume of oil and gas in Africa doubles figures for the whole North America (A. Mismang, 2008). These areas became interesting for countries undergoing rapid growth, especially for China that is natural-resource seeking investor. This type of investment is especially important for Nigeria (oil), Ghana (gold) and Botswana (diamond) (S. Ibi Ajayi (ed.), 2006).

In 1980 almost 80% of FDI in Africa originated from France, Germany, the United Kingdom and the United States. This was followed by growing interest in Africa from countries such as Spain, Netherlands, Portugal and Switzerland with % change from 2 to 20% between 1980 ‘and 1990’. End of 20th century marks important change in African FDI market with the appearance of new actors from Asia – Malaysia and South Korea (UNCTAD, 1998). Diversification of sources of investment was not the only sign of growing potential in terms of FDI attractiveness. European and American investors started moving from primary sector to manufacturing and services with France being the only exception (S. Ibi Ajayi (ed.), 2006). In the end of 1990’s Nigeria, Angola, Botswana, Ghana and Namibia were among those SSA countries that attracted more than 1 billion dollars (UNCTAD, 1998). The largest FDI projects of that period comprised banking sector in Mozambique and Zimbabwe (Portugal, UK and Malaysia and the UK respectively) and four investment projects from South Africa in Zimbabwe, Swaziland and Tanzania. China contributed to only 2 projects at that time and India implemented 3 FDI activities in comparison with 88 project of the US, 64 by the UK, 21 German, 12 French and 9 Dutch projects (L. Odhental, 2001).

After announcement of ‘Going Global’ policy by Beijing, China’s companies rapidly expanded abroad and Africa was an important area of exploration (D. Brautigam, 2007). Important part of Chinese FDI was resource driven, but more and more companies started also manufacturing activities especially in light industry. A part of manufacturing projects originated from 1984th loosening of Chinese emigration policy where Chinese were encouraged to invest abroad and also labour force originated from China especially in Chinese special economic zones that were established with support and consent of the African host authorities. India was a follower in FDI activities in SSA market but its presence is market by large investment from the global companies such as Vendante Resources, Acerlor Mittal and Tata Group. India also presented different approach than China by building stronger cooperation with local communities, employing local labour and use of local infrastructure. Russian and Brazilian presence is still limited especially when compared with Chinese and Indian and most of the activities are in natural resources: i.e. Brazilian Petrobras in Angola (oil) and Russian Alrosa also in Angola (diamond) (Karl P. Sauvant, 2005).
Apart from obvious advantages of investment inflow and their positive externalities through competition channel, training channel, linkage channel and demonstration channel\(^3\), there were also negative aspects such as sweatshop employment, enclave investment that increased interregional divergence, dumping against local manufacturers, profit repatriation and crowding out especially in textile industry (B. Seetanah and A. J. Khadaroo, 2007).

It is not surprising that especially Asian economic presence supported by their economic and humanitarian assistance in SSA countries gained a lot of interest and positive coverage especially by local politicians. *With the Asian countries it’s fast and it’s direct … Africa doesn’t have a lot of time — a statement by Senegalese President Abdoulaye Wade in 2006, The same year, J. Sachs expressed opinion that China deliver few lectures but much more useful support*. Unconditionality of Chinese presence abroad dates back to 1954 when “Five Principles of Peaceful Coexistence” were introduced. On the other hand, both in Indian and Chinese practice unconditionality of Asian involvement is still limited to political and cultural questions i.e. extensive loan lines from EXIM bank of India are linked to purchase of Indian goods or financing of procurements by Indian companies such as i.e. Rites. (G. House, 2005)

Current Chinese activities in SSA countries cover inter alia: plant and technical assistance, presence of medical teams, training and scholarship schemes, Overseas Youth Volunteer Programme, debt cancellation, tariff and quota free entry for local manufacturers form LDCs. Humanitarian aid from China is visible in conflict affected areas of Chad, Equatorial Guinea, Sierra Leone and DRC. Chinese perform active, high level diplomacy with so called New Years Pilgrimage by Chinese top officials to Africa and seem to understand cultural requirements for symbolic dimension of politics. (D. Brautigam, 2008). Similarly Indian government increases cultural exchange with SSA countries and performs extensive accompanying programmes for both official visits and India Conclave Meetings of Indian-African Partnership.

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\(^3\) Competition channel – increased competition from new players is likely to lead to improved productivity of local firms; training channel – foreign companies provide impetus for new skills development and transfer know-how.; linkages channel – technology transfer from foreign investors to their local suppliers becomes possible; demonstration channel – imitation strategies for domestic firms become available.
Governance quality in BRIC and SSA countries

Governance quality of SSA countries remains significantly lower than in the case of their First World economic and political partners. In fact especially fragile states present indicators similar to those of China and Russian Federation that score negatively both in World Bank good governance indicators and Freedom in the World indicator by Freedom House. Brazil and India seem to be similar in governance quality to the most ‘Westernized’ African states: South Africa an Ghana (Fig. 2 and 3). This fact could call for attention from international organizations providing assistance to the African states to create coalitions with Brazilian and Indian partners in order to facilitate transfer of good governance patterns. But detailed analysis provides pessimistic data especially with regard to corruption.

Fig. 2: Good Governance indicators for BRIC, SSA and main First World trading partners

Data: World Bank
Fig. 3: Freedom in the World

Political rights: Electoral process, political pluralism and participation, functioning of the government

Civil liberties: freedom of expression and belief, association and organizational rights, rule of law, personal autonomy and individual rights

Data: Freedom House

According to Transparency International not only Chinese but also Indian companies are perceived as the most corrupt in international market. As such they might preserve unwanted patterns of doing things in public affairs in the SSA countries that are also facing corruption problems (D. Brautigam, 2008). This popular concern fits well to theories regarding intersystemic osmosis that were mentioned above.

There are many studies on the cultural factors of economic development (Harrison and Huntington, 2003) and most of them concentrate either on category of trust (Putnam, 1993) or draw from Hofstede’s cultural dimensions of power distance, uncertainty avoidance, societal orientation (former masculinity/feminity), long term orientation and individualism/collectivism (J. C. Hayton, G. George, S. A. Zahra, 2002). In spite of many controversies regarding Hofstede’s results there is no similar study allowing for cross-country comparisons of cultural variables in the global sample since GLOBE project on leadership comprises smaller group of nations.
Fig. 4: Power distance and uncertainty avoidance in selected countries and leadership styles

Low power distance countries are characterized by strong middle class, merit promotion criteria, low economic and social stratification and participative style of management. Low uncertainty avoidance is often accompanied by lower regulatory burden, strong position of citizens vis-à-vis public authorities, positive approach of citizens towards public institutions, political system, officials and state as such and decentralization trend. Individualistic cultures consider individual interest as more important than collective interest, and the law is designed to protect privacy. In most of the cases these countries set limits on the role of the state in the economy (Hofstede, 1993).

Administrative models of Germany and the UK are embedded in cultures that differ from those of African countries. It seems that both rationalistic model of civic legal tradition (continental Europe) and pragmatic model of common law are culturally distant from Asian, Latin and African understanding of relationships between state and citizen (Fig. 4).

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4 Rationalistic administrative model refers to pure Weberian bureaucracy where each individual case is analysed as to the conformance with a priori established legal rule. Pragmatic model refers to common law tradition where each
Concluding remarks

According to Ch. Pollit there are three models of reforming public management:

- Purposive model, where leader perceives need for change, and pushes reforms forward through proactive approach. Reforms are endogenous to the political and administrative system. New Public Management reforms in New Zealand and Singapore but also National Performance Review and reinventing government in the US, Tilburg model in the Netherlands in the 1980 and 1990 were examples of such a change.

- Model of environmental change where public administration adopts reactive perspective of an observer who becomes aware of the fact that certain solutions and practices are no more successful and do not fit to those applied by other stakeholders. Reform seems to be inevitable in order to keep up with competition either from private sector or international bodies or satisfy requirements of the public that are an important currency of political support. Neue Offentliche Steuerung reforms in Germany, Austrian and Swiss adaptation of Tilburg model, but also failed New Public Management reforms in Bangladesh might be regarded as examples of such a change.

- Model of institutional change where reform challenges and alters existing norms and values and changes collective perspective on how public affairs should be governed. Transformation from communism to democracy in Central and Eastern European countries also in terms of public governance is an example of institutional change process that is still on the way.

Unfortunately, a research on the nature and quality of governance in SSA countries is still limited. What we know is that in general these countries do not fit to the Western perception of how the good public administration should look like and international assistance from the First World is conditional with indicators referring to the good governance as an important factor of eligibility. What we also know is that success of this approach in reforming the SSA states’ public administration is questionable with Ghana being a splendid individual case is compared with similar cases from the past and solutions once applied are analysed for their current relevance. More about Riggs and Sartori typology see: B. G. Peters *Administracja publiczna w systemie politycznym*, WN Scholar, Warszawa 1999
exception. It seems that model of institutional change can hardly be adapted to the SSA. It is rather attractiveness of external models that might push public administration of SSA towards changes either clear economic incentives that are a part of FDI process.

This attractiveness has several dimensions:
- Non interference rule that makes leaders to believe in partnership in relations;
- Similarity in terms of governance quality that produces realistic objectives of the adoption/adaptation/transformation processes in public area;
- Similarity in terms of cultural values that produces lower adaptation cost for public officials;
- Economic effectiveness of BRIC in comparison to First World economies in terms of growth rates and size of FDI especially in fragile states that serves also as a legitimization of regimes and political power and also increases attractiveness of BRIC governance models.

In this context concern about influence of increased role of BRIC in the African continent and its impact on governance quality seems to be justified. Given many limitations of this study i.e. cross-country data availability and comparability there is a call for a comprehensive model including factors of economic exchange, cultural values, developmental aid and its conditionality on governance in SSA-countries.

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Emerging powers in Africa – implications of economic relations with BRIC for public...


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Europe takes real contact with Chinese classical language, literature and philosophy in the 16th Century, in a situation very far away from Marcus Aurelius (who supposed to send an embassy to China in 166 A.D.; notwithstanding, the ambassadors could be pretenders, like the Gibeonites in Jos. 9, desiring advantages in the name of the exotic king Andun – Antoninus – of Da Qin – Rome –) and very far away also from John of Plano Carpini or Marco Polo, sent with the placeat of the Pope. By this time, Western Europe is neither a political unity like the Roman Empire, nor the religious continuum of Christendom, as Voltaire depicts in his Galimatias dramatique.

In fact, division in sects seems a necessity of every organized religion: Europe never was a religious unity, if we do not consider polytheism as unity. Many of the Europeans who entered in contact with China before the 16th Century do not believed in Christ, being Jews or Muslims, or were heretic Christians (Nestorians). And they, it must be said, continued in China our monotheistic culture in Chinese language. On the other hand, even inside Catholic religion there are fights between Augustinian, Dominican and Jesuit orders (called also religions).

As Roman Empire, China had a religion of State (worship of the Emperor and the Power) and tolerance for worshipping everything if it did not credited to menace the Imperial Power (so, Rome prosecuted Bacchants and Christians, and China foreign religions as Buddhism and “magic criminals”, yaowu or yaozei).

But both empires adopted, finally, a foreign religion as religion of State. Most probably Theodosius, making Christianity official religion, wanted...
the preservation of the Empire by a new way of spiritual identity, being the territorial identity sincerely impossible. Emperor Taizong of the Tang used Buddhism for supporting the stability of his reign, but also for justifying his bloody catch of power. Priests were happy with a king who slaughters his own familiars (vid. Solomon) if he builds temples.

Solomon was punished by God (in his sons), following the priests, not because of he killed his brother, but because he worshipped foreign divinities. In China there is an idea similar to the grace of God in the Bible, the Tianming, but its interpretation does not belong neither to prophets nor priests. In China there is no pope, and Taizong was free of adopting Taoist and Confucian views in his government and life. Buddhism in his era was not, actually, a religion of State, but a religion for State, being the State mostly his own person. Buddhism was the ground of the power of Tang dynasty, but Taoist Emperor Wuzong of the Tang prosecuted Buddhists, Zoroastrians and Christians. Before, Emperor Wudi prosecuted Buddhists and Taoists. Julian the Apostate could demonstrate that also in Europe religion of State was religion of the Emperor.

Tolerance of religions and their prevalence depends on the will of the masters of the power: if there are two different sources there is possible the simultaneous protection and prosecution, like in England with the Crown and the Parliament.

In China, only two ways of thinking possessed the State, banning all the others: Legalism with Qin Shi Huang-di, and Communism with Mao Zedong. Communism is closer to a religion than Legalism, being a foreign doctrine with remote origins in Christianity (even a Chinese pre-communist doctrine, Taiping, has a strong nexus with Christianity –his leader presented himself as a reincarnation of Jesus Christ–). But the only background of Legalism is Law and Taoism. More than a doctrine or religion of State, First Emperor’s Legalism is the belief in one only State and one only King in which religion is not important: the basis of the Chinese political identity until the death of Mao as was admired by Europeans, especially during the Enlightenment: inspired by the coincidence of the revocation of the Edict of Nantes by Louis XIV and the Edict of religious freedom by Kangxi, illustrated philosophers believed in the religious freedom of China, but they forgot that the same Edict of Nantes was a proof of tolerance and maybe they did not know the Chinese prosecutions of Buddhism, Taoism, Zoroastrianism and Christianity. Religion and doctrines for the Chinese power are instruments, like in Europe, but in a clearer way.
It is Legalism, inspired by political Taoism, which determines the shape of the Chinese Empire as it was admired by Philip II of Spain in his letter to the King of China in 1581. Confucian fidelity to ancestors would be regarded as idolatry and Buddhism would be not attended for influence of the Confucian critics.

This Legalist goal admired by Europe, the united State without religion but law, is regarded by Helwig Schmidt-Glintzer as weakness, and an obstacle in the way to an united Europe (Schmidt-Glintzer 2005: 8). At the end, Schmidt-Glinzer will say, maybe in a naïve way, it is Europe which can be a model for China. Helwig Schmidt-Glintzer believes in small political and economical unities. He quotes Italian federalists of 19th Century, Leopold Kohr, Omae Kenichi, Herbert Giersch… (Schmidt-Glintzer 2005: 20-21), but also Aristotle wanted a polis neither too small nor too big. Aristotle assisted to the rise and finish of the first great multicultural European Empire, being the teacher of its lord, but he speaks about polis.

Schmidt-Glintzer goes Confucian and, quoting the book of Kotkin (Kotkin 1994), talks not about polis but about tribe. Relationships of ethnic, familiar and social fidelity (Chinese guanxi, Yiddish blat) are seen as more important than States, and the real middle of Huntington’s clash among civilizations (Schmidt-Glintzer 2005: 21).

But it is clear that if we want to take positive consequences from ethnic bounds, we need isonomy, and isonomy is a goal of Legalist doctrine. There, even the ruler is submitted to the empire of Law (fa), and not of Rites (li) or Dao (simple Nature). We can see it in a film provided with a double irony, Zhang Yimou’s Hero (2002), which sarcastically won the Chinese prize One Hundred Flowers. One Hundred Flowers is the Maoist version of the One Hundred Schools which were killed and prosecuted by the Legalist Qin Shi Huang-di, praised in the film. Another irony resides in the English title, Hero, being heroism completely impossible in Legalism. A man who accomplish more deeds than those which the State commanded him must be punished, as Han Fei Zi clearly exposes, and, we can see it in the film a man who commit a fault must be punished despite of the will of the ruler. The protagonist, finally, understand the design of the Emperor and become read for fightomg for it. In the world of heroism he could be converted in a champion of the ruler. In the world of law, he must be executed. The Romans said “ius summum saepe summa est malitia” (Ter. Haut. 4.5.47), “summum ius summum iniuria” (Cic. Off. 1.10.33), and “summum ius summum crux” (Colum. 1.7.2).
A British film, Terry Gilliam’s *The Adventures of Baron Munchausen* (1988), criticizes that 18th Century Europe learned from Legalism. In a scene, a bureaucrat command to execute a hero because he did more than he must do. In Terry Gilliam’s film we have a hero, Baron Muenchhausen, between Germanic and Turkish worlds (and the useless world of intellectuals in the Moon). In the Germanic world Law commands, the will of the ruler commands in Turkey; but both situations bring to a lack of discrimination between good and evil and a to lack of respect for Nature.

An empty law is useless. Before to rule, we must determine what is good, and what we are looking through the law. Legalism is the opposite of relativism: but this substitution of traditions should be justified for being the choice of the best. A State cannot accept simultaneously Rabbinic and Catholic consideration about abortion. If Catholics consider foetus as a human person and Rabbis do not it, we can discuss about it, but we never could say that a Catholic foetus is a man and a Jewish foetus is not.

What is Chinese legalist view about this subject? Nie Jing-Bao and Arthur Kleinman say that “According to the logic of legalist tradition, coerced abortion can hardly be regarded as a serious moral problem” (Jing-Bao, Kleinman 2005: 213). Lord Shang said (Shang, 2003: 225-226):

“During the time when heaven and earth were established, and the people were produced, people knew their mothers but not their fathers. Their way was to love their relatives and to be fond of what was their own. From loving their relatives came discrimination, and from fondness of what was their own, insecurity. As the people increased and were preoccupied with discrimination and insecurity, they fell into disorder. At that time, people were intent on excelling others and subjected each other by means of force; the former led to quarrels, and the latter to disputes. If in disputes there were no justice, no one would be satisfied; therefore men of talent established equity and justice and instituted unselfishness, so that people began to talk of moral virtue. At that time, the idea of loving one's relatives began to disappear, and that of honouring talent arose”.

This view of an ideal past before civilization comes from Taoism. In the *Zhuang Zi* it is written (Mair 1998: 302):

“Moreover, I have heard that in ancient times birds and beasts were many and men were few, so the people lived in nests in order to avoid them. By day they would gather acorns and chestnuts, and at evening they would roost in their trees. Therefore, they were called the people of the clansman of the
freehold at Nest. In ancient times the people did not know the use of clothes. In summer they would accumulate much firewood and in winter they would warm themselves with it. Therefore, they were called people who knew how to take care of their lives. In the age of the Divine Farmer, when the people lay down they were content and when they got up they were peaceable. The people knew their mothers but not their fathers. They lived together with elk and deer. They plowed so they would have food; they wove so they would have clothes. They had no mind to harm one another. This is the fullness of ultimate virtue. The Yellow Emperor, however, could not maximize his virtue. He fought with Ch’i-hyu in the wilds of Cholu and the blood flowed for a hundred tricents. When Yao and Shun arose, they established their crowd of ministers. T’ang banished his sovereign and King Wu killed Chow. Ever after this, the strong oppressed the weak and the many tyrannized the few. Ever since T’ang and Wu, they have all been a bunch who bring disorder to the people”.

For Legalism the ideal is the next step of civilization, for Taoism the ideal is to come back to the state before civilization. Both of them refuse family, giving the men to the individuality (Daoism or anarchy) or to the State (Legalism or totalitarian system).

Lu Xun showed in his *Diary of a Madman* that, in China, neither ancient times nor classical civilization are free of crime. Lu Xun presents an anthropophagic society. In our times, an individualist Chinese artist, Zhu Yu, ate human foetuses in England as a performance. Chinese government condemns this kind of art, but, in fact, China promotes the production of aborted foetuses and the use of human corpses in many ways: for example, as collagen in cosmetic industry. Europe consumes Chinese bodies not only in a cultural but also in a real way (Bellido Morillas 2008: 16). We are, then, like in primitive ancient times before civilization, and we are invited to establish order. Of course, we can follow the Taoist tenet *do nothing* (*wu wei*), which in fact reveals itself useful for resolving many problems of the European Union. For example: the integration of nomadic peoples, like Gypsies, could be overtaken by the idea of *mobility* as most developed state of civilization. In Belgrade I have seen how a declassed and despised activity made by Gypsies, collecting of scrap, became a modern and European activity, recycling. Nationalism could be disintegrated by the integration in the EU, which could make the identity of the nations not more real that the title of *Duke of Jamaica* which belongs to the descendent of Columbus: only a historical curiosity, dissolved by the effective economy and law. We are the Republic of Bremen, could claim a citizen; we are Austrasia and Neustria, could say another people; we are the kingdom of Sobrarbe and Ribagorza; we are the kingdom of Argantonius. But, if you pay
the same taxes and you are judged according a common law, your flags and shields will be no more real than the Confederated flag in a Californian porch.

Behold, we must choose a common law, and we cannot do it by a Taoist non-acting way. Maybe the labour of looking for good is too hard and too long for these pages and for the seasons of the European representative organs. Probably we should follow Kant’s example and look for a formal method of creating laws more than for yet-made laws. And, in China, we find a useful jia (school) for that, influenced by Mohist disputers, Confucian concept of zhengming (rectification of the names) and concept of xingming, being xing homophonous with “punishment” (Lewis 1999: 33). It is Mingjia, the School of the Names.

Following Lü Buwei, Fung Yu-Lan tells about Gongsun Long that “Once he urged Kings Chao of Yen (311-279) and Hui of Chao (298-265) to cease war, saying “The idea in ceasing war springs out of a mind holding universal love toward the world” {Lü-shih Ch’un Ch’iu (XVIII, 1), p. 292}” (Yu-Lan 1983: 203). But, as Jean-Paul Reding noticed (Reding 2004: 28), “the most important aspect is that Gongsun Long here only shows that the King is not consistent with himself”. It is secondary whether Gongsun Long is against war or not: he is against believing in the universal love and celebrating victories in the war, instead of complaint about them in the same way that in defeats.

In the same way, we could ask why because of an European Union directive it is written on tobacco packaging “Smoking kills”, “Smoking clogs the arteries and causes heart attacks and strokes”, “Smoking causes fatal lung cancer”, “Smoking can cause a slow and painful death” but it is not possible to find heroine in the European Union with an official label by that style (“Heroine causes loss of teeth”, etc.). If European Union consent the use of poisons for hobby, they should consent the selling of every poison for private use (amphetamine, morphine, Zyklon-B…). If European Union is against the trade of poisons for human use, they should not to be dealers.

And, about abortion, it is valid the objection in the zhengming way made by the Confucian physician of this neo-Confucian story (in which values are changing) written by the prime minister Ji Jun (1726-1805) in his Yuewei Caotang Biji (Notes from the Hut of Subtle Reading) (Jing-Bao, Kleinman 2005: 73-74):

“Wu Huisu told. There was a physician who was well known for this prudence and kindness. […] he had a dream about being arrested by a police officer in the underworld. He was told that someone had accused him of murder. As he arrived in the underworld, a woman with a long red towel
wrapped tightly around her neck was complaining that the doctor refused to supply her with drugs. The physician said: “Medicine is for saving life – how could I kill a human being for profit? Your adultery was brought to light – but that has nothing to do with me”. The woman answered: “When I asked for medicine, the fetus had not yet formed. By aborting it, I could have survived. My life could have been saved by destroying an insensible blood clot. But since I couldn’t get an abortion drug, the baby was born. The child endured his fill of suffering and in the end was killed. I was left no way out except to hang myself. You destroyed two lives in trying to save one. If you can’t be prosecuted, who else should be?” The underworld judge sighed and said: “Your testimony takes real-life circumstances into account. He on the other hand has stuck rigidly to li (ritual, order, reason, principle). Is he the only person since the Song Dynasty to cling stubbornly to li alone regardless of circumstances in the real world?” At that point, the judge rapped on the table. Filled with horror, the physician woke up”.

In the Chinese story, the contradiction is about the name of the medicine (renshu) and the name of the crime (sharen). In Europe the contradiction resides in the Hippocratic Oath. But there is another and more visible logical contradiction about abortion in the European Union: the promotion of equality among sexes establishing paternity permissions (free days for recent fathers in their jobs) and, at same time, the quest for the free abortion. If the mother is the only responsible and the only voice which decides whether a child will be born or not, we are denying the historic and cultural construction of paternity, and then we cannot concede such permissions. And, of course, fathers should not to be obliged to pay any maintenance for children. But, if they are considered responsible, they should have voice in the decision about abortion.

Europe should be visited by the One Hundred Schools and listen to their philosophers. It is true, notwithstanding, that these philosophers did not change their bloody political reality and their period was known as Warrior States era. But we Europeans cannot be proud, after the recent wars in the heart of our continent, the Balkans. Mohist desire of yan bing (stop war), should be compatible with the teachings of the bing fa (arts of war): we should procure a society with the goals of our classical warrior states (Greece, Rome, Spain) but in peace, and with the sobriety and parsimony desired by both, Mohist and War Schools. Study is a safe way.
Bibliography


To Have and to Be

The Final Countdown of the Western Civilization

JITKA BÍLKOVÁ

It must be said at the beginning that this article is very brief and simplified. It traces just and only one line of this very large topic, and it is only one of possible approaches to this subject matter. It is fundamental to study deeply Far Eastern cultures with wide range of its aspects (history, social systems, systems of values, etc.) to come closer to understanding its specifics – in this case the traditional Chinese way of thought. Profound study only can ensure that characteristic features of Far Eastern cultures including their systems of thought would neither be conceived as a mere and poor orientalism, nor misunderstood.

Nowadays, in globalised world facing the economical and political changes, it is essential to comprehend other cultures/nations, their standpoints and values, and respect them. This attitude can help not only in contacts with them, but also with better understanding one´s own culture and its specifics.

1. Introduction

In 1964 H. Marcuse published his book One-Dimensional Man. He deeply analysed the modern Western society of that time.

He wrote that in the technological society, comfortable, non – conflict, democratic non – freedom prevailed. It was counterbalanced with an illusion of wealth and fulfilment of the needs, which were, however, mostly provoked by advertisement campaigns. Consume had become a life standard, a way of life. This consume way of life weakened rational thinking and led to submission among people. All human (individual) values were in the correspondence with public opinions and the general conception of values was stated and confirmed by the society. Social control was based on needs that it itself had formed. This social control emphasized and demanded growth of production and use of unnecessary things. The how - the others - look - at - me criterion rooted in the opinion of the society was the key criterion of subject´s self evaluation.
Approximately to the beginning of the 20th century (in fact, this process started developing much earlier), people lived, psychologically, in two dimensions – they worked hard, but they kept inside themselves ideals and hopes in future improvement of social conditions. The loss of this transcendence led to the phenomenon called one-dimensional man. The co-operation was replaced by competition which is understood as the possibility to gain force over the others.

To sum up, Marcuse argued that "advanced industrial society" created false needs, which integrated individuals into the existing system of production and consumption via mass media, advertising, industrial management, and contemporary modes of thought; that society made people require more than they really need ignoring the psychologically destructive effects, and made people search for social connections through material items. The waste and environmental damage that it caused is also ignored.

There are some suggestions for solution to this situation, for example co – existence of capitalistic and social economics, co – existence of competition and co – operation.

The results of Marcuse’s analyses were not put into practice. During last few decades, the situation and the crisis has deepened. As the reaction, the same or similar problem was examined – even more deeply and profoundly – by the Budapest Club a few years ago.

Budapest Club was founded in 1993 by Ervin Laszlo. It is an informal association of globally and locally active creative minds in the field of art, science, religion and culture.

The members of the Budapest Club state that as the time flows, there has appeared a growing sum of problems all over the world: social problems, political, economical and cultural problems. There arose contradictions, different in each country, but present in every country, and they culminated in conflicts and crises, even in wars. The relationship between a human being and nature became more complicated and explosive.¹

The authors describe conditions (and problems) of the present world:
- economical factors: growth of poverty and a huge gap between the rich and the poor
- religious intolerance in many places of the world

- growing resentment against the hegemonic tendency of the USA who pursue their economical and political goals grounded on their military power - ecological factors.

Further, there are criticised such prevailing issues as: indepletability of nature resources, social darwinism (ideology of competitive proficiency), market fundamentalism (the market is the answer to all questions), society of consumers (the more you have, the better you are), militarism (the way to peace leads via the war: as if the violence could be overcome by violence).

The members suggest the necessity of the whole-planetary education and morality, and in the connection with this some “rules“ for the human beings, for example: respect to all people and respect to life in general, care of all living and growing “beings“ (animals and plants), help to other people, shopping just necessary equipment and facilities, more effective and modern education, acceptance of individual responsibility, emphasis on intellectual and emocional life, high level of tolerance, co – ordination and co – operation, etc. The authors say that there is a possibility to develop harmonious world with co – operation with all living beings. They believe that a change will come, because it must come.

In fact, the change of the world has already started, otherwise there would not be this topic – The Final Countdown of the Western Civilisation.

2. The Specifics of the Western Way of Thought and Attitude towards Nature – Certain Roots of Described Situation

2.1 The Way of Thinking

Reported criticised aspects have their roots and have arisen from European thought tradition.

Greek philosophy worked with the central concept of the logos with the meaning: the way of reading, the order, the law, the word, the reason, the reasoned speech. The cosmos was comprehended as proportionally organised whole; it was possible to know it and learn about it, also with the help of geometry (mathematics).

Medieval world was also hierarchically organised. Things and matters were knowable, because they were created by the rational being; our reason recognized, knew and learnt about nature, because it was created by the same rational being.
The Renaissance man thought that human reason was a reflection of God’s reason. Copernicus wrote that the world was rationally clear, perfect, harmonious, and could be expressed geometrically. Nature was understood as material, as a large machine, which could be observed, analysed, classified, and compartmentalised, in fact, cut into pieces, and learnt; it could be summarised and expressed in theories afterwards. Paracelsus added to this opinion that theories, which could not be tested in practice, were confusing. English philosophers emphasised the role of senses and they asked for experiments to gain appropriate knowledge. Galilei, Kepler, and Descartes demanded exact measurements and quantification. Bacon believed that a human being had right to rule over nature. He wrote that nature revealed its secrets better when it was cut, penetrated into its hidden spaces and areas, when it was bound and made to leave its natural state.

In the seventeenth century, nature became inert materia, and as the consequence this led to duality of materia and spirit or mind, to the interest in description of outer forms of things, to objectivisation. Therefore, the science of the twentieth century is a theory of the factual – observable. As such, according to Heidegger, scientific representation will never be able to include and incorporate quintessence of nature, because the objective and concrete character of nature is beforehand, and it is only one way of those in which it is built and organised.

Furthermore, scientific thought is not a picture of reality, it does not fit the experience, but conversely, it simplifies nature on purpose; if there is a possibility to express facts in a different and more efficient way, they will be formulated in this new way. True is what works. Practical experiments aim to discover, whether issues function.

Experimental sciences need the mass of people in the same way as the mass of people needs them, otherwise it would vanish: without physics and chemistry, humankind cannot survive on the Earth in the amount that it has reached.

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Every truth is humanly dependent, it is chosen, it is of some priority to the others. Human questions are dependent on what human being wants to know, and the answers depend on the questions. Every truth and error are related to human intentions. Objective, e.g. really accepted truth is just choice of the truth accepted subjectively. The whole world is made of one “material”: that is experience. The truth is the correspondence of our thought or experience with the object – shared commonly and interpersonally.

It can be sum up, that nowadays, general values for scientists (who have a great influence on the society) are theories which are created by activity of thought and reason, and which are tested in experiments, and exactly quantified. In other words: what can be counted, counts. Thus, most common values among people are also those that can be counted – that are connected with money and economical prosperity.

2.2 Relation to Nature

Described attitude enables exploitation of nature resources, following one idea – gaining as high economic profit as possible. Here are two examples: current technologies are so developed and the development continues so rapidly that computers become old very quickly. Nevertheless, some information and technologies are intentionally held back by companies, so that people could be made to buy new equipment. The similar “trick“ is played with electrical appliances: while some years ago, for example refrigerators were made to function (and really functioned) about fifteen or twenty years, present customers are pressed to buy new ones after six or seven years, because that is the durability of recent appliances. This process has three dimensions: the first is, as it was said above, exploitation of natural resources – to product new refrigerator it is necessary at least to use certain amount of energy; the second is that the old refrigerator has to be removed as waste; and the third is that the Western society “cultivates“ a consumptional human being, in Herbert Marcuse´s words: the one – dimensional man.

the same character as science. Technology is a useful and practical skin on the surface of unuseful and superfluous researches. p.75


In fact, present human being is adapted biologically to the conditions that have nearly dismissed, and it is almost not adapted to the conditions of technological culture.

Biological dependance of human being on the nature is of a complex character. Its real structure has not been completely known yet. Each form of biological dependance on nature can, in cultural development, essentially harm both nature and, as a consequence, human beings themselves. Technological and industrial pressure on and exploitation of nature is larger than nature can and is able to counterbalance naturally.  

That is happening, because human activity is occurring and developing more rapidly than processes in nature. Human beings are not used to the necessity of thinking of others´ “interests“, have not learnt to foresee the results of their deeds, and/or cannot see far enough. As it has been said, a human being is a being biologically connected and rooted in nature. When these nature roots are broken, then psychological balance is disrupted and stress comes. If a human beings destroys their environment, they will destroy themselves at the same time – just a little later. Biosphere can exist without the human being, the human being, however, cannot exist without biosphere.

2.3 Dimensions of Human Lives

The Western emphasis on human beings and their needs and interests (the human being called one-dimensional man by Marcuse) followed the Renaissance motto “we are, we want to, we are able and allowed to“. This led to the approach to life that Fromm named the dimension “to have“. He used poems to show its characteristics:

The dimension “to have“ is represented by Tennysson´s words:

The flower in the chapped wall
I’ll pick you out from the crack
Holding you in my palm – you whole with the roots
....if I could understand what you are,
I could learn what the God is and what a man is.

On the other hand, the dimension “to be“ is depicted by Basho´s haiku:

Looking carefully
I can see

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The nazuna flower near the hedge.\textsuperscript{10}

The matter is that if the human being looks, he/she can see – only if the human being looks, he/she can see, and only if the human being listens, he/she can hear.\ldots

The result of Tennyson’s attitude is that if the flower is picked and owned, it is broken or destroyed – and cannot be seen and thus cannot be understood. Similarly, Ortega y Gasset states that the present human being has lost the ability to listen\textsuperscript{11} and has also lost the ability to create thoughts.\textsuperscript{12}

However, in European history, there worked at least one man who tried to connect these two dimensions: J. W. Goethe. He expressed his attitude in this poem:

\begin{verbatim}
........
I’ll pick the flower out with its roots
And bring it to the garden
At the nice house
There I’ll plant it again
In a quiet place
It’ll be growing there
in bloom forever.\textsuperscript{13}
\end{verbatim}

Goethe’s approach towards nature was different than attitude of many others. He did not seclude himself from the nature, he embodied himself into it; he tried to embrace all that was possible.\textsuperscript{14}

Goethe himself describes the process of cognition as insight; as the process in which a huge maximum – utmost – supreme is realised, and this is the goal which can be reached thank to insight, not due to learning and thinking or tradition… It is rejuvenation of some kind of original awareness of the truth; it is revelation coming from inside out – and it is the synthesis of the world and

\textsuperscript{11} Ortega y Gasset J. (1993): Vzpoura davů. Naše vojsko, Praha, p. 69
\textsuperscript{12} Ortega y Gasset J. (1993): Vzpoura davů. Naše vojsko, Praha, p. 70
spirit, spiritual mind…. Goethe emphasizes the necessity of entering the relationships with matters, and realizes that this standpoint eliminates pure objectivism. Distant observation of a matter leads to mere description of outer forms, but the “central” point, the essence is missed – and, therefore, is missing.

3. Different – Chinese – Way of Thinking

Goethe’s attitude and approach towards process of cognition, learning and nature leaps and breaks the traditional Western way of thought. This direction seemed to be followed in the year 2001, when one hundred of Nobel’s prize laureates signed a declaration where following words were written: To survive in the world that we have changed, we have to learn to think in a new way. They paraphrased Albert Einstein’s words that a problem could not be resolved in the same way of thinking that had formed it.

Similarly, Feyerabend says that the progress (in science) often happens in the moment of diversion or rejection of the current “good rules“. The data that could refute a theory can be obtained only with the help of some incompatible alternatives. The process of cognition needs plurality of ideas. Alternatives are often the only way how to reveal errors and mistakes in highly respected and polished opinions and theories.

For this reason I decided to examine present topic further in the way that I did: from the “traditional Chinese“ point of view.

As scientists have examined, there are certain differences between Chinese and the Western attitude towards the world and life.

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Bondy\textsuperscript{18} writes that for the traditional Chinese philosophy there did not exist theoretical problem of gods or the God, which would have been here to be solved, the only question to answer was the problem of anthropology in the widest sense. Chinese philosophy in Ancient times did not examine the question about some “arché”, the question fundamental for Greek philosophy; Chinese philosophy did not search for any base or foundation of reality, unchangeable, unshakable, constant existence, ground of the Universe, “fixed point”, or the highest God, Ruler, Creator, Judge..., as Indian or Greek philosophy did. Greek attitude towards the Universe became the base for later Newtonian paradigm. The traditional Chinese philosophical rationalism was from the very beginning absolutely real, mundane and, as a consequence, prosaic: the realm of transcendence and dimension of eschatology were totally missing here. Ancient Chinese philosophy knew questions about ontology, but philosophers did not work with it, because this matter was taken as clear enough not only for literates (educated people), but also among common people.

The traditional Chinese philosophy sees the reality as a process. This process is continual, it does not have to be created, it is natural and never – ending state of reality; it is the Only that really is, the Only that continues, the Only that happens – everything is becoming and disappearing, and everything is this process; there is no “above”, no “before”, no “more basic”, no “higher”, no “more original”. This process started to be called the Way (\textit{Tao}; \textit{Tao Te}: the Way of the \textit{Te}) a long time ago. The word Way (\textit{Tao}) itself means:\textsuperscript{19} opened – non-closed – process, still extending and expanding, still present, still “new”. This process is not accidental, but has a certain rhythm and this rhythm is designated by mutual interaction, mutual tension between two opposite, yet complementary poles, between which the process naturally oscillates. The only “invariable merit” in this model is the principle of inversion, and it does not spring from outside, from any transcendence, but it is the natural consequence and result of active relation between two poles. These poles were named \textit{Yin} and \textit{Yang}; originally they might have been considered as powers of nature, but in \textit{Tao Te Ching} these are only signs for bipolarity of the process of reality.\textsuperscript{20}

\textsuperscript{19} Bondy, in: \textit{Tao Te ĉing}, p.100
\textsuperscript{20} This concept of the world and reality is a complex dialectical concept, that does not have any parallel anywhere. However, it is important to realise that at that times any system of philosophy did not have contemporary conceptual apparatus
In the Chinese reality, nature surrounding human being (environment) was not just the reservoir of raw material needed for human life, but it was the only and irreplaceable life space and at the same time, inseparable and immanent dimension in which human life was developing. In this alive life nature space, the human being and society were components and could not be examined and perceived separately. The human being was dependent on nature, because nature was the determining factor of his life. If the human beings (or anything else) ignored nature, did not respect it and were not in harmony with it, the life stream of nature (of the Universe) either would make them return into the balance, or remove and destroy them as an obstacle.

In the traditional Chinese philosophy, there appeared a very profound insight into deep harmony of all events, into astonishing self – regulation of all processes, into universal unity of human beings and the world, miraculous and yet co – ordination and complementarity of all coincidences and circumstances of human destiny with never – ending Way of everything. The poles between which the process of the Way was occurring were not two incommensurable opposites ruling out each other with one winner, but two utmost positions, whose unity enabled continual change, infinity of activity, reversibility, continuation.

As the consequence, in the Chinese language things are as they are and their idea is inside them. The expression of the idea is a symbol – Chinese character and the word. The word, speech is a concrete, particular representation of reality. The word does not originate as a result of an agreement among people and its meaning is not given by the convention. The word, the speech is Tao; omnipresent Tao is presented and particularized in the word. However, Tao can never be grasped in words or in the speech, because it resists every definition or demarcation. That is also why the rational activity of the reason was not separated from such an activity that can be called intuition (compare with Goethe’s opinions). In general, traditional Chinese ambience

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22 Bondy, in: Tao Te ťing, p.101. Tao Te ťing could be read even as a coded description and instruction to harmonious regiment and to regulation of life.
23 Bondy, in: Tao Te ťing, p.102
24 Bondy, in: Tao Te ťing, p.103 Non-European philosophical systems are not incoherent, introvert dreaming, but elaborated thought systems, which emanate from their own backgrounds and resources. (p.104)
emphasised impossibility of absolute and universal knowledge, because nature is too rich, too variable and too subtle to be known and understood completely.

4. Short Comparison of These Two Ways of Thought

Using comparison between these two different attitudes towards nature and world (or Universe), it can be concluded – with some simplification – that the Western way of thinking evaluates (as it has already been said partly) reason, rationality and systematic work; it demands definitions with exact demarcation, and evidence with precise quantification. This attitude leads to dividing world (in wide sense) into various and different independent parts with explicit boundaries. Such approach carries another characteristics: it distinguishes strictly between human and non–human, rational and emotional, between subject and object as oposing matters.

Therefore one – dimensional man lacks the dimension of imagination, intuition, etc. As a consequence, he/she lacks awareness of the unity of the Universe, and of nature, and of him himself (her herself).

European position and attitude towards others and towards nature could be assessed as “opposition“. Through the whole history, European nations try to gain power, to overcome other nations, to rule over others and control others – including nature. One nation is in opposition to another, a human being is in opposition to nature; subject is in opposition to object, matter is in opposition to spirit.

On top of that and as a result, economics is based on competition, a fight – a combat of interests. However, it is known in physics, that in the case of crash, a certain piece of energy is absorbed due to friction. If there is co–operation instead of competition, there will not be crashes (or at least less of them) and therefore there will be no shrinkage of energy: on the contrary, energy of all contributors will be joined and the resultant power will increase and intensify.

Eastern, or better the traditional Chinese attitude towards others and towards nature could be assessed as “inclusion“. Human being is included into nature, there is not strict difference between matter and spirit.

The European goes out from inside, he/she goes to society, to mass of others; Chinese sage goes into himself from outside; he escapes from society (this can be factual, real escape, but symbolic too!), because it leads him away from himself, from his inner “world“, inner dimension of himself.
European approach towards issues is “to have“ – something: power, money, things, data or information (the position is: I am what I have; I must have in order to be) and the main question is WHAT (What to have?)

The traditional Chinese approach is “to be“, to follow nature of things and of the whole nature – including his/her own nature, to be in harmony with it, to know how it works; and the main question is HOW (How to be? How to be in harmony with the whole?)
(Actually, European society (and even the philosophers) have stopped to ask, especially the question Why? )

“To have“ - money, information, data, institutions, or state and rules – means to have some kind of security. “To be“ means to create, to deal with issues as they flow, as they come and go, without strict official regulations, because where things flow, there cannot be strict outer prescriptions. Continual change as the inner quality of the dimension “to be“ brings spontaneity and unpredictability – as Ortega y Gasset says: The basic condition of life is that there are always various ways and various and different possibilities from which we have to choose: life is a choice of great range of possibilities of solutions.26 (I am a real human being only if I create27, and if I realise and understand what I create.)

Moreover, thanks to having money, the human being has power, but if the money is lost, power is lost, too. The dimension “to be“ means “to have oneself“ – to understand oneself and to understand life – and only if the human beings understand themselves and their lives they can have real power; in other words: the human beings have a real power only if they are.

5. Conclusion – the Result of the Comparison

If the traditional Chinese way of thought and attitude towards Universe is now accepted and adopted, it can be recognised and demonstrated as follows:

In the traditional Chinese society, the Universe was the living organic whole\(^{28}\), where each individual part was a continual particularity of inseparable and undividing dynamic totality. The main characteristics of this whole is that it is a process; there is just continual change, transformation, conversion of one quality into another, as the well known symbol of *Yin* – *Yang* shows: the circle is the whole, the unity of the Universe; perfection is possible only as the mutual transformation or change of one quality into another – where one quality reaches its highest point the other one, the opposing, but complementary is originating. The whole works only when both poles are in mutual harmony and balance. No part cannot last, or dominate, or prevail for ever, because the system, the structure would crash – and therefore, to prevent this, such defective part is either made to return into the balance, or it is excluded.

Which part seems to be out of balance, i.e. which has been dominating in the world for a long time? The Western society.

Which part seems to be out of balance, i.e. which has been dominating in the Western society for a very long time? Reason and racionality, subject…

### 6. Final Conclusion

Physical survival of humankind depends on radical change of human heart\(^{29}\) and mind. It depends on how much the human beings will be able to listen to nature (the whole) and to include it into their lives, and themselves into nature. Because for understanding nature, life and even oneself, it is essential to be in harmony (at least a little) with these – with nature and life and oneself; only being in this way enables human being to be able to listen and to see (and thus understand).

As the result, if and when the human being is in balance, he/she “is“, and consecutively he/she “has“.

Then, it is not necessary to choose “either – or“ (“to have“ or “to be“). Changing the point of view allows human being to use “both – and“ (“to have“ and “to be“).

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\(^{28}\) In European tradition, the similar concepts can also be found: for example the system of A.N. Whitehead (see the books: Whitehead, A.N.: *Concept of Nature*. Cambridge, New York, Melbourne. 1920,1982; *Process and Reality*, New York: Macmillan. 1929)

As it was said above, the change of the world has already started. It depends on us to which extent we accept it and follow it. Moreover, we have to change our attitude towards our ambience and environment on our own, we cannot expect anybody else to do this on behalf of us.

There is no point in trying to change the society without changing own way of thought first. Theory is nothing, practice and own experience is, what counts. In fact, the traditional Chinese concept of Universe is similar to recent discoveries in physics (quantum physics, Chaos theory) - as it has already been noticed several times. Although these principles of nature behaviour have been revealed for several decades, people still tend to behave and understand world as described in Newtonian paradigm: the world is the Whole in continual movement, but human minds operate as if the human beings were the centre of the stable world.

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Eran Riklis, an Israeli director and filmmaker is notorious for bringing on screen politically incorrect movies tackling issues that nobody wants to deal with, since they are an inconvenient truth too problematic to acknowledge. One of such productions is *Ha-Kalah Ha-Surit* (*The Syrian Bride*, 2004), which evokes a somewhat neglected if not simply forgotten problem: the question of the Golani Druze. In the opening remarks of his film one reads: “Majdal Shams is the biggest Druze settlement in the Golan Heights. It has been occupied by Israel since the Six-Day War. There are pro-Israeli and pro-Syrian Druze; their nationality is undefined”\(^2\).

In this paper I would like to elaborate on the Druze issue, not only in terms of the Israeli-Syrian bilateral regulations, mirroring the long-lasting conflict and the lack of diplomatic relations, but also to examine this matter from the quotidian perspective of the very Golani Druze, a minority of 20 000 people, torn between two antagonists that being unable to come to terms with their mutual hostility, shift their responsibility on the governed community. Therefore, I would like to concentrate on the legal status of this ethnic and religious group, its civil rights, and the recognition by the state per se, since it differs respectively to the side of the border. In order to achieve it, I will reflect on Riklis’s film, which analysis will provide an indispensable socio-political background, and shed some light on the discussed problem. In addition to that, I will use other mass media materials, such as news coverage from the region and press reports, as well as testimonies of so-called loyal Druze, who once decided to move to the Syrian part of the inhabited territory, are unable to ever go back to Golan to reunite with their families and friends.

As stated above, the Druze constitute a religious and/or ethnic group settled for the most part in three Eastern Mediterranean countries. According to

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several sources\(^3\), in Syria their population ranges from 350,000 to 500,000\(^4\), in Lebanon there are 211,200 residents\(^5\), about 100,000 in Israel (mostly in Galilee and Haifa)\(^6\), and ca. 20,000 in the Golan Heights\(^7\). It is the last of enlisted communities that will be presented in detail below, however before proceeding to the very substance of the discussed issue, it is reasonable perhaps to outline the specificity of this particular group, tracing its origins. This task is by no means easy, for throughout centuries outwardly Muslim and Arab, the Druze led a somewhat double life, protecting themselves from possible persecution and concealing their true countenance\(^8\). This practice, called *taqqiya* (dissimulation), consisted of obscuring true beliefs and ostensible acceptance of the dominant religion (*Zahir*), which accompanied the inward (*Batin*) worship of the Druze faith\(^9\). Such a conduct seemed to be a necessity from the very emergence in the late 10\(^{th}\) or the early 11\(^{th}\) century\(^10\), since surrounded by Muslims, and being a *heretic* offshoot of Shiite Islam\(^11\), they were perceived to be the worst kind of infidels (*Murtaddun*): those who once being confessors, renounce Islam for sectarian beliefs\(^12\). According to Nissim Dana, there are at least several basic differences that distinguish the Druze faith from Islam, which is quite visible examining for instance their attitude towards the fundamental commandments of this religion\(^13\). Among others, they do not perform the *Hajj*, i.e. the pilgrimage to Mecca, nor do they fast during the

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\(^4\) Data according to the US Department of State, http://www.state.gov/g/drl/rls/irf/2006/71432.htm, accessed 28/04/2010

\(^5\) Data according to the US Department of State, http://www.state.gov/g/drl/rls/irf/2008/108487.htm, accessed 28/04/2010


\(^7\) Ibid.

\(^8\) Nissim Dana, op. cit., p. 42.

\(^9\) Ibid.


\(^12\) Nissim Dana, op. cit., p. 45.

month of Ramadan. What is more, they do not pray five times a day, for the prayer as such is non-existent among them. Instead, the Druze recognize the tangible manifestation of God, submissively accept all His acts (therefore they do not mourn the dead, and since they believe in reincarnation, there is a custom of mass graves), and allow women to access the highest echelon of religious hierarchy.

The discussed group has traditionally inhabited the Levant, what became a significant political issue along with the dismembering of the Ottoman Empire after the WWI. As the territory was turned into British and French Mandates respectively, the Druze became an important minority, and a natural Arab ally in struggle for independence. That is why they managed to achieve a strong position in French governed Lebanon, and in Syria, however to a lesser extent, where not only did they form a pillar of the army, but intended to control the political scene. In 1925, a Druze leader Sultan al-Atrash led a revolt against Syrian authorities in order to take over the helm. As he did not manage to defeat the enemy, he soon was forced to retreat, what resulted in his exile in Transjordan, and a backlash in terms of Druze recognition by the state. This attempt led to the eventual collapse of the entire community after 1929, and from an important and influential group reduced them into a weakened and clearly exposed to the Arab vengeance.

In Palestine however the situation was much more delicate, as it was not enough to opt for or against one particular group. Here the Druze had to choose between giving their support to the Palestinians (i.e. Arabs), the British or to the Jews. Witnessing the occurrences in the neighbouring country, the Arabs were very cautious towards the Druze, and soon became openly hostile. One of such examples was the event, which took place in the town of Ussufiya. Initially, the villagers who lived there supported an Arab gang of Abu Durra, however after repetitive mistreatment, including abduction and slaughter, they decided to report to the British. This way they turned somewhat into enemies and natural allies of the Jews. This case was not outlying, therefore ultimately, facing Arab distrust followed by frequent acts of terror; the Druze opted en masse for the Jewish newcomers who granted them with security. Obviously, the Jews were well aware of the complexity of the situation, and so the Joint

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14 Ibid.
16 Ibid., E11.
17 Adi Greif, op. cit. p. 3.
18 Ibid.
Bureau for Arab Affairs led by Ben Tzvi\(^{19}\), was trying to gain as many community members as Jewish supporters as possible. Oftentimes winning over one village meant befriending the entire vicinity, and even settlements outside the very Palestine. It is important to acknowledge that the Druze decision was made strictly out of necessity and was rather an act of pragmatism than of political fondness\(^{20}\). Within time their position was quite strong, so in the advent of the birth of the State of Israel there was little doubt about whom to support. Upon the outbreak of war on May 15, 1948 they fought in the Israeli army, what resulted in obtaining five seats in the Knesset. In 1956 responding to a direct request of some members of the Druze elite, the Israeli authorities decided to make the conscription of young Druze men into the army mandatory, what was seen by some as a way of consolidating their ties with the state of Israel, as the Druze became the only non-Jews to face a mandatory military service\(^{21}\). The following year members of this group witnessed yet another change: they were issued new identity cards in which instead of “Nationality: Arab” read “Nationality: Druze”\(^{22}\). This resolution meant a full recognition of the Druze as an ethnic minority, situation difficult to imagine in both neighbouring states.

First doubts concerning the Druze position in the region arouse along with the Six-Day War, when Syria supported by other Arab states fought against Israel in 1967. It was then that Israel decided not to return to Syria the Golan Heights, a strategic region inhabited predominantly by the Druze. Originally, right after the Israeli victory, there was an idea supported by General Yigal Allon to establish an independent Druze state, consisting of two regions inhabited almost exclusively by this community: the Golan Heights and Jabal Druze (both Syrian)\(^{23}\), for he believed it would be friendly to Israel. The option was however almost instantly rejected by the Israeli leadership, which was aware that unlike the Israeli Druze, the Golani stemmed from different clans, and therefore would not be willing to cooperate with the latter. This supposition turned out to be very true, since even now they maintain rather hostile relations with each other and the rates of intermarriage between them

\(^{19}\) Ibid.
\(^{20}\) Ibid., p.4.
are incredibly low\textsuperscript{24}. On December 12\textsuperscript{th}, 1981 the Israeli government run by Menachem Begin formally annexed the Golan Heights, turning the territory into a part of the state\textsuperscript{25}. This decision caused a significant discontent among the Golani Druze who (even if not entirely unsympathetic), lost their hope of reuniting with their families on the other side of the border. This notion was reinforced by another highly problematic move: in 1982 Israel decided to exchange the Syrian identity cards with new ones – Israeli. This occurrence was preceded by a proposal of acquiring Israeli nationality (on the similar bases as in 1956), but only 5 000 people (25 \% of the population) applied for new passports\textsuperscript{26}. It is important to emphasise that those who refused to obtain new nationality were somehow left in vacuum, as their documents read “Nationality: Undefined”. On the other hand it was the only acceptable solution, as many pro-Syrian Druze were afraid they would face serious problems upon returning to Syria.

This status quo is depicted in \textit{Ha-Kalah Ha-Surit} (\textit{The Syrian Bride}, 2004) an Israeli film directed by Eran Riklis. The plot concentrates around a pro-Syrian family divided by the demilitarised UNDOF zone between the Golan and Syria. In July of 2000, shortly after the death of President Assad, Mona (Clara Khoury), a daughter of a prominent Syrian supporter from Majdal Shams, the biggest Druze settlement in the Golan, is about to marry Tallal (Dirar Suleiman) a popular Syrian actor. Her decision is extremely courageous, as she knows that, crossing the border is very rare and it is granted only under special circumstances, due to the lack of Israeli – Syrian diplomatic relations. The only way of obtaining such a permit is through the International Red Cross, which takes a lot of time to arrange (“We have been waiting five months to get a permit. You cannot do this to us”\textsuperscript{27}) and is irrevocable. Naturally it is also a one-way passage, i.e. from the Golan to Syria, and one cannot choose to do it the other way round. This is because Syria treats Golani Druze as its citizens, hence they can enter, and consequently no one can cross over to the occupied territory, even though officially, it still belongs to the Syrian state. The passage procedure is explained in one of the scenes in the film. Liv, a new Norwegian UN volunteer talks to Jeanne, for whom the crossing assistance accompanying the wedding is the last task in UNDOF.

\textsuperscript{24} Lisa Hajjar, op. cit. p. 5.
\textsuperscript{26} Ibid.
\textsuperscript{27} \textit{Ha-Kalah Ha-Surit}, op. cit.
- “So what happens to the bride when she crosses over?”
- “She loses her identity on the way. She’ll get a new one in Syria,” Jeanne replies.
- “But how will she come back to the Golan?”
- “She won’t. She becomes a Syrian citizen. So the Israelis won’t let her in anymore and the Syrians won’t let her out. As soon as she crosses the border there’s no way back. C’est comme ça.”

As the film commences, viewers can see young women accompanying the bride-to-be on her way to the hairdresser. Although the scene seems to look like many other typical wedding preparations, there is a hint of extraordinary circumstances: the entire settlement is bedecked with black flags. Soon the audience finds out that they are supposed to commemorate the late Syrian president. While the women walk down the road, more and more symbols of mourning become visible, among others the portraits of the head of state, what is reinforced by one of the lines: “Dad is still sad because of the death of President Assad. / I hope the demonstration will not spoil my wedding.” The next sequence reveals the groom: a successful soap opera star from Damascus. In the scene he sits on the set in a lavish office (here as well one can notice a portrait of Assad with a black ribbon in a bottom corner), and teases with his secretary. When he mistakes a line, he has to reveal to his co-workers that he is getting married to a relative from the Golan, what causes a common amusement. The director asks him how the two met, and learning that he had been sent a photograph of a bride, starts to mock him (”So you fell in love with a picture?”). This game of the unsaid is finally over along with the appearance of another protagonist, Mona’s brother Marwan returning from Italy. When he approaches the passport control at the Ben Gurion Airport in Tel Aviv there is a close-up on his laissez-passer, and viewers can read: Name: Marwan Salman, Nationality: Undefined. The bitter irony of the uncommon conditions is emphasised by the very character that chats with the female officer in Hebrew. He says: “Do you know why it is great to come back home [deliberately or not he refers like that to Israel]? Because of the beautiful women.”

28 Ibid. If not stated otherwise, all the translations from Hebrew and Arabic come from the author.
29 Ibid.
30 Ibid.
31 Ibid.
32 Ibid.
33 Ibid.
34 Ibid.
The notion of security controls is upheld in the following scene, which presents an Israeli police station in the Golan Heights. During a meeting the superior discusses the present situation in the zone, giving orders to his subordinates: “Today is a big day for the Golani Druze. Pro-Syrian Druze may provoke riots during the demonstration of the supporters of the new president. (...) I remind you that at 3 there is a wedding near the border. Nothing serious except that the bride is a daughter of Hammed Salman who backs the Syrians and who is on parole, and is not allowed to approach the borderline”\(^{35}\). This anxiety becomes a ubiquitous element of the story, hence it can be easily seen also in outwardly joyful moments: “Everybody smile!”\(^{36}\) instructs the Jewish cameraman upon his arrival to the beauty parlour. Since he does not see happiness on the women’s faces, he asks Mona if everything is all right. Then Amal (Hiam Abbass), her older sister, explains him what is wrong:

- “Isn’t she a beautiful bride? (...) We will never see her again”\(^{37}\).
- “What do you mean?”\(^{38}\) – says Arik, the cameraman. - “I guess she will come to visit you, right? Why won’t we see her again? I don’t understand”\(^{39}\).

Seeing Arik’s confusion Amal adds: “Record it, I want to say something. Tallal, while you watch this Mona will be already your wife. I see her for the last time. We are giving you our treasure. Guard her with your life”\(^{40}\). As the bride is dressed up by now, they go back home where she is warmly welcomed by the wedding guests. Everyone congratulates her, but those good wishes are accompanied by tearful gasps.

Once again the bride’s tragedy is confronted with the politics, what can be heard in two television broadcasts: “A huge crowd gathered in the central square of Damascus to pay homage to the late President Assad and to greet his son Bashar”\(^{41}\). The second coverage is supposed to prove the audience to which extent political situation affects Mona’s life: she is presented in her room receiving gifts and talking to people gathered around her. In the background one can hear however that the television set is on, and as the programme starts the guests turn their attention to it: “(...) Our beloved President Bashar al-Assad will deliver a speech from the Parliament. The retreat of the Israelis in the eighties and nineties as well as their withdrawal

\(^{35}\) Ibid.
\(^{36}\) Ibid.
\(^{37}\) Ibid.
\(^{38}\) Ibid.
\(^{39}\) Ibid.
\(^{40}\) Ibid.
\(^{41}\) Ibid.
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from Lebanon in May has proved the importance of our solidarity.”\textsuperscript{42} As soon as he finishes one can hear a voice coming from bullhorns calling the villagers to join the demonstration backing their new president. The guests do not need a further encouragement, and in a consequence Mona is left all alone. The march is led by religious leaders holding Syrian flags and portraits of the presidents. As the demonstrators walk across the settlement, they chant: “The Syrians are close to our hearts! The Syrians have sacrificed their blood! Unity! National unity! The Golan belongs to Syria. With our spirit and blood we will give it back to Bashar!”\textsuperscript{43} What makes this scene even more tragic and somewhat ironic is a close-up on a monument commemorating the Druze fighting in the War of Independence in 1948 along with Jews. It is there were the police cars are parked, and when the chief of the local police notices Mona’s father he tells him to go home, reminding him that since he is on parole he should not get involved in any political issues and that he should rather stay with his daughter on her wedding day. Infuriated Hammed responds then that Israel is a country of criminals that has been occupying the Golan shamelessly for thirty-three years and rejoin the demonstration. His patriotic posture is juxtaposed with Mona’s, who reveals her fears and doubts to her sister in the following scene. In the conversation with Amal she evokes the notion of incarceration: “Perhaps I am to change one prison for another. And what if we don’t get well with each other? I won’t be able to come back here. I am marrying someone that I know only from television.”\textsuperscript{44} The siblings try to comfort her but she does not seem to feel any better: “I will rent a private jet for you Mona so you could visit us.”\textsuperscript{45}

This sentimental indoor sequence is followed by yet another outer reminder of Mona’s fate: now the audience is presented with the notorious “shouting valley”, most likely the sole way of contacting her after moving to Syria. It is there where torn families try to communicate across the fences using bullhorns. As the scene begins the viewers hear: “Cousin, tell your family that your uncle passed away. May he rest in peace and may God give you strength so you could get over this tragedy.”\textsuperscript{46} Among the shouting there is also Hammed trying to make sure that the wedding is on and that the groom will appear at the border. He is reassured by his son Fahid, who studies at the Syrian university, and who asks his father to send a kilogram of fine coffee along with Mona. This line is a hint of what many Golani Druze would eventually admit

\textsuperscript{42} Ibid.
\textsuperscript{43} Ibid.
\textsuperscript{44} Ibid.
\textsuperscript{45} Ibid.
\textsuperscript{46} Ibid.
while talking to them about their economic situation. Even though many disagree with the Israeli rule, they live in much better conditions than their relatives on the other side of the border. Not only are they more affluent, but they also enjoy more civil rights, especially freedom of movement and speech, far different from Syrian autocracy where “the only time you open your mouth is at the dentist”\(^{47}\). On the other hand, this malice pointed at the Syrians is soon followed by the emergence of the Israeli border control officer. Once again the suspense recurs, this time to depict a representative of the authorities from Jerusalem as a villain. The audience can hear a phone call in which Josef asks his superior if the latter is sure that a new stamp will not cause any problems, and hearing that these are the new regulations, puts it back into his briefcase and closes it. His action acquires a somewhat symbolic meaning as it stands for the inevitable and final.

In the meantime the reception is over and Mona is about to head for the border. Right before getting into the car she is honoured with a traditional wedding song, which only reassures the viewers of her fatal and miserable position:

\begin{quote}
“Plenty of wishes to the beautiful couple,
My heart wishes them well
Congratulate them
And spread jasmine flowers all around
We’ll sing them a wedding song
Love will reside in their home at night
God bless them with serenity,
Soon everyone will be happy”\(^{48}\).
\end{quote}

Each time the performer makes references to a couple either by using plural or an adequate pronoun, the audience sees that the groom is missing, what becomes especially significant during the last phrase – “Soon everyone will be happy”\(^{49}\) sings the girl, and yet the bride’s face is far from cheerful. Despite her tears, the drivers are honking all the way to the Quneitra Border Crossing and soon she starts to wish for the best.

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\(^{48}\) Ha-Kalah Ha-Surit, op. cit.

\(^{49}\) Ibid.
Initially everything seems to be perfectly fine: the officer is very polite and congratulates her in Arabic while giving her back her laissez-passer. Unfortunately the passage runs into trouble, as the newly introduced stamp cannot be accepted by his Syrian counterpart and is perceived as an underhanded ploy by the Israelis to force the Syrian side to implicitly acknowledge the annexation: “Since when do they put a stamp on the laissez-passer? (...) This stamp [is] unacceptable. The Golan is Syria. She comes from Syria and she’s going to Syria. She didn’t come from Israel”\(^{50}\). Neither of the border control officer is willing to cooperate with the UNDOF volunteer, so Jeanne has to go back and forth until the Israeli official who put the stamp into the travel document eventually agrees to call Jerusalem to ask for new instructions. Since nobody answers the phone in Israel, the girl tries to convince the Syrians to try in Damascus. This time however, she hears that this matter is too complex to be solved at the border, and has to be reported directly to the president, nevertheless the guard refuses to make such a phone call: “I can’t call the President. Who I am to call the President?”\(^{51}\). The one who actually can is the groom, however he fails in his attempts as well.

There seems to be only one solution: the problematic stamp has to disappear from the laissez-passer, and it does as Josef erases it with a correction fluid. Regrettably, when everything seems to be sorted out after seven hours of negotiations, the Syrian officer finishes his shift and is replaced by another one, not willing to cooperate and tells Jeanne to come back on Sunday (the action takes place on Thursday) when his replacement is back. This way, exasperated Mona decides to take matters in her own hands, and when the gate opens to let the UN-car through, she tries to cross the border without the necessary document. As she approaches the wire camera leaves her, somehow reinforcing the sentiment of abandonment and switches to her relatives who watch her waving good-bye.

This example, although cinematographic, depicts quite well the quotidian reality of many Golani Druze, among others Assad Mugrabi, who sent his daughter to Syria twenty-one years ago, and was finally able to reunite with her only after 2004, when the political situation improved. Obviously it is still far from normal, but nowadays it is much easier to cross over to Syria, for their officials finally agreed to establish a limited cooperation with the Golan Heights region. From 2005 on, the Golani farmers can ship their fruit, predominantly apples, over to the other side of the border, what was preceded by an exchange of mail and establishment a phone connection between two

\(^{50}\) Ibid.
\(^{51}\) Ibid.
states, so that the notorious “shouting valley” depicted in Riklis’s film could become a part of history. What is more important, Syria agreed to commence a student exchange, gaining a significant popularity among the Golani Druze. They can study in Damascus for free, however are obliged to come back home as soon as they graduate. According to some sources (Haaretz, Maariv), both states maintain negotiations over the future of the Golan Heights. Some suppose that the region may reiterate the fate of Hong Kong, which is nevertheless quite dubious both to the importance of the area for Israel and lack of decisive willingness in recuperating the region in Syria. Irrespectively to that, many questions are left unsolved: numerous Syrian brides are still forced to leave their families in order to seek marital happiness on the other side of the border.

Bibliography:

“Development” has again come to the fore as a central topic in International Relations as well as International Political Economy. Although there is a multitude of conceptions linked to “development”, the most widely used notion these days highlights the importance of good governance, functioning institutions and sound economic policies within a global market as key factors to spur economic and social development. Moreover, development has increasingly come to be regarded as a security matter too, not least because 9-11 and the hotly debated links between development blockades, state failure and transnational terrorism.

The following paper tries to assess the recent process of the securitization of development. Based on the concept of “securitization”, it will be analyzed – after a brief look at the roots of the development project as a by-product of Cold War bloc politics – in what ways development has become constructed as a security policy nowadays, and what (if at all) material consequences such discursive change has brought about with regard to the respective development policies. Thus, as it is argued, it is not only of utmost importance to analyze in which assumptions such development-as-security-discourses are grounded, but also to ask whether there has indeed been an ongoing militarization of development cooperation, as some commentators have argued, or other security-related alterations of development policies.

Development as a Policy Focus

“Official Development policy” obviously has its roots in the Cold War idea that interventionist strategies of steering and planning socio-economic development, combined with capital flows, might contribute to the overall goal of lifting the living standard in the post-colonial region or what was then called the Third World (Ziai 2007: 56). As part and parcel of Cold War politics it has also always been linked up with a host of specific interests on behalf of a

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variety of actors on different levels. Judged only from the perspective of (potential) donors, it has been regarded by the superpowers as instrument of bloc politics—containing the other and strengthening ties within the own camp, while former colonial powers sought to maintain their influence in certain regions. As a strategic tool, development aid/assistance, later on: cooperation, has formed part of the overall foreign policy portfolio, either catering to foreign economic interests such as trade, market access, export opportunities or being used to further other foreign policy goals, such as the non-recognition policy of West Germany vis-à-vis its East German counterpart enshrined in the so-called Hallstein doctrine. In a broader sense thus development policy has fulfilled a variety of functions, not least a security function (from the perspective of the respective donors) of containing the respective enemy’s influence, securing access to certain places or supporting the own outposts in the geopolitical game of superpower rivalry. In this regard, it is especially US foreign assistance and various instances of US foreign aid that have been subject to such “security” reasoning from the very beginning.

After the Cold War formation had imploded, consequently, a gradual decline of the importance assigned to official development efforts could be detected, by no means with regard to the eventual needs of poverty-stricken world regions, but as judged from the donors’ perspective. This is aptly captured in the widely cited metaphor of an “aid fatigue” throughout the 1990s. Behind this clearly stood a more general crisis of the whole idea of development as well which had been brought about by the actual lack of overall success stories of development projects (and the excessive demands with which the idea was met) on the one hand and processes of budgetary re-balancing after the Cold War rationale for development aid had ceased to exist. However, there has also been a parallel dynamic during this decade, propelling phenomena and concepts such as the “New Wars”, humanitarian interventions

* Help in research by Alexandra-Maria Pipos is gratefully acknowledged. All errors remain the author’s alone of course.
2 See e.g. my remarks on that issue in: Brand 2007.
3 For a telling example see the analysis of West and East Germany’s respective efforts regarding the crafting development policy towards the newly de-colonized states of what later on became Tanzania. A superb account is given in: Engel 2009.
and the need for emergency relief in conflict situations and certainly the notion of “conflict prevention” to a prominent stage.

Thus, the development idea seems to have entered a new stage, not least since the terrorist attacks of 9-11, the US reaction in form of the “global war on terror” and the seeming surge of terrorism/fundamentalism worldwide. Thus, as Ziai (2007: 82) has put it, the terrorist attacks have led to a substantial thematic boom for “development”, if only as an instrument to prevent social crises from turning violent and spilling over to other world regions. That is, the notion of a nexus between underdevelopment or development crises as a breeding ground or sounding board for global terrorism, became prominent against the background of an already popular perspective on the global South as a zone of risk and turmoil whose potential to inflict harm on the North had to be contained.

**The Process of Securitization**

In this regard, it would not make much sense to assert that the conceptual linkage between “development” and “security” is a thoroughly new one, let alone a consequence of the 9-11 terrorist attacks alone. To speak of today’s “securitization of development” then must be delineated from earlier attempts to securitize development; to call the developments of the last decade a new phase of securitization then only becomes meaningful as perceived against the background of the parallel dynamic sketched out above: (1) a relative decline of the importance of development bureaucracies and a growing legitimacy problem on their side, and (2) a growing awareness, above all in the global North, of new forms of security threats or forms of endangerment which do not neatly fit into the traditional categories of “military security”. It is in this context that the “securitization” of development has been launched since the 1990, and increasingly so in the wake of the terrorist attacks of 9-11; these processes of securitization continue to bear formative influence for development policies until today and possibly for the years to come as well.

“Securitization” refers on a general level to a process by which a specific problem is increasingly deemed an existential threat to be countered by distinct measures (or, for the purposes of this paper, the re-evaluation of a

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5 See the discussion in: Addison 2002. The idea that aid flows and developmental projects might to the contrary contribute to the protraction of New Wars and especially the new “war economies” has been put forward by the proponents of the New War-paradigm, see the pronounced remarks in: Münkler 2002: 153-173.
specific set of policies, i.e. development policies, under the perspective that they might contribute to containing the security threats and/or solving the causes at the root of the security problem). The original term has entered the political science/security studies debate through the work of Buzan/Wæver/de Wilde (1998), and I will roughly use their understanding of the issue with two caveats. As they write, security is related to existential threats and thus is about survival in the literal sense; such a threat normally is invoked to mobilize special powers and resources (ibid.: 21). As they argue, there is a difference between “normal politicization” and processes of “securitization” (tied to the notion of an endangerment of survival), the latter representing a more extreme version of politicization which in turn does justify emergency measures outside the normal bounds of political procedure (ibid.: 23p.). Rather than being occupied with politics outside the normal bounds of procedure, I will however concentrate on some policy shifts related to the successful establishment of a conceptual linkage between socio-economic development, development policy and security matters. Such shifts might be important and might alter the general outlook of foreign and world policies, but they do not alter the parameters of what is considered to be the normal political process; they are not – as is the focus of the Copenhagen School approach of Buzan et al. – beyond or above any political debate (hence: de-politicized). “Securitization” as applied throughout this paper thus is not a process of exceptional politics in the Schmittian sense.

One of the core insights of the securitization approach, on the other hand, is that the security-relatedness of some issue is not (at least not exclusively) inherent in the very issue that is “threatening” and its material extensions, but is assigned by speakers who securitize an issue, i.e. discursively construct an issue as an existential threat to be countered via some sort of special measures. I.e. the question is not necessarily whether a “real” threat exists (in some sense, it becomes superfluous to differentiate between any reality or constructedness of threats) but to ask how it comes that something is successfully presented as a threat (ibid.: 24). Apart from delineating how an audience comes to accept such a claim of security-relatedness, the main task for the analyst from the perspective of Buzan et al. then is to “understand the processes of constructing a shared understanding of what is to be considered and collectively responded to as a threat” (ibid.: 26). Such a conceptual move

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6 Buzan et al. refer to this – especially concerning matters on the international level – as the presentation of an issue “as urgent and existential, as so important that it should not be exposed to the normal haggling of politics” (1998: 29, emphases added).

7 Huysmans 1998.
regarding “security” – i.e. the strict focus on the level of discursive construction (temporarily successful or contested) – arguably has led to a preoccupation with rhetorical and programmatic aspects of policies alone.\(^8\) It does, however, merit attention whether there have been some more material consequences of such discursive actions. While Buzan et al. assert on a very general level that securitizations have consequences, “because this securitization will cause the actor to operate in a different mode than he or she would have otherwise” (ibid.: 30), their concept still is rather process-oriented in the above mentioned sense (focusing on successful speech acts as well as audience reactions) and only policy-oriented in that they attempt to grasp the nature of securitized politics and resulting leeway of other actors given a web of already sedimented (“naturalized”) constructions of threats (ibid.: 35).\(^9\)

To look for such material results of securitizing moves then is not the main goal of the original securitization approach; nevertheless, this paper will offers some inroads into the linkage of both aspects. In that sense, the idea of securitization put forward throughout the following pages does not regard shifts in aid allocation patterns and processes of institutional re-designing as separate from securitization\(^10\), although they resemble rather concrete policy steps. Moreover, these actions are considered part of the securitization process, not least since they grow out of the successful securitization of a certain issue area or problem context and feed back into the ongoing process of discursive threat (and solution) construction. It is thus not the only task to ask of how development (assistance or: aid, simply) has become constructed as a form of

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\(^8\) See on that also Buzan/Hansen 2009: 213pp. A scathing critique of such an approach to security (that nevertheless misses the point of focusing on the discursive dimension) offers Knudsen 2001. He states that “the discounting of the objective aspects of threats shifts security studies to insignificant concerns” (360; emphasis added). The question, however, is rather how to link the discursive with the more “material” aspects of politics, and in this paper, to look for the translation of discursive constructions into specific policy shifts and policy consequences. This has not been done exhaustively, since the securitization literature for the most part (still) focuses on the re-finining of the conceptualization of the discursive process. See on that e.g. Balzacq 2005, Stritzel 2007.

\(^9\) On the normative idea of the securitization approach, see e.g. Buzan/Hansen 2009: 214, 217.

\(^10\) Such a differentiation is introduced in: Jackson 2006. For a more thorough look at the securitized policy rhetoric as well as programmatic issues (nevertheless: focused on the discursive realm) concerning US and German development policies respectively, see: Pospisil 2009.
security policy, but to attempt to identify consequences of such discursive securitization.\textsuperscript{11} In what follows I will furthermore focus on \textit{bilateral} policies of two prominent donor countries – the United States and Western Germany –, not least since security issues still tend to be mainly in the domain of national states, even though “security matters” are increasingly evoked in international fora as well, especially with regard to issues of global development.\textsuperscript{12}

\textbf{Material shifts following discursive change?}

Only lately – and exhibiting peculiar concomitant aspects – has the eventual securitization of development policy also become an issue of public debate in Germany. It needed a new minister with a preference for a military-style cap, an eagerness to move former military personnel to key posts within Germany’s Development Ministry (BMZ) and some bold statements that he does not, contrary to his predecessor, suffer any anxieties about a closer relationship to the German army (\textit{Bundeswehr}).\textsuperscript{13} It is telling that such visible gestures at the symbolic level have taken the issue of an ever increasing proximity between development and military/security aspects in Germany to a wider public.

\textsuperscript{11} Paradigmatic is the discussion in: Luckham 2007. He mostly deals with conceptual issues and implications of the “new” security-development nexus in policy discourse as a discursive construction on behalf of the donors’ side. I will also not touch upon the issue whether we are rather experiencing a “developmentalization of security”, see on that e.g. Kühn 2008.

\textsuperscript{12} See for instance the discussion on different conceptions of security (most prominently human security within the United Nations) and the nexus between security and development with regard to conflict prevention and international terrorism, e.g. the DAC/OECD’s “Guidelines on Conflict, Peace and Development” of 1997, the OCED Guidelines 2001 which aim at helping to prevent violent conflict, the founding European Conflict Prevention Network or the OECD report “A Development Co-Operation Lens on Terrorism Prevention” of 2003. Especially the widening of the ODA-concept by the OECD/DAC in 2004/5, which now encompasses a host of security-related measures, has been interpreted as a sign of an ongoing securitization of development, see e.g. Die Linke/Wagner 2008: 27p. Lately, an International Network on Conflict and Fragility has formed among the OECD/DAC-members as well.

\textsuperscript{13} See \textit{SpiegelOnline}, 19.02.2010. The new minister Niebel from the Liberal-Democrats also announced that an increase in development aid for Afghanistan will be tied to the condition that the resources are sent to the very regions where the \textit{Bundeswehr} is stationed, see \textit{Focus}, 01.04.2010.
Within the academic debate, on the other hand, there has been a growing acknowledgement that at least since 9-11 development policy in general tended to be politicized anew (Menzel 2005); some development experts had already issued early warnings, as they saw “development policy in a security trap” (Seitz 2005). Still other commentators were keen to point out that the underlying dynamic characteristic for the recent shift of perspectives had resembled a “politics-induced charging of development policy with security aspects” (Maihold 2005: 36). On the empirical level, however, most studies throughout the last decade have re-iterated that measured against the whole budget the expenditures for official development assistance (ODA) remain in a marginal position and that if there is any indication of a budget shift, it is a rather subtle increase of the amount of resources tied to security-related matters. As Nuscheler (2007: 676) has remarked on the German case, obviously “fear [has proven in this regard] far more effective than any expectation of economic gains or even ethical considerations”.

The subsequent sketchy analysis of the relevant changes in the development policies of the United States and Germany respectively are thus meant as an effort to clarify (1) what parameters the specific securitizations have exhibited so far in both countries, and (2) what consequences have resulted so far from the securitizing moves of governmental actors in both contexts.¹⁴

¹⁴ The choice reflects a pragmatic decision, since within the governments of both countries – the United States as well as Germany – obviously there have been intense discussions of the (new) security-development nexus. Beyond that, the comparison of both states’ policies has a certain legacy, especially in the German-speaking development research, see e.g. (more tentatively) von der Goltz 2004; (in an elaborated manner) Pospisil 2009. There is, however, a tendency to emphasize the programmatic side to the detriment of analyzing actually changing patterns of policy. Other countries and their respective development policies could, of course, be included in such a comparative design; the UK’s Africa policy, for instance, has already been described along similar lines, see Abrahamsen 2005, recent trends in Australia’s aid program as well (Hameiri 2008), while the impact of the thematic shift in Western development discourse on local actors has been analyzed in: Bachmann/Hönke 2008.
US Foreign Aid and Development Policy

In a basic sense, the whole idea of foreign as well as development aid as we approach the issue nowadays is an invention of the United States\textsuperscript{15} – the establishment of a foreign assistance system following the Second World War as a means of bloc politics through bilateral foreign aid in this regard mostly conformed to the idea of giving „bribes” for political services.\textsuperscript{16} That containment-induced bribing and development did not necessarily need to be mutually exclusive illustrates the example of South Korea, which used to be a major recipient of US foreign aid – from 1946 to 1978 it received almost as much as the whole of Africa\textsuperscript{17} – and without this heavy injection of foreign capital, the later economic performance as one of the so-called “East Asian tigers” and developmental state par excellence can hardly be explained. Still, as Thorbecke has shown (2002), it is possible to differentiate between a “development rationale” in the stricter sense (from capital transfers and infrastructure projects to addressing poverty and rural development to partially financing debt services and spurring structural adjustment) and an overarching concern, according to which any US foreign aid strategy has historically been embedded in a security understanding (containing communism, strengthening the coherence of the Western bloc and defusing any alternative groupings such as the Non-Aligned Movement).

It is hardly surprising then that US development policy (far more than its German counterpart) has been in a legitimacy crisis throughout the 1990s. Neither is the comeback of strategic thinking about development policy which happened only shortly after the terrorist attacks of 9-11. In an early assessment of US development policy post 9-11 von der Goltz (2004) has thus analyzed whether the patterns of aid spending and forms of engagement from 2001 onwards rather followed a holistic-developmental approach or resemble a selective-geostrategic strategy as well-known from Cold War politics. Concerning various development-related summits at the beginning of the 21\textsuperscript{st} century he concludes that the US did not assume a leading role and made substantial concessions only with regard to a general pledge to increase its ODA spending level (and by that, increasing resources that could be used for a variety of goals, ibid.: 101). Indeed, increases in aid spending and

\textsuperscript{15} Although there have been historical precursors, see e.g. Hjertholm/White 2002: 81p.

\textsuperscript{16} See on that the famous remarks of Morgenthau (1962: 302). On the historical genesis of the idea of foreign aid – later on, in the context of decolonization, partly transformed to the idea of development assistance – see e.g. Falkner 1994.

\textsuperscript{17} See on that Kiely 2007: 56.
geopolitically motivated allocation patterns hint at a distinct effort to use development aid to a considerable degree for geopolitical and security reasons, too. Not least the sudden promotion of Pakistan as a “frontline state” on the list of main beneficiaries of aid/assistance indicates this; the general will to give development assistance to front-line states as well as to states deemed important to forge new alliances in the so-called Global War on Terror seemed to become a guiding principle of US foreign assistance and development aid programs (ibid.: 106pp.).

It is important to note that the discursive background of such a securitization of US development policy has only incrementally taken shape and almost followed the immediate policy steps of the US government. Most prominently the weak states/failing states-discourse has become influential against the background of international terrorism; despite the fact that the alleged nexus between state failure and terrorism (let alone: terrorism’s spill-overs) is hardly supported by research and the development-as-cure-for-state-fragility-thesis is hardly based on unambiguous evidence\(^\text{18}\), the state failure and state-building-via-development discourses have gained tremendous importance in the wake of 9-11. They have also led to some institutional and programmatic renewal: Not only has the State Department established a new Office of the Coordinator for Reconstruction and Stabilization\(^\text{19}\), beyond that the US developmental agency USAID, a sub-cabinet entity whose administrator reports to the Secretary of State, did formulate an ambitious “Fragile States Strategy” as a device to bolster developing countries that may otherwise fall prey to terrorist activities (Patrick 2006: 4).\(^\text{20}\)

Although USAID’s efforts to depict development as a heretofore neglected third pillar of US national security joining diplomacy and defense – the 3 D’s – were initially only met with a cautious response (Patrick 2007: 3), the new Strategic Framework for Foreign Assistance, unveiled in 2006 by the then-USAID administrator and Deputy Secretary of State looked like the other side of the coin of “weak or failed states”-discourse in its emphasis on fostering governance and stability. As against this background of the Global War on Terror and the attempt to use development policy for addressing security

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\(^{18}\) See e.g. Bøås/Jennings 2005, Patrick 2006, Weinstein/Vaishnav 2006. For a general critique of the failed state-concept, see Call 2008.

\(^{19}\) See Krasner (2005) and Patrick (2007) on the importance of the S/CSR within the State Department’s portfolio and the political dynamics that have accompanied this institutional shift.

\(^{20}\) This strategy, however, met a rather cautious response on behalf of the relevant departments within the US administration, see Patrick 2007.
concerns such as support front-line states or investing in weak governance structures in key regions, what do ODA figures tell us?

<table>
<thead>
<tr>
<th>Year</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>ODA total, in bio USD</td>
<td>13,29</td>
<td>16,32</td>
<td>19,70</td>
<td>27,93</td>
<td>23,53</td>
<td>21,79</td>
<td>26,84</td>
<td>28,67</td>
</tr>
<tr>
<td>ODA frontline states (Pakistan, Afghanistan, Iraq)</td>
<td>0,58</td>
<td>2,14</td>
<td>3,88</td>
<td>12,87</td>
<td>6,66</td>
<td>5,70</td>
<td>5,20</td>
<td>--*</td>
</tr>
<tr>
<td>ODA for Conflict Prevention**</td>
<td>--</td>
<td>--</td>
<td>0,47 bio</td>
<td>0,73</td>
<td>0,91</td>
<td>0,57</td>
<td>0,92</td>
<td>--*</td>
</tr>
<tr>
<td>Title 15210*** in mio USD</td>
<td>--</td>
<td>--</td>
<td>46,2 mio</td>
<td>200,5</td>
<td>124,6</td>
<td>31,3</td>
<td>382,75</td>
<td>--*</td>
</tr>
<tr>
<td>Title 15220**** in mio USD</td>
<td>--</td>
<td>--</td>
<td>252,5</td>
<td>417,66</td>
<td>645,1</td>
<td>304,7</td>
<td>252,03</td>
<td>--*</td>
</tr>
</tbody>
</table>

Data taken from OECD International Development Statistics 2010 (* not yet calculated, ** = full title: Conflict Prevention & Resolution, Peace & Security Grouping; *** = Security system management and reform, **** = Civilian peace-building, conflict prevention and resolution)

Summarizing the data compiled by the OECD, the argument concerning funneling (more) resources to so-called frontline states seems to have resulted in substantial flows – in absolute terms as well as measured relative to the overall effort – towards Afghanistan, Pakistan and Iraq, especially in the wake of the Iraq War. One has, however, to be cautious for at least two reasons. First, the amount of money counted as ODA might have gone to a wide variety of uses; in this regard, the boost of ODA spending in 2005 might be a consequence of the OECD/DAC’s altered way to measure the overall expenditures, now allowing for a lot of security-related forms of engagement to be counted as ODA. Second, not all forms of foreign aid/assistance as designated by the United States are counted as ODA by the OECD. Thus, the OECD statistics alone may give us only a partial picture.
On the other hand, most studies concerning patterns of US aid spending do concentrate on either the ODA figures or, in a narrower sense, only the resources mandated by USAID. Moss/Roodman/Standley (2005), on the basis of their comparison of USAID spending patterns for the periods of 1998-2001 and 2002-2005 respectively, conclude that major changes in aid allocation have been related only in some instances to the war on terrorism (Iraq, Afghanistan, Pakistan)\textsuperscript{21} and only given an overall increase of the bilateral aid envelope. As they argue there has not been a general re-shifting of resources towards states (a) bordering on state sponsors of terrorism, (b) contributing large troops in the US war in Iraq or (c) having a relatively big share of Muslim population. To rely solely on USAID, however, is problematic in at least two ways. First, although USAID is the primary US development agency, it is by no means to only instance through which resources are funneled to recipients.

The most prominent rivaling institution in the development sector is thus the Millennium Challenge Corporation (MCC) which is administering the Millennium Challenge Account (MCA), a bilateral U.S. development assistance program announced by then-President Bush in March 2002. As such, MCA represents a rather new (in the temporal and qualitative sense) scheme to disburse resources to countries according to their socio-economic needs on the one hand and given their policy performance (good governance, developmental orientation and the promotion of economic freedom) on the other. The list of selected countries for poverty-reduction compacts for most part indeed reads as if security or anti-terrorism aspects have not been high on the agenda: Burkina Faso, Lesotho and Mongolia are hardly frontline states in the “global war on terror” (GWOT), nor are they of an overarching geopolitical importance; Honduras, El Salvador or Georgia might have been chosen for political reasons as well, but again not according to a frontline/anti-terror-logic. This, at first glance, seems to bolster the case that overall US ODA spending throughout the first decade of the 21\textsuperscript{st} century has not followed a narrow security logic.

In fact, there has been a growing criticism within US development circles that the MCA is too little security-related. Although developmental selectivity, as Weinstein/Vaishnav (2006: 5) point out, may have its benefits, it also leads to the systematic exclusion of at least a certain grouping of states important under the security perspective: weak and failing states. According to

\textsuperscript{21} This, however, seems to be an ongoing trend. Recent estimates assume that in the administration’s 2010-2011 budget proposal, 20\% of the 2011 Department of State and Agency for International Development (USAID) budget is slated for “securing frontline states” (Afghanistan, Iraq, Pakistan), see Ramachandran 2010.
the selection criteria and methodology, three main factors decide about whether a country is eligible under MCA criteria or not: per capita income below a certain threshold; performance according to 16 good governance indicators; and corruption as a key performance indicator, which stands somewhat in contradiction to an all-out security- or primary geostrategic orientation. The expenditures for the MCA – compared to the portion of overall International Affairs spending – hence illustrate for some observers rather that there is a “yawning gap between U.S. rhetoric regarding the importance of weak states and actual resource allocations to helping bolster such nations” (Patrick 2007: 13). Still, the actual budget figures for the MCA read less impressive than the proposed budget of 5 billion USD annually back in 2002. They comprise a relatively meager 7.4 billion USD for a 7-year-period in sum.22

While MCA might indeed contradict the idea of a “development only for security matters”-idea, at least when judged according to its contribution to the war on terror or the stabilization of weak states as an effort to defuse terrorist potentials, the second problem with an overly reliance on USAID as the sole instance of US development policy hints indeed at an increased blurring of the boundaries between security and development. As Patrick (2007: 14) states, there are historically numerous foreign aid accounts of other US domestic departments and agencies; in 2005, for instance, these accounts controlled 21% of overall US foreign assistance. Not least the growth of aid-related programs of the Department of Defense gives a telling example in this regard, since the Pentagon’s total share of US overall ODA rose between 2002 and 2005 from 5.6 to 21.7% (not military-related in a strict sense, but post-conflict reconstruction, counternarcotics and humanitarian assistance, i.e. healthcare for injured Iraqi children etc.).23 The Defense Department has consequently become a massive “aid” provider, which incrementally has also encroached on USAID’s authority. Overall – given the MCA (and its not overtly security-related pattern of spending) and the Pentagon (where a new securitized version of “development” arguably carries the day) as institutional rivals – USAID accounted only for about 55% of the overall ODA spending in 2005 (ibid.: 15). Beyond that the ongoing trend of an incremental merging of development and military operations has become visible not only through the

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22 See also the data on the website of the Center for Global Development’s MCA Monitor: http://www.cgdev.org/section/initiatives/_active/mcamonitor/about_mca#MF. The respective President’s request has never reached the initially proposed 5 billion USD threshold, and congressional appropriation has further cut down the amount of money.

23 For the data, see Patrick 2007: 14.
Pentagon’s acting in the field of aid/development, but also through some recent mergers in the private economic realm, e.g. DynCorp’s acquisition of the erstwhile development contractor Casals & Associates.

Thus, the securitization of development in the United States (as a means in the GWOT and against the problematic of state failure) has indeed resulted in some shifts not only at the discursive level. This, on the other hand, tells us less about the impact of such securitized development policies on the ground, although it might be guessed that “development” in the genuine sense might come under pressure given paramount security prerogatives. In a recent study, Howell/Lind (2009) therefore have shown that although aid has not been wholly subordinated to security objectives, security interests have been sufficient to shape the objectives, policies and practices of aid policy in Afghanistan in significant ways; the securitization of development policy, as they point out, has not only nurtured a ‘rentier’ civil society, comprised of an assortment of donor-funded NGOs, but also promoted a particular model of state-civil relations that prioritizes service delivery.

**German Development Policy**

The discursive background of the securitization of Germany’s development policy differs markedly from its US counterpart. As Patrick/Brown (2007: 105) explicate, Germany’s interest [or preoccupation] in preventing instability in the developing world antedates the US-led “global war on terrorism”. Although it still has not seen a government-wide fragile states strategy leading to a unified German approach, the idea of security risks to be countered via development assistance itself rests on a decade-old conception of conflict prevention.24 “Conflict prevention” broadly understood in this context refers to (a) the reduction of structural causes of violent conflicts via improvements of the socio-economic and political climate and (b) the establishment of mechanisms for non-violent conflict resolution within societies abroad (Fahrenhorst/Musto 2002: 179).

Hence, the most important security-related discursive shift throughout the last decade has been to identify conflict prevention as one of the principal

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24 Although, in all fairness, “crisis prevention” has already figured importantly in the so-called Brandt-Report of 1980 (a report of the independent Commission on International Development, headed by Germany’s ex-chancellor Brandt, to the United Nations). It thus has a legacy in the German development discussion in the sense that the need for preventive measures to rule out violent conflict solutions has been articulated at least since the 1980s. See also Fahrenhorst/Musto 2002, Bohnet 2004, Schulte 2004.
foci of the whole development endeavor (Schulte 2004: 118pp.), although undoubtedly most observers have constantly lamented a gap between the policy rhetoric/aspirations and the lack of resources. Programmatically then, security/crisis prevention has been at least on par with the more traditional aspects of poverty reduction and sustainability since at least a decade. As Ziai (2007: 126) has stressed, the function of the crisis prevention-argument has arguably been that of legitimizing the upholding of or even increases in the budget for development projects; the discursive linkage between security at home and poverty reduction abroad in developing countries was used to generate acceptance for development policy. This conceptual linkage indeed predates 9-11 and has been based on the idea of (normative pleas for) global governance in the face of traditional and new threats to global and human security exacerbated by development problems. However, in line with Ziai (ibid.: 123ff.), to argue that poverty in the South might pose or become a threat to “our” future as well, that the peace and stability in the North might be endangered through violence (later: terrorism), but also through migratory pressures as well as environmental degradation may have been a probate tool to generate legitimacy (within public and among elites). But this reasoning also carried the danger to reduce the problem of poverty in the so-called Third World as only problematic insofar as it might have a potential to inflict harm and chaos in the North. Thus, while the BMZ might have been correct in its assessment post 9-11 that terrorism hardly is a direct consequence of development failures, poverty and deteriorating living conditions (although these may contribute to a radicalization and feeding violence as well as working as a mobilizing force for terrorism or creating an eager audience for terrorist attacks and their messages), the embedding of the terrorist attacks in the already established concept of conflicts in developing regions led to a conception of “either social justice (via development policy) or terrorism” (ibid.: 125).

Another criticism targets the gap between rhetorical change and the obvious lack of implementation. Weller (2007) has thus asserted that the 2004 Action Plan of the German Government entitled “Civilian crisis prevention, Conflict Resolution and Post-conflict peacebuilding” – not only tailored to German development policy, but encompassing the whole foreign policy – has hardly led to an overall policy change. Other commentators stress that the Action Plan resembles neither a plan nor a strategy but a “long wish list of initiatives … without any prioritization or road map to achieve them” (Patrick/Brown 2007: 109).

See also von der Goltz (2004: 93) who shows that „conflict prevention“, „poverty reduction“ as well as „education aid“ figured prominently in the
On the institutional or phenomenological level, this discursive shift of development as a conflict prevention-toolkit, which was only reinforced in the aftermath of 9-11\(^{27}\), led to a visible promotion of the BMZ as it now attained membership in the Federal Security Council.\(^{28}\) Aside from that, the Civil Peace Service was established, which aims at the training of experts who can be sent abroad in order to foster non-violent conflict resolution mostly in regions where developmental issues, instability and socio-economic degradation are intertwined. From a budgetary perspective, the BMZ – long before 9-11 – had been the only ministry in 1998 that was initially allowed to increase its budget after a new coalition government had been formed. Interestingly, this promise was not really fulfilled, except for the sector “crisis prevention” (ibid.: 129). Substantial budget increases followed in 2002 especially, in the form of about 100 million EUR for crisis prevention measures and approximately 80 million EUR for Afghanistan as part of anti-terrorism spending (ibid.: 130). This is remarkable insofar as the traditional patterns of aid spending of both West Germany since the 1960s\(^{29}\) and re-unified Germany in the 1990s largely resembled that of a classical “trading state”, i.e. with commercial interests trumping other concerns (Schrade 1997).

\(^{27}\) Messner 2005: 92.
\(^{28}\) However, it remains controversial whether this has also led to a stronger „say“ within the German security establishment. Ziai (2007: 227pp.) discusses this issue with regard to the question of arms exports abroad and the eventual influence of the German BMZ – and its allegedly contra-arms export stance – and comes at best to a mildly optimistic conclusion. However, even given the fact that from 1998 to 2005 Social Democrats and the Green party (and by that parties that had been expected to act on the basis of a more principled approach to genuine development matters on the one hand and a more distanced relationship with the arms industry on the other hand) formed the government, this constellation has hardly led to full-blown policy change.

German ODA according to different titles, data taken from OECD International Development Statistics 2010 (* not yet calculated)

<table>
<thead>
<tr>
<th>Year</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>ODA total in bio USD</td>
<td>5,32</td>
<td>6,78</td>
<td>7,53</td>
<td>10,08</td>
<td>10,43</td>
<td>12,29</td>
<td>13,98</td>
<td>11,98</td>
</tr>
<tr>
<td>ODA Conflict prevention</td>
<td>0,04</td>
<td>0,08</td>
<td>0,06</td>
<td>0,06</td>
<td>0,08</td>
<td>0,12</td>
<td>0,26</td>
<td>--*</td>
</tr>
<tr>
<td>ODA Debt forgiveness</td>
<td>1,02</td>
<td>1,32</td>
<td>0,84</td>
<td>3,91</td>
<td>3,01</td>
<td>2,99</td>
<td>3,29</td>
<td>--*</td>
</tr>
</tbody>
</table>

Again, a look at official OECD statistics helps to put such spending shifts into context. Although conflict prevention in the strict sense of the term has become part of the overall portfolio of German ODA, it is not in any sense a substantial one measured against the whole expenditures as declared. The increasing level of debt forgiveness, which is counted as ODA under OECD-criteria, easily dwarfs the respective figures. There may have been a shift in the target regions of development aid, however, leading to today’s mixture of primary economic/commercial interests (China, Indonesia), security interest in a geopolitical sense (Turkey, Egypt) and security interest in a conflict prevention or post-conflict/peacebuilding sense (Afghanistan + older examples like Colombia, Mali, Bolivia), next to development aid garnered to states in “need” of development cooperation for more genuine reasons (Burkina Faso, Ruanda, Nicaragua).

30 Admittedly, this is somewhat contradicted through the so-called “anchor countries concept” (Ankerländerkonzept) which aims at engaging regional powerhouses which are relatively poor still, see on that: Faust/Messner 2008.
The Securitization of Development – Discursive Change and Policy Shifts

<table>
<thead>
<tr>
<th>Year</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
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<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>ODA Afghanistan (mio USD)</td>
<td>92.6</td>
<td>82.1</td>
<td>75.1</td>
<td>99.2</td>
<td>118</td>
<td>217.2</td>
<td>294</td>
<td>--*</td>
</tr>
<tr>
<td>ODA China</td>
<td>149.9</td>
<td>152.2</td>
<td>260.5</td>
<td>255.1</td>
<td>244.9</td>
<td>289.3</td>
<td>411.9</td>
<td>--*</td>
</tr>
<tr>
<td>ODA Burkina Faso</td>
<td>19.4</td>
<td>28.8</td>
<td>38.5</td>
<td>29.7</td>
<td>29.5</td>
<td>39.9</td>
<td>44.9</td>
<td>--*</td>
</tr>
</tbody>
</table>

German ODA according to target region, data taken from OECD International Development Statistics 2010 (* not yet calculated)

The juxtaposition of three countries chosen might therefore indicate that economic considerations are still paramount, while security matters have gained prominence and genuine development cooperation aspirations still exist.

Recently, there has been a heated debate – spurred not least by the more and more publicly questioned engagement of the Bundeswehr in Afghanistan – on the question whether the securitization of development has led to a partial retreat of the civil aspects of conflict prevention in favor of military solutions and actors.\(^{31}\) Across the political spectrum, different voices are to be heard with the most vocal opposition towards the eventual militarization of development policy stemming from the leftist party Die Linke. In a study commissioned by Die Linke in 2008\(^{32}\), militarization is depicted as the (almost logical) outgrow of the processes of an ongoing securitization. And indeed, it is not this study alone that harshly criticizes the trend of a subordination of development policies to military goals as allegedly epitomized by so-called CIMICs (instances of civil-military cooperation within provincial reconstruction teams, for instance in Afghanistan, i.e. collaboration between NATO troops and civil development personnel). While one could make the

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\(^{31}\) See the critique of Weller (2007: 11), who points out that the ensuing militarization of conflicts itself presents a dynamic of escalation, while civil conflict prevention rest on another set of instruments. Interesting in this regard is also the self-projection of the Bundeswehr as an army that certainly is in Afghanistan for “drilling wells” and establishing some civil infrastructure (i.e. being “in the development business”), too, see the online presentation: http://www.streitkraeftebasis.de/portal/a/streitkraeftebasis/servic/archiv?yw_contentURL=/01DB0400000000001/W26A3CS7958INFODE/content.jsp.

\(^{32}\) Die Linke/Wagner 2008.
case that there are in principle huge differences between the structure of German-led PRTs/CIMICs and their US counterparts – reconstruction-orientation vs. combat-orientation, degree of independence or embeddedness with military structures (Runge 2009) – such differences tend to evaporate in concrete contexts. Finally, the funding structures for such CIMICs, which are paid at least partially by developmental budget titles 33, may open the door for more comprehensive schemes of financing military expenditures via development budgets.

**Conclusion**

As to be seen, the discursive processes of “securitization” of development policies have not only taken different shapes within different national contexts, they also had material consequences, although it is notoriously difficult to retrieve them from budgetary tables with often not conclusive headings/titles etc. Nevertheless, it can be argued that the shift has not only taken place at the discursive level. The irony in this might be that the official (government-related) development communities – for pragmatic and/or tactical reasons or because of an early understanding of the complex relationship between development matters and instability/insecurity – once chose to push the security-development-“button”, or at least might have welcomed the upgrading of the development project via security arguments after a decade of “development fatigue”. Increasing aid budgets, however, need not translate into a more serious concern with “genuine development” issues. Although it seems overblown at this stage to concede that development is fully under the command of a security perspective, it remains to be seen whether the securitization of development, in the middle run, will be of any worth for “genuine development approaches”.

Recent trends indicate that the overall amount of (official) resources leveled on development (-as-security as well) has only punctually increased, that the felt need to legitimize development spending with security concerns has rather led to the drying out of support for some crucial and seemingly not security-related sectors of development (rural development e.g.) and that the merging of developmental and military policies so far 34 has not produced a mutually beneficial trade-off.

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33 See on that: Klingebiel/Roehder 2004.
34 As some observers argue, this is not a question of fine-tuning but of inherent discrepancies between the two underlying logics (civil/developmental vs. military), see e.g. the remarks by Brock cit. in: Maihold 2005: 42.
In comparing the respective policy shifts on the US and the German side, it becomes clear that there have been visible alterations, especially at the institutional level; on the US side, security-related development spending has substantially increased, while on the German side the results are more ambiguous (it could of course be argued that ODA levels have also not dramatically decreased, not least with reference to the need to uphold development as a means to conflict prevention and the export of stability etc.). Aid allocation patterns also show that the US has directed a considerable amount of resources designed for “development” matters to so-called frontline states in the GWOT, while the picture on the German side is far more murky.

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The Future of the Cuban Revolution

PETR BRANDEL

Introduction

The key argument of this paper is as follows: The Cuban Revolution is to be understood as a continuous struggle for a genuine independence and for this purpose The Cuban Revolution shall be examined within its historical context of political, social and ideological evolution throughout the past fifty years. A correct interpretation of the Cuban revolutionary process is, however, only then achievable, if crucial factors of the Cuban pre-revolutionary history are resumed. After doing so, one can presumably draft future evolution of the Cuban Revolution.

Thus, the aim of this paper of a limited space is not to provide an exhaustive overview of the main existing projections of the possible future of Cuba, yet this paper rather aims at providing the reader with analysis of factors that are accordingly to methodology herein applied most likely to be influential in shaping-up the future of this island nation.

Pre-revolutionary history of Cuba

As a starting point in the Cuban pre-revolutionary history, implying however much of its revolutionary struggle, can very usefully serve a reference to a letter written by one of the first secretaries of state of the US and addressed to the US ambassador in Madrid on April 23, 1823. In this letter, the then US secretary of state John Quincy Adams refers to Cuba as an island of strategic importance for the US and considers that future integration with the US is not only desirable for the US, yet also naturally inevitable for Cuba itself.\(^1\)

Prior to military undertakings between the US and Spain in the end of the 19\(^{th}\) century, the US aspired to make Cuba integral part of the US territory by buy-off bids to Spain in 1840s and 1850s. However, Spain did insist on maintaining the Cuban island under the Spanish crown despite growing islands`
elites dissatisfaction with colonial status quo and treatment received from Madrid and despite growing economic dependence of the island on the US market. The US market made out some 30% in mid-19th century and equalling 100% in 1880s of the Cuban exports of raw sugar, practically the only commodity Cuba had been producing for export.²

A suspicious explosion of the USS Maine harbouring in the Havana harbour in February 1898 and perspective-less war for independence of the Cuban elites against colonial rule provided the US with an appropriate justification to militarily intervene against the weakening colonial state of Spain in both Cuba and the Philippines, i.e. territories which were perfectly suitable for the US expansionist interests pursuing herewith a US elites` vision of a greater role given for the US in the world.³

In a parallel to a US military occupation of Cuba, US citizens started to flow into Cuba with investments and ideas of settling down, if not permanently, then at least for a long term. The US civil and military occupation authorities started preparing free elections to be held in Cuba, which accordingly to expectations of the US would make Cuba finally become integral part of the US territory. These expectations, nevertheless, turned out to be wrong and underestimated desire of Cuba to become a sovereign state.⁴

Although the Cuban independence had become practically inevitable, the US imposed an insertion of the so-called Platt Amendment (a US law giving the US a series of special rights on the island, including the right to militarily intervene and to maintain a military base in Cuba, and economic rights on the island among other rights) into the Cuban Constitution and fixed herewith a special relationship to the island and vice versa. This limited sovereignty was accepted ambivalently by the Cubans, yet ultimately considered much better than a continuing US military occupation of the island, which then had been perceived as the only alternative to the Platt Amendment.⁵

The ambivalence about the very birth of the Cuban independence or pseudo-independence as commonly expressed by the Cuban revolutionary historians was not only characterised by a controversial interference of the US

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² pp. 10 – 12 in A. Kapcia
³ pp. 134 – 135 in R. Gott
⁴ pp. 143, and 145 – 146 in R. Gott
administration, yet also by the heterogeneous Cuban-American community, which had been evolving since the mid-19th century.\(^6\)

The lack of unity and homogeneity among both the Cuban elites on the island and incoming Cuban-Americans about the future perception of Cuba and radical, populist and violence-dominated character of domestic politics finally made the US administration militarily intervene in Cuba several times in order to preserve order and avoid civil insurgencies. Paradoxically, for a legal justification of such a US military intervention the Platt Amendment was perfectly suitable and frequently requested its implementation by a few Cuban presidents in Cuba’s pre-1959 history. Oppositional groups and political parties who had been facing defeats in corruption and fraud-dominated elections thus learnt to demonstrate dissatisfaction by public protests, civil riots and ultimately undertaking an armed fight against the government, whereas the ruling president and government became familiar with the habit of formally requesting the US embassy in Havana to militarily intervene in order to preserve order and to sustain the ruling president of Cuba in power, if decided so in Washington.\(^7\)

Additionally to the above-mentioned right of the US to militarily intervene on the island, also the space for an independent action of Cuba in foreign policy was limited to the extent when search for extern loans came into question for instance. Potential opposition to US interventions in Cuba in terms of during independence wars gained sense of national unity and more practically of politically united and for independence striving movements and parties were made split as much as the Liberation Army (including many Afro-Cubans) disarmed and replaced by a smaller, US-trained and white-led Rural Guard.\(^8\)

Intra-societal divisions such as of the political spectre and racial ones served to the US to maintain an effective control over Cuba disposing with Cuban political elites behaving in a servile and Washington-friendly way. This period of “US neo-colonialism in Cuba” also characterised by sugar-prices collapse after World War I and after 1929 Great Depression leading Cuba to a deeper intra-societal economic discrepancies generating a violent and increasingly radical re-emergence of the old nationalism across the political spectre and across classes, including students of Havana university vehemently challenging almost all-sphere dominated corruption lasted until the autumn of

\(^6\) pp. 150 – 151 in R. Gott
\(^7\) pp. 155 – 156 in R. Gott
\(^8\) p. 15 in A. Kapcia and p. 142 in R. Gott
1933, when dictatorial regime of independent wars` veteran Gerardo Machado ended by a military-led overthrow establishing first for a period of a year or so a transitional government with a growing role of the Cuban left lacking, however, a serious chance of being recognised by Washington and thus finally for the next 10 years being outmanoeuvred by an army sergeant and later on colonel Fulencio Batista in 1934. For the purpose of this paper, out of the first dictatorial regime in Cuba of Gerardo Machado (1925 – 1933) following features are worth mentioning.

Prior to his political success as elected president of Cuba he had been working as skilled executive of an electricity company bellowing to a US transnational corporation and in fact it had been the US financial groups who had financed Machado`s election campaigns. His tendency to govern authoritatively and to gain practically total power over the political spectre paralysed the Cuban congress in its legislative functions, since virtually no law could have been passed without prior approval of Machado. Additionally, Machado`s prohibition of creation of any new political party paved the way for creation of one president-dominated state party. It shall, however, not be forgotten that Machado` power very much rested on the support of the Cuban armed forces, which later on turned out to be the most powerful institution in the Cuban society.

Since the manipulation of the Cuban congress by the authoritative president Gerardo Machado practically had made impossible to compete Machado by legal means, once again new movements of violence-preferring political groups and parties re-appeared on the scene, including then illegal Cuban Communist Party. As relatively violence-free demonstrations of Havana university students turned out to be ineffective against the dictatorship of Gerardo Machado and eventually had been violently suppressed by the repressive authorities of Machado`s government, students movements themselves started to become more radical in their actions, including then popular gangster-style forms of fights against the governmental/state and business establishment. Such a character of modus operandi of the oppositional groups had made it quite difficult to differentiate between politically motivated gangsters and common criminals. Despite ideological differences among the various anti-Machado groups all had one in common, i.e. the faith in violence and terror directed against the government and governmental personnel as the only effective measure, how to defeat the dictatorship of Gerardo Machado.

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9 pp. 16 – 17 in A. Kapcia
10 pp. 170 – 171 in R. Gott
11 pp. 172 – 175 in R. Gott
Finally, it is certainly meaningful to mention the withdrawal of the US support provided to Gerardo Machado, as far as his end of political career is concerned. Once again, it had been the US who played a considerable role in either helping Gerardo Machado to remain in power (including military intervention) or withdrawing such a support and thus practically exposing Cuba to be newly re-organised in terms of domestic politics.  

What is now worth saying about the second dictatorship in Cuban pre-1959 history, i.e. the regime of Fulencio Batista (1934 – 1959)? Batista first seized the power overthrowing the preceding transitional by a growing role of Cuban Communists impacted government and continued to rule until the 1940 election in an authoritative style, including immediate repressions of the forces of the left and placing into rather representative than effectively executive position a series of puppet presidents. Nevertheless, after 1940 Batista ruled as constitutionally elected president thanks to won elections in 1940. Then, Batista not only managed to gain popularity among his electorate, in addition and to surprise for the Latin American standards of his times he was also successful in being backed-up and literally endorsed by his former rivals, i.e. Cuban Communists and Social Democrats, who both from 1944 legally enabled to exist under a common fusion of both the parties called the Peoples` Socialist Party (PSP). Batista notably reached a trade-off with both of his political rivals letting them control over the newly created national trade unions.

Nevertheless, the worsening economic situation as a cause of post-world war II with declining prices of raw sugar at world market and people’s disillusion with Cuban political culture of populism, gangsterism and corruption led to an increasing attraction for the orthodox political groups oriented to the left, which were actually threatening to win the 1952 elections. Such a constitutionally legitimate solution had, however, been prevented by Batista`s staged coup of state.

Series of ineffective protests against Batista`s staged coup of state presented by university students ultimately took a new radical form of military contra-governmental action led by former student activist and lawyer Fidel Castro targeting major military barracks Moncada and Manuel de Cespedes in Santiago de Cuba, and Bayamo respectively on July 26, 1953. Despite the failure of these attacks, this badly organised and bloodily suppressed uprising

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12 p. 177 in R. Gott
13 pp. 184 – 190 in R. Gott
14 p. 20 in A. Kapcia
provided the rebels’ leader with a solid platform to launch a new movement opposing the corrupt regime of Batista called 26 July Movement and to define goals laying ahead this movement. These goals were as follows: a) call for the overthrow of Batista and return to 1940 constitution status quo, b) focus on land reforms ending with the traditional latifundismo, c) halving all urban rents, d) call for an expansion of education to all Cubans and rural literacy drive and finally in more general terms a call for a broad programme of social reforms to address poverty and inequality.  

At this stage, it may be of some importance to note that in his famous defence speech from 1953 titled ‘History will absolve me’ Fidel Castro did not make any concrete reference to the United States, which can possibly be explained that the then immediate issue to be dealt with was no longer the Platt Amendment relationship to the USA and armed intervention, but rather the Batista dictatorship.

The sequence of next events can be resumed in following way: Batista confident of his control of Cuba and in joy of the US support released Fidel Castro and his fellow rebels letting them go to exile in Mexico in 1955, where from the entire rebel group from then onwards named 26 July Movement after a guerrilla-style undergone training crossed over to Cuba again in December 1956. Additionally, it shall be taken into account that in Mexico the group had been joined by the Argentine radical Ernesto (Che) Guevara, who then brought to the group his own critical experience of 1952 failed revolution in Bolivia and 1954 US-backed military coup and invasion to end a popular reformist experience in Guatemala. Guevara also brought to the group his familiarity with Marxism and other radical ideas.

The 26 July Movement’s over-sea crossing in December 1956 meant initially to coincide with an uprising against Batista led by a Movement’s eastern Cuba coordinator Frank Pais in Santiago de Cuba. The arrival of the 26 July Movement in Cuba was delayed, the uprising in Santiago de Cuba repressed and when finally Castro’s group of rebels arrived, it too as already expected by the Batista’s army was dispersed to continue fighting as guerrillas in the Sierra Maestra mountains.

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15 pp. 20 – 21 in A. Kapcia
16 p. 21 in A. Kapcia and p. 196 in R. Gott
17 p. 21 in A. Kapcia and pp. 197 – 198 in R. Gott
18 p. 22 in A. Kapcia
The Future of the Cuban Revolution

The guerrillas fight against the Batista dictatorship under the leadership of Fidel Castro can be essentially characterised by two main attributes:\(^{19}\):

1. Castro emerged as the main credible opposition to Batista, both thanks to a series of convenient agreements with other groups and also the “official” and silent passivity of the PSP (i.e. Communists and Social Democrats!), which at the very beginning even condemned the failed attack at Moncada barracks of 1953 and landing of Castro’s group in Santiago de Cuba in December 1956;

2. Ideological perception of the post-bellum future of Cuba inherent to the 26 July Movement and Fidel Castro himself started radically to change both under the presence of Che Guevara and influence of traumas to which the peasantry under Batista as much as under predecessor regimes had been exposed and with which the guerrilleros held contact on practically daily basis, experience all of which 26 July Movement started to perceive the USA in an antagonistic relation to Cuba and to develop a commitment both to social revolution and anti-imperialism.

As the Batista regime became day by day weakened facing a growing opposition among population stimulated by the guerrilla’s survival and successes in the military battles against Batista’s army, the US too finally withdrew its support in 1958 due to increasingly negative image of Batista’s repressive methods against young Cubans and the middle class. Thus, the formal and celebrated victory of the Cuban Revolution had been achieved by a symbolical entry of Fidel Castro to Havana on January 8, 1959 after Batista’s quiet and harmless departure from Cuba on December 31, 1958.\(^{20}\)

Now, one should look into detail on what Cuba in the early victorious revolutionary days of 1959 looked like and how much had changed since July 26, 1953. Cuba still continued to suffer from the old problems such as economic dependence on sugar and the US market and capital, gross social inequality and discredited political system of Batista’s dictatorial rule and alliance with the US administration. The events from 1952 to 1958, nevertheless, added new significant attributes: in 1958 leading figures of the PSP joined Castro in Sierra Maestra and the PSP as such fused with the 26 July Movement as a new force disposing with solid and politically loyal

\(^{19}\) pp. 22 – 23 in A. Kapcia

\(^{20}\) p. 23 in A. Kapcia
membership\textsuperscript{21}; resentment against the USA was once again on rise, partly due to the fact that the US had supported and armed Batista until the very year of 1958; furthermore not only economic problems had been growing in the course of 1952-1958, yet eventually Batista’s political system collapsed and so did the state apparatus.\textsuperscript{22}

As already displayed above by the two main attributes of evolving changes of the 26 July Movement during the 1956-1958, the ultimate image of victorious rebels in the early 1959 was symbolised by a potential for political differences not only between the radical rebels themselves, yet also between those who had fought within urban zones and those who had fought in the rural areas, i.e. mainly in Sierra Maestra. Often drastically gained experience of the Sierra Maestra rebels had radically changed the post-bellum Cuba perception of the latter ones. Equally, the population, which despite not having been directly involved in the armed undertakings (i.e. practically majority of the Cuban population) and still full of previous politics disillusion, was now placing high expectations on the victorious revolutionaries, to which these were expected to respond quickly.\textsuperscript{23}

What lessons can be learnt from Cuba’s pre-1959 history?

⇒ Cuba experienced very little or nearly no democratic rule at all in its pre-1959 history.
⇒ Thus, the perception of democratic rule and the term of democracy could then and very likely still nowadays only with difficulties be considered equally as in western democracies of the 20th century.
⇒ Cuban elites lacked personally in the capacity to rule democratically and to exercise full sovereignty over Cuba due to both political and economic dependency on the USA in pre-1959 history.
⇒ Cuban socio-political reality in pre-1959 period can be characterised as highly divided in all spheres: white versus black, rich versus poor, geographically west versus east, Christianity versus Afro-Cuban religion.
⇒ In its overwhelming majority unskilled or only low-skilled Cuban electorate was exposed to populist manipulation and politically motivated violence of political parties resulting herewith into widespread disillusion with traditional politics.

\textsuperscript{21} p. 208 in R. Gott
\textsuperscript{22} pp. 23 – 24 in A. Kapcia
\textsuperscript{23} p. 24 in A. Kapcia
The Future of the Cuban Revolution

Finally, the initial goal of the uprising against Batista on July 26, 1953 and thereafter the revolution had been about national and social emancipation of Cuba rather than about ideological revolution related to Marxism or Communism.

Cuban Revolution as a trajectory of permanent crisis – history of Cuba since 1959:

Why a crisis character is inevitably inherent to any revolution and to the Cuban one in particular?

Firstly, every essential change to a society, to an economy and to political structures necessarily generates a totally new situation to which the population and leadership must react. Without any appropriate experience with governance as it had been the case of the Cuban rebels elites the revolutionary leadership was only in limited control of the revolutionary process. Secondly, Cuba then was a small dependent sugar-reliant economy vulnerable to ups and downs of an over-crowded world market and thus in position to construct a special relationship with one reliable but dominant market. Additionally, the global context of a superpower conquest in the international politics did not make it any easier for Cuba not to be drawn into crisis and tensions.

Five crisis cycles in the Cuban revolutionary history in accordance to the display of Cuban history in Kapcia’s view can be traced back and are to be briefly reviewed here: 1961, 1962-63, 1970, 1980 (until 1985) and 1990-94.

Crisis of 1961

In January 1959 US administration under D.W. Eisenhower was uncertain how to react to the Cuban Revolution and fearful about the young rebels from Cuba potentially tending towards Communism. This uncertainty of further ideological evolution of the revolution created an atmosphere of mutual mistrust, as the initial anti-Batista unity broke apart, promised elections failed to take place, Batistians were publicly tried, imprisoned and some executed and all in all the rebel’s pronouncements became visibly more radical. The May 1959 land reform in Cuba made many US enterprises with in Cuba capital

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24 p. 26 in A. Kapcia
25 p. 27 in A. Kapcia
26 i.e. A. Kapcia’s history book on Cuba, see the list of references
invested interests feel uneasy and fearful of further nationalisations.\textsuperscript{27} To prevent such a development Washington is believed to have taken the decision to train a force of those exiled Cubans, who would act against the rebels, i.e. implicitly in order to protect the interests of the US enterprises and establishment.\textsuperscript{28}

In February 1960 Cuba driven by pragmatism and nationalism searched for new sugar markets and investments for its social and economic programmes and thus agreed with the Soviet Union to exchange some of Cuba’s sugar for Soviet oil. When under Washington-pressure the US-owned refineries in Cuba refused to refine this oil, Cuba nationalised these refineries provoking not only suspension of annual sugar quota of Cuba for the US market, but ultimately also the break-up of the US-Cuba diplomatic relations. This break-up was a prelude for a CIA-backed up invasion in Cuba on 17-19 April of 1961 to generate an anti-Castro uprising. As very well known, both the invasion and anti-Castro uprising were not successful for at least three factors: J.F. Kennedy who inherited invasions-plans from previous administration withdrew US aerial support, Revolutionary Armed Forces were superior in numbers and finally despite of the faults of the revolution overwhelming majority of the Cuban population backed the revolution, for their lives considerably improved since 1959.\textsuperscript{29}

**Crisis of 1962**

1959-61 changes in the revolutionary political structures with a new formalization of the main anti-Batista players (26 July Movement, PSP and DRE – Directorate of revolutionary students) merged into one umbrella body with dominance of 26 July Movement’s representatives; however with new internal tensions and socialist orthodoxy. The victorious reaction of the Revolution to the CIA-backed up invasion led to an agreement between the Cuban and Soviet Union’s leaders to take advantage of perceived US weakness to strengthen Cuba’s defence against any repeated action of the USA to invade Cuba. The outcome of this mentioned agreement was the Cuban Missile Crisis, whose most significant outcome for Cuba’s defence was apparently a promise not to invade Cuba made by the US within the arrangement between Moscow and Washington. The crisis in its outcome for Cuba was, nevertheless, rather ambivalent, since the arrangement between Moscow and Washington did not

\textsuperscript{27} pp. 229, 231 in R. Gott and pp. 28 – 29 in A. Kapcia

\textsuperscript{28} dtto.

\textsuperscript{29} pp. 29 – 30 in A. Kapcia
involve Cuba itself and thus Cubans were left aside by a new ideological ally, i.e. the Soviet Union.\textsuperscript{30}

\section*{Crisis of 1970}

Washington’s disgust over the Cuban revolution led to the expulsion of Cuba from the Organisation of American States (OAS) promoted by the US administration, imposed economic sanctions, rupture of all Latin American states relations with Cuba except of nationalist Mexico, which all in all threatened Cuba with a total dependence on the Socialist bloc and a few other countries that ignored US sanctions. The economic future therefore looked rather pessimistic. How to economically progress became an issue of intellectual debates among the Cuban revolutionary elites assembled since 1965 in the Cuban Communist Party, since those from PSP originating Cuban communists claimed that transition to socialism and communism is only possible by passing first all the necessary stages of capitalism in the case of such an underdeveloped country as Cuba had been, whereas more radical views represented by Che Guevara argued on pragmatic and ideological grounds for a faster move towards socialism.\textsuperscript{31}

Economic policies resulting from the above-mentioned debates had led to an over-ambitious plan to produce 10 million tons of sugar which failed by some 1.5 million and cost far more than what the sugar was worth commercially! The over-ambitious drive to produce such a quantity of sugar had been born by a combination of aspirations and between 1965 and 1970 reinforced ideological ethos emphasizing volunteer labour and sacrifice in favour of the revolution. This economic failure reflected itself in a political crisis too and brought a declining public confidence with the revolutionary leadership.\textsuperscript{32}

\section*{Crisis of 1980}

Communist Party of Cuba by the beginning of the 1980s had evolved itself in a large extent to a highly bureaucratic organism as in the rest of the Socialist bloc, whose members were less accountable and more likely to be privileged implying mechanisms of representation that were more distant and less active than in the 1960s replacing herewith mobilization and involvement.

\textsuperscript{30} pp. 31 – 33 in A. Kapcia and pp. 251, 262 in R. Gott
\textsuperscript{31} pp. 34 – 35 in A. Kapcia
\textsuperscript{32} p. 36 in A. Kapcia and pp. 301 – 304 in R. Gott
by a more hierarchical and indirectly representative system. Economically, new consumerism appeared with desires of new properties aspirations leading thus to a phenomenon such as corruption. Cubans, however, in their vast majority were less politically involved and increasingly controlled by professional politicians and bureaucrats interested in maintaining the status quo acquired. Younger generation, educated in the 1960s revolutionary education reform period, did not necessarily share parents’ ideals and commitment to the Revolution and showed expectations of an appropriate employment with regard to qualifications they had obtained. Additionally, despite the efforts to run a socialist revolutionary economy Cuba was dependent on world trade and on foreign capital!33

The above-mentioned discontent resulted into attempts by would-be emigrants to occupy foreign embassies such it was the case of the Embassy of Peru in 1980. It is appropriate to highlight that despite pro-governmental rallies supposedly indicating persisting loyalty to the Cuban Revolution, a number of about one million registering (including many blacks and low-skilled or marginalized segments of Cuban society causing thus new and profound discrepancies within the Cuban-American community in the USA) a desire to emigrate was negatively alarming and reflected the damage to prestige the Cuban Revolution was facing. As seemingly inevitable result, around 125, 000 persons left Cuba for the USA with Castro’s permission between April and October 1980.34

Crisis of 1990-94

With the break-up of the Socialist bloc and the Soviet Union did not only considerably collapse for Cuba its external political alliance structures, economically too Cuba faced severe threats of all imports falling by almost 60 %, economy running at only about one half of its capacity and thus shrinking by some 38 % resulting into the so-called “Special Period” in times of peace.33 Factors that had played crucial role to survive this crisis are to be dealt with in the following sections of this paper, where the uniqueness of the Cuban Revolution is addressed providing possible answers to the question why, whilst the European communist and Latin American authoritarian populist regimes sooner or later faced collapses and disappeared, the Cuban Revolution has been capable to enter successfully into the 21st century.

33 pp. 38 – 39 in A. Kapcia
34 p. 41 in A. Kapcia and pp. 332 – 334 in R. Gott
35 pp. 42 – 43 in A. Kapcia
In order to make the reader embrace the uniqueness of the Cuban Revolution and herewith to move the reader towards a more complex and profound understanding of the reasons for “no-end-on-the-horizon” of the Cuban Revolution, we shall now in more details analyse the Cuban Revolution in its ideological and societal dimension as well as its external profile.

**Ideological profile**

The Cuban Revolution in its early beginning ideologically continued in the 1920s traditions of radical nationalism opposing the Platt Amendment, aspiring to get rid of corruption and economic dependency on the USA. As such, at the beginning the Cuban Revolution should have rather been understood as a manifestation of revolutionary Cubania; a genuine Cuban ideology much different from orthodox political and economically rigid norms determined in Moscow and from “economic imperialism” imposed and represented by the United States.  

With the revolutionary fight resulting into victory over Batista the governing ideology of radical nationalism was reinforced by elements such as Marxism-Leninism and Socialism. A considerable, if not crucial, contribution to “communisation” of the Cuban Revolution was played by the US foreign policy that had made Cuba build-up alliance with the Socialist bloc. Some views go further and even consider the 1961 CIA-backed-up and failed invasion as one of the biggest strategic errors of the USA in the 20th century. Thereafter, nationalism typical for revolutionary Cubania became nationalisation and eventually collectivisation.

Surprisingly enough or not necessarily, legitimate doubts about Soviet Union’s solidarity in Cuba’s efforts to carry out industrialisation plans became evident under Soviet pressure on Cuba to remain supplier of raw sugar after 1962 Missile crisis, when Cuba began to be attracted both to the Chinese and Vietnamese model. At that time, Guevara’s challenge to orthodox (i.e. Soviet) Marxism became mostly evident by opposing Soviet’s arguments that such an underdeveloped country as Cuba could not even reach intermediate stage of socialism until the full development (and contradictions) of capitalism had been experienced. Guevara did oppose the argument by the need to accelerate

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36 pp. 90 – 91 in A. Kapcia  
37 p. 242 in R. Gott  
38 pp. 95 – 96 in A. Kapcia
towards communism and moving rapidly from an underdeveloped capitalism through socialism.\footnote{pp. 96 – 97 in A. Kapcia}

It was finally Fidel Castro himself, who by introduction of „Guevarist elements“ in the resulting economic strategy settled a compromise, named “moral economy”, in which voluntarism, solidarity with and commitment to the Cuban Revolution became driving economic forces. However, as early as from 1975 onwards increasingly present consumerism and growing ideological differences between older and younger generations contributed to partial stagnation of mobilizations of wide public for a voluntary work. Additionally, economic short cuts and public discontent as demonstrated above (e.g. mass exodus in 1980) led to a process of ideological rectifications focused on economic reforms in mid-1980s.\footnote{p. 42 in A. Kapcia}

Ultimately, the most significant challenge to ideological essence of the Cuban Revolution came with the end of the Soviet Union and the Socialist bloc in 1989 – 1991 and since then a totally new rethinking of the Cuban Revolution has become inevitable. We shall return to this in the conclusive remarks of this paper.

Societal dimension of the Cuban Revolution – institutionalisation of the Cuban Revolution:

With the victory of the revolutionary rebels over Batista, mass mobilization of the Cuban population took place in political, societal and military terms. Whereas the first one was closely linked to the wide-spread disillusion of the public about the pre-1959 populist and corrupt political system, the secondly mentioned mobilization of the masses was related to accomplishing equality between men, women and races mainly (reflected as equals in law, labour, education and politics) and pro-revolutionary mass mobilizations in military terms had very much to do with the proper defence against an external threat as it had been the case of 1961 invasion and 1962 Missile crisis. Additionally, pro-revolutionary mass mobilization became possible through the creation of Committees for Defence of the Revolution (known as CDR) in all street blocks and rural municipalities, whose primary goals were to guard the revolution from both external intruder and internal enemy (i.e. dissent).\footnote{pp. 64 – 70 in A. Kapcia}
Early revolution talks about holding election and creation of multi-party system (returning the 1940 Constitution into force) were abandoned with preference to a single-party system (with Communist Party of Cuba) most likely due to internal ideological diversity within the rebel revolutionary alliance and unity-fragility of the alliance itself being aware of possible risks of a conquest for political power among the representatives of the anti-Batista alliance (notably between the 26 July Movement and the PSP). Additionally, fears of a possible US funded campaign of oppositional forces in competitive and democratically held elections might have played a decisive role in decision of the revolution’s elites not to hold any elections until the revolution is sufficiently institutionalised within the Cuban society.\(^{42}\)

**External profile**

Cuba has undergone several qualitative changes in its foreign image since 1959. It must be said that not only the external image of Cuba has been influenced by domestic affairs, yet the external circumstances too have been influencing the process of revolutionary transformation of Cuba. Thus, revolutionary diplomacy has always meant much more than traditional commercial and political diplomacy. The revolutionary diplomacy occasionally reflected character of domestic affairs, debates and tensions, and at other times it was inevitably obliged to operate and constantly adapt to changing status quo of the international politics such as between the two superpowers and after the end of the bipolar world.\(^{43}\)

The starting point in the external image of the Cuban Revolution is likely to be the worsening US-Cuba relations in 1959 – 1961 resulting into the rapture of bilateral diplomatic relations; US imposed embargo and expulsion of Cuba from the OAS in 1962. Logically, both for economic reasons and international recognition Cuba started approaching the Soviet Union informally as early as January 1959. Socialist bloc had been perceived as a possible way out of economic dependency on the US, given growing opposition of Washington to social reforms announced to take place in Cuba and challenge to the US interests in Cuba. Arrangement between Moscow and Washington, leaving Cuba aside when holding the diplomatic talks, however made clear to Cuba that it had become just one more site for battles between the two superpowers.\(^{44}\)

\(^{42}\) p. 71 in A. Kapcia  
\(^{43}\) p. 110 in A. Kapcia  
\(^{44}\) pp. 111 – 115 in A. Kapcia and p. 262 in R. Gott
Since nearly all Latin American states had broken up diplomatic relations with Cuba after 1961 and only slowly the recovery of these took place, Cuba had practically little to lose by challenging the status quo of the US hegemony in the region and therefore started to “export” the Cuban Revolution outside the island.\(^{45}\) Success was noticed in Peru, Bolivia and Panama, when these in late 1960s broke the OAS exclusion by recognizing Cuba. In late 1970s, Cuba too played a significant role in search of unity among the Sandinistas and their final moves to victory in Nicaragua’s civil war.\(^{46}\)

Already by 1970 Cuban leaders understood Cuba as revolutionary protector of the Third World following Cuba’s entry into the Non-Aligned Movement in 1964. Probably, most significant and visible Cuba’s Third World internationalism could be seen in Cuba’s military engagement in Angola from 1975 to 1989, which gave Cuba a source of national pride outside and inside Cuba.\(^{47}\) In a global overview, Cuba’s revolutionary survival seemed to rest on a relationship that was perceived to be permanent and apparently stable within the framework of bipolar world. Cuba demonstrated an extraordinary capacity to react and adapt to changing external circumstances in terms of economic opportunities, new alliances, and political and military conflicts. A totally new situation emerged after the dissolution of the Soviet Union in 1991.\(^{48}\)

The survival of revolutionary Cuba thereafter thus appears to be a real enigma, whose aspects are in more details reviewed in following part of this paper.

**Mysterious survival of revolutionary Cuba after 1989/1990:**

The economic effects of the 1990 – 1994 crisis were the most evident threat to the survival of the Cuban Revolution. Economic re-adjustments to be undertaken within the Cuban economy became absolutely indispensable. One of urgent decisions taken was a provisional introduction of the US currency into money circulation, which to a certain extent harmed the national pride and caused damage on the face of the revolution, yet this measure also helped to inflow the hard currency, usually received from relatives living abroad and

\(^{45}\) pp. 272 – 276 in R. Gott  
^{46}\ pp. 120, 127 in A. Kapcia  
^{48}\ p. 132 in A. Kapcia
urgently necessary in order to purchase goods imported from outside Cuba.\textsuperscript{49} Additionally, small-size sort of self-employments were permitted to increase labour motivation within artistic activities, small local services, streets sales of food and ownership of family-run private restaurants.\textsuperscript{50} In parallel to these measures applied in urban zones, rural areas empowerment in crisis period of 1990 – 94 was to be resolved by dismantling state-owned lands and distributing these to thousands of cooperative farmers in new cooperatives, which as a crisis-solution was closely linked to the expansion of urban agricultural food markets, where the farmers stood in practical direct provision of the goods to the final consumers.\textsuperscript{51}

A new problem, in fact inherent to both the crisis and introduced measures to combat the crisis, appeared and that was the booming black economy. Although unofficially the black economy was somehow helping to ease social tensions and practically relieving the Cuban government from its responsibilities to provide the people with necessary supplies, the black economy proved to be controversial and challenging the state ideology, since it undermined the state planning and supplies, increased criminality and corruption. Thus, for a brief period the black economy was tolerated until it was repressed in mid-1994.\textsuperscript{52}

Structurally, the Cuban economy as result of the 1989 crisis had to be re-adjusted in a way, in which permanent decline of Cuba’s sugar industry was accepted, and this raw sugar – orientation of the Cuban economy replaced by focusing on other sectors, with priority given to tourism attracting much needed foreign capital. For centuries dominant raw-sugar orientation of the Cuban economy was herewith left behind and not significantly revitalised since then.

The economic crisis, however, produced new waves of public discontent reflected in decline of public activism and support to the revolution, since everyone virtually became absorbed in the indispensable daily needs of food shopping. As a result voluntary work and involvement in trade unions declined rapidly and public rallies in support of the revolution became smaller and smaller. Finally, most serious unrests originating from this economic crisis came in August 1994 with an increase of illegal emigration from Cuba, streets protests in Central Havana and security crackdown permitting eventually an

\textsuperscript{49} p. 361 in R. Gott
\textsuperscript{50} p. 362 in R. Gott
\textsuperscript{51} p. 363 in R. Gott
\textsuperscript{52} p. 158 in A. Kapcia
exodus for the USA of some 35,000 Cubans in a few weeks leaving Cuba on home-made rafts.\textsuperscript{53}

**Relation to Washington and Cuban-American community after 1989**

The situation of US-Cuba relations in their framework once again worsened deeply, after one US civil plane repeatedly violating Cuban air space in search and rescue of less luckier rafters on open sea had been shot down by the Cuban Air Force in February 1996. The US president Clinton was obliged under pressure from Miami based Cuban exile to follow a harder line in relations with Cuba and signed the controversial Helms-Burton act economically further sanctioning Cuban regime and calling for the end of Castro regime in Cuba. This controversial episode of a US civil plane shot down and controversial US anti-Castro law in form of the Helms-Burton act clearly demonstrated the role played by the hard-line and radical émigré lobby in executing the US policy towards Cuba and its importance in the US presidential elections.\textsuperscript{54}

Although the Cuban-American community had been changing prior and post 1996 episode with US civil plane shot down as illustrated by younger generation of Cuban-Americans who were becoming increasingly relaxed about normalization and many recent migrants were keen to maintain contact with and send remittances to their families in Cuba, the years of 1998-99 with two major episodes emphasised the weakening role of the émigré lobby in the USA. The first episode was the Pope John Paul II visit to Cuba in January 1998 considered to be recognition of revolutionary Cuba by a highly prominent and worldwide known figure. The visit seems therefore to have legitimised rather than destabilised Cuba. The second one of the episodes was the Elián Gonzáles affair of 1999. A six-year-old boy named Elián was rescued from a sinking boat in the Florida straits, whose mother died during the crossing. As he was a “wet-foot” refugee, he should have been returned in accordance with the Adjustment Agreement on Migration from Cuba to the USA settled in mid-1990s. Elián’s relatives in Florida, however, insisted on his stay in the USA, opposing boy’s Cuban father desire to return the boy to Cuba. US popular opinion was sympathetic to Elián’s father and equally supportive were the US authorities.

\textsuperscript{54} pp. 163, 169 in A. Kapcia and p. 377 in R. Gott
This emotive story of a Cuban child being a “wet-foot” refugee was masterly used to newly mobilize popular masses in Cuba.\(^5\)

**The European Union on the scene**

Internationally, the above-resumed period of the 1990s was for Cuba increasingly characterised by political and economic approaching of the EU towards Cuba and vice versa. It must be said that the EU has had a Common Position on Cuba since 1996 and this EU foreign policy instrument formulated a framework for a mutual interaction. The objective of this EU Common Position on Cuba is to encourage a process of transition to pluralist democracy and respect for human rights and fundamental freedoms in Cuba. Additionally, it is not the EU policy to try to bring about such a transition by coercive measures with the effect of increasing the economic hardship of the Cuban people.\(^6\)

The Common Position on Cuba is quite a typical instrument of the EU within its Common Foreign and Security Policy. Despite permanent criticism of the Cuban government with regard to the effects of this Common Position Cuba and the EU developed a functional framework for repeated meetings and dialogue between 1996 and 2003 on trade, investment and tourism carrying out many high-level visits. Once again, as it had happened in 1961 rapture of the US-Cuba diplomatic relations, Cuba was in search of new economic partners after the collapse of the Soviet Union in 1991. Relevant numbers of EU companies literally proposed joint investments in Cuba reaching nearly half of the total of 400 or so of foreign investment joint ventures in Cuba by 2003. The EU even became in 2001/2002 Cuba’s largest trade partner.\(^7\)

Although the EU did not benefit immediately and directly from these foreign direct investment undertakings, the EU could within the above-described framework of relations to Cuba demonstrate a unique capacity of maintaining contacts both with the Cuban governmental representatives and Cuban dissent having EU diplomats present in Havana and maintaining regular contacts to peaceful democratic opposition to Castro regime.\(^8\)

\(^6\) P. Hare
\(^7\) P. Hare
\(^8\)
At that time, the EU appeared practically to be the only actor in the field of its pragmatic and human rights policy towards Cuba, since other countries and groupings were not yet making any relevant move to get closer to Cuba. The former Soviet Union was then still without appropriate significant action capacity for domestic economic reasons and Chavez did not come to power until 1998 and therefore could not emerge as key economic (and ideological ally) until after 2002-coup attempt. As the Japanese and Canadians primarily started approaching Cuba in search for economic opportunities, the EU could fully embrace Cuba not only in development and trade terms, yet also in politically sensitive issues such as promotion of democracy and protection of human rights in Cuba. Within this spirit EU embassies in Havana between 1996 and 2003 maintained regular contacts with the representatives of the dissident groups and at the same time the EU continued demonstrating solidarity with Cuba by voting against the US embargo on Cuba in the UN.  

The EU high-level representatives believed in late 1990s and early 2000s that Cuba was evolving in a positive course. There were modest signs of a more openness such as the Varela petition, the visit of Jimmy Carter to Cuba and visit of leading Cuban dissident Oswaldo Paya to the European Parliament to receive Sakharov prize for Freedom of Thought in 2002. Junior members of the Cuban government, the church and some NGOs with operations in Cuba participated in common debates. An apparent reduction of harassment of oppositional groups and more space for the EU embassies to maintain open contacts with the dissidents seemed to be promising features of the nearest and positively marked future.  

The early 2003 can be described as culmination of the above described positively perceived EU-Cuba relations’ period by opening the permanent delegation of the EU in Havana on 13 March 2003, yet the spring of the same year also meant a turning point in the EU-Cuba relations, for the so far developed Cuban EU policy seems to have been genuinely used by the Cuban government to promote its interests, and practically to retain political control over Cuba and economically sustain the Cuban Revolution.  

It appears to be highly probable that Fidel Castro had made several key decisions before March 2003 that were closely related to the failed coup attempt against Hugo Chavez in Venezuela in April 2002. Although the Cuban embassy in Caracas had been under attack and Chavez’s life seemed to be in 

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59 P. Hare  
60 P. Hare  
61 P. Hare
danger implying the Cuban government’s request for help from the EU to fly Chavez out of Venezuela to Cuba, Chavez not only managed to return to power and thereafter to restore his position even more firmly, yet additionally became inspired by Fidel Castro’s skills in politics and governance. Since then, the Venezuela-Cuba relations have intensified to unprecedented levels of cooperation, whilst Chavez started Cuban-style literacy and populist social programmes, and more importantly introduced a far more radical anti-US, i.e. anti-imperialistic attitudes. For Cuba, Venezuela turned out to become a crucial oil supplier.  

In February 2003, Fidel Castro expressed dislike during his visit in China for the Chinese embrace of capitalism, incentives and material advance and rejected going down the Chinese route saying that “the Cuban Revolution had nothing to learn from China”. At that time, the US policy towards Cuba had been already for some time dominated by anti-Castro US Republicanism which had taken its later form in creation of the Commission for Assistance for a Free Cuba with ultimate goals of bringing about “an expeditious end of the dictatorship” with basic premise that the Castro regime was near collapse and that a few more travel restrictions and another economic sanctions would bring an early end to the Castro regime.

This increasingly negativist US policy towards Cuba was additional factor for the changing scenario in the carefully planned turn in conduct of the Cuban leadership in the early 2003. This from the EU rather unexpected change came with the negatively famous wave later on known as “Black Spring” arrests and imprisonments of leading dissident figures in total number reaching 75 persons, out of which 74 were men and 1 woman. As these arrests proved to be the most destructive attack on the domestic opposition in Cuba for over a decade, it might be presumed retrospectively that the process of greater political openness as desired by the EU in the early 2003 had never been meant to continue indefinitely.

Practical implications of the “Black Spring” arrests were as follows: No more liberalization of the economy; and there were no further foreign investment joint ventures approved. The Varela petition activists and other Human Rights defenders were strictly penalized by exemplary sentences imposed during summary trials with the above-mentioned group of 75 persons.
dissidents arrested on March 18, 2003. Additionally, as indirect implication of these arrests the US embargo against Cuba remained in force and herewith provided Fidel Castro with renewed justifications for the economic and political sacrifices of the Cuban people.\textsuperscript{66}

It is not necessarily clear whether Fidel Castro did or did not expect a hard reaction of the EU as an aftermath to the Black Spring. It could have been expected that some EU member states would rhetorically express dissatisfaction, yet after that nothing else would happen to damage EU-Cuba relations and economic interests. Contrary to this expectation the EU foreign ministers condemned sharply the Cuban crackdown on dissidents and imposed sanctions on Cuba in June 2003. This led to Cuban response, which took form of the Cuban withdrawal of the application to join the EU Cotonou (Trade) Agreement with ACP countries and additionally official contacts with the EU embassies in Cuba were ordered a freezing in response to the EU decision to maintain its Common Position on Cuba, to limit high-level governmental visits and reduce member states’ participation in cultural events in Cuba and most annoyingly for the Cuban government to invite representatives of dissident groups and relatives of political prisoners to national day receptions.\textsuperscript{67}

The publicity about this abrupt change of the EU-Cuba relations in 2003 had served to maintain the cause of political prisoners in Cuba in repeatedly fresh media attention. The EU was able to maintain solidarity only for about 18 months by engagement of its respective national diplomatic missions plus Norway inviting the dissidents to their receptions alongside the government, which logically felt offended by such a reception format. The united EU policy expressing solidarity to the Cuban dissent ended after the Spanish parliamentary elections in 2004 as thereafter a new and by Spanish government considered as more constructive approach of the EU towards Cuba has been promoted suggesting the suspension of the EU sanctions in exchange for the release of some of the most prominent (and seriously sick) dissidents. Before the decision on suspension was taken, 14 political prisoners had been released with Cubans officially claiming that the prisoners had been released for health reasons, i.e. not in exchange for the suspension of the EU sanctions!\textsuperscript{68}

Although no further in quantity relevant or unconditional releases of political prisoners linked to the EU policy have taken place, some in the EU

\textsuperscript{66} P. Hare
\textsuperscript{67} P. Hare
\textsuperscript{68} P. Hare
expressed optimism about light improvements in openness under Raul Castro. His announcements of necessary reforms, albeit in general terms only, to be undertaken reflecting inefficiencies of the contemporary revolutionary system and discontents of the people related to their standards of living, and more significantly signing two Human Rights Conventions convinced ultimately the EU governments that there existed a basis for a new era of dialogue, within whose framework even sensitive themes such as human rights and especially political prisoners could be addressed. This new optimism promoted primarily by Spain and the European Commission finally led to lifting of the EU sanctions in June 2008.69

The US policy towards Cuba under G.W. Bush

During the above-resumed period of the EU-Cuba relations between 2003 and 2008 the US policy towards Cuba continued practically unchanged. Already by November 2006 the Bush policy towards Cuba had reached a deadlock, for the objective of the US Cuban policy had been to bring down the Castro regime. US calls on the Cuban people to work against the Cuban government, first under Fidel Castro and later under his successor – Raul, were totally ignored by the Cuban people. The presumption that the Cuban economy had been near to collapse proved to be entirely wrong, since the Cuban economy grew steadily between 2004 and 2006. Additionally, revenues from tourism were growing too. Cuba in the second half of the first decade of the 21st century successfully continued to build up new economic alliances with countries not questioning Cuban domestic affairs and not interfering with them (e.g. Venezuela and China), i.e. providing even economic assistance without asking for any conditionality.70

The US administration provided the Cuban island dissent with an aid of some 80 million USD on programmes aimed against the Cuban government. This aid, however, proved to be fully counterproductive as earlier mentioned prominent dissident Oswaldo Paya underlined saying that “these funds remained in Miami making dissent work on the island even more difficult.”71

In fact, the G.W. Bush Cuban policy totally missed the reality that Cuba is no longer internationally isolated. Much the contrary is true. Even with the US ban on visits from the US under the Bush administration, tourism to

69 P. Hare
70 W. Smith
71 W. Smith
Cuba from Canada, Europe and Latin America increased significantly. The good-will credibility of the US policy under mentioned US administration further suffered from the embarrassing case of Luis Posada Carriles, a terrorist and co-architect of the bombing of the Cubana airliner in 1976 killing 73 innocent people onboard. Although Posada Carriles had been brought under custody in 2004 on an immigration charge, he was not declared a terrorist under the USA Patriot Act, nor appeared the US administration to be determined to try him in the US for his terrorist crimes.\(^{72}\)

What the latest change in the White House and herewith of the US administration in 2009 in the US-Cuba relations may bring about and how the EU is viewing the contemporary status quo of the Cuban Revolution is the subject of the conclusion of this paper. There, for the purpose of projecting the very near future of the Cuban Revolution also the implications from the last two decades Cuban revolutionary history shall be drawn. Before doing so, let us focus in the following part on a decisive social and socialised Cuban institution, inherent to the Cuban Revolution since the early beginnings and which is accordingly to the examination displayed below very likely to play an important role in shaping-up the very near future of the Cuban Revolution. This institution is the Revolutionary Armed Forces.

**The role of the Revolutionary Armed Forces**

Much before the Special Period of 1990-94, Cuba had started exploring ways to improve its economic situation. It was Fidel’s brother Raul, who started a new training and education programme for high-ranking officers, who had been carefully pre-selected to attend business schools courses on microeconomics and management in western Europe in order to acquire necessary know how to reconstruct the Cuban economy, when the Soviet strategic management system proved to be ineffective and out of date.\(^{73}\)

It was the Cuban Revolutionary Army that embraced the real capitalism and its theories in order to create among the high-ranking officers of the Cuban Revolutionary Armed Forces contemporary and future enterprise elites running nowadays nearly 60% of the entire Cuban economy. Institutionally, this process made disappear the frontier between the roles of the military and civilians, when many military officers took on leadership positions in agricultural and construction management. A notable success of these in

\(^{72}\) W. Smith
\(^{73}\) p. 65 in T. Maris

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western Europe in management and microeconomics trained military officers opened them a way to other state enterprises leading to their contemporary role as true supervisors of the Cuban economy and herewith making up genuine pillars of the socio-economic revolutionary system.

Cuban socialism in its latest economy-outfit is in fact a non-precedent version of capitalism run by state officials and military officers. One of by military led enterprises is the Grupo de Administracion Empresarial with business interests predominantly in tourism and foreign direct investments and represented for instance by famous tobacco and rum Habanos, S.A. or tourist airliner Gaviota, S.A. It can be meaningful noting that the chief executive of this group of enterprises is Raul's son-in-law.

The Revolutionary Armed Forces have undergone structural, functional and numerical changes since 1989. Not only has their size been reduced from some 300 thousands to some 45 thousands nowadays, their functional change implies a transition from a combat force to a business-running conglomerate with a growing importance for the very Cuban economy. In addition and more importantly, they are likely to come up with a new supreme leader from their circles after both Fidel and Raul Castro are gone.

Equally, the Cuban Communist Party technocrats and the state security officers will certainly play a relevant role in a selection of the future leadership among the high-ranking military elites. This support of both these actors is indispensable for the military, for the former ones serve to mobilize and socialize the public and the latter ones to appropriately moderate possible civil opposition and dissent.

Resumed, it shall be enhanced that the Revolutionary Armed Forces as an institution created by Raul Castro manages and controls in its greater majority the Cuban economy and is very likely not only to be the forerunner of the next change of political command, yet to introduce and carry out necessary economic reforms. The externally and to a certain extent domestically challenged stability of the revolutionary system actually rests on the Cuban

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74 p. 66 in T. Maris
75 dtto.
76 dtto.
77 pp. 67 – 68 in T. Maris
78 p. 1 in J. Suchlicki
armed forces. And, the domestic opposition and dissent in fact do not represent a major threat to this regime.\textsuperscript{79}

The most recent international context

With the election of Barrack Obama as president of the United States a “new beginning” of US-Cuba relations was expected both outside and inside Cuba, where both the population and the Cuban government welcomed the first Afro-American Democrat elected into the White House. Fidel Castro commented frequently on the performance of the new American president in the course of 2009 in his regularly written reflections published in Cuban state newspaper. Obama was virtually praised for his announced reformist programmes until December 2009, when Castro came up with criticism of Obama on issues such as the US troops enforcement in Afghanistan and controversial US stance at the climate summit in Copenhagen. Thus, before December 2009, Castro’s words were commonly formulated in a much friendlier way than in the case of the previous US president G. W. Bush.\textsuperscript{80} The April 2009 decision of the US administration to lift all restrictions on the ability of Cuban-Americans to visit relatives in Cuba as well as on remittances sent to the island nation, was widely welcomed, so did constructively reasonable looked State Department’s decision to freeze 40 million USD appropriated by the US Congress to support democracy in Cuba while conducting a review of programmes launched by the Bush administration.\textsuperscript{81}

In late November 2009, Raul Castro was in chief command of the country’s largest military exercise in nearly five years, calling on Cuban forces to be ready for an American invasion and referred to the USA as an enemy being always active in his December 2009 National Assembly speech.\textsuperscript{82} The latest US National Security Council decision from January 2010 to put Cuba on a list of terrorism supporting/terrorists hosting countries (most notably in relation to the Basque separatist and terrorist organisation ETA) contributed to a newly tensioned atmosphere between the US and Cuba, which had already been somehow tense due to the arrest of an American contractor of the US State Department for distributing communications equipment (cell and satellite-phones) for civil society in Cuba in December 2009.\textsuperscript{83}

\textsuperscript{79} p. 2 in J. Suchlicki
\textsuperscript{80} D. Ariosto
\textsuperscript{81} The Washington Post, March 26, 2010
\textsuperscript{82} D. Ariosto
\textsuperscript{83} D. Ariosto
By the end of 2009 a hopeful “new beginning” of US-Cuba relations seemed to have ended and since then the relations worsened again and returned to certain tensed normality! Most recently, president Obama clearly expressed solidarity with individuals across Cuba and called for an end to the repression, for the immediate and unconditional release of all political prisoners in Cuba and for respect for the basic human rights in Cuba in the context of this year’s Feb.23 death of political prisoner Orlando Zapata as a cause of his hunger strike lasting 83 days.\(^84\)

The EU too reacted sharply to the death of Orlando Zapata and both first the Spokesman of the High Representative for the CFSP of the EU and later on the European Parliament reacted with a condemning statement, and resolution on Cuba respectively. The optimism assumed at June 2008 EU foreign ministers session resulting into the lifting of the EU sanctions against Cuba and start of the political dialogue with Cuba, whose further continuity had been made dependent upon the evaluation of its progress and effectiveness in Council conclusions in June 2009 under the Czech Presidency of the EU, is for the time being not available.\(^85\) The present Spanish Presidency of the EU with goals to modify the EU Common Position on Cuba into something more acceptable for the Cubans is therefore very likely to face strong opposition from some EU member states.\(^86\)

Cuba in its regional – Latin American – context, nevertheless, has enjoyed in the past few years an apparent support to act freely both at home and outside Cuba. Latin American countries seem to compete among themselves for the attention being paid to them by Cuba. Nevertheless, with one exception – Venezuela – none of the Latin American countries has gone that far as to become a genuine political and ideological ally, whose own ideological stability rests on the legacy of the Cuban Revolution.\(^87\)

The Latin American countries thus approach Cuba on a purely economic basis rather than profound political solidarity with Cuba. The intentions of Brazil and Mexico to explore the oil mining potential in the Gulf of Mexico waters in territorial sovereignty of Cuba are proof to such an

\(^{84}\) The Washington Post, March 26, 2010
\(^{85}\) par. 8 on p. 2 in Council conclusions, June 15, 2009
\(^{86}\) H. Neuber
\(^{87}\) P. Hare
approach and for a new pragmatism of relations with Cuba without any conditionality.\textsuperscript{88}

Similarly, the Organisation of American States wants Cuba to be fully re-integrated in the western hemisphere terminating herewith a process, in which Cuba has been virtually since the end of bipolar world successfully re-establishing diplomatic relations practically with all Latin American states, with the latest example of Costa Rica in 2009. In contradiction to relations of formally unconditional dialogue (actually a conditional one) with the EU, Cuba might be willing to politically align with the OAS rather than with the EU, since the OAS charter insists on non-interference in affairs of its members.\textsuperscript{89}

**Conclusive remarks on the near future**

Cuban government in pre-1959 history practically lacked in experience of democratic rule and exercised no absolute authority over Cuba. Socio-political reality of Cuba in pre-1959 history was characterised by a wide range of societal divisions (white versus black, rich versus poor, men versus women, urban zones versus rural areas and west versus east). The Cuban population of pre-1959 Cuba had been largely disillusioned by populist politics existing then in Cuba and had felt little national pride and sovereignty. The 1953 – 1959 revolutionary fight primarily aimed at achieving full and genuine independence from the external influences, dominantly represented by the United States.

The Cuban Revolution has been evolving in ideological terms several times since its early beginnings. The permanent ideological pattern of the Cuban Revolution, however, remains the experience of permanent struggle to face external pressures and build-up an appropriate victorious image of Cuba. In this context, the Cuban Revolution as a revolutionary and unprecedented system of rule can also be perceived as permanent crisis management with capacities to adapt in accordance to changing international status quo and domestic reality. The Cuban Revolution is thus to be understood more pragmatically than generally outside Cuba assumed and acknowledged. Finally, the Cuban Revolution has significantly penetrated the entire Cuban society and virtually some revolutionary institutions such as the Communist Party of Cuba and Revolutionary Armed Forces are in a widely economic sense socialised.

\textsuperscript{88} P. Hare
\textsuperscript{89} P. Hare

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As far as the future regional interaction of Cuba is concerned, it is likely that Latin American states as well as states such as Canada, Japan, China and Russia are going to approach Cuba on purely economic interests basis. Therefore, Cuba can enjoy a relatively wide room for its own foreign policy interactions. As far as the EU-Cuba relations matter, Cuba logically would opt for normalising relations with the EU, yet not at the conditions, whatever it costs. In fact, Cuba is not necessarily dependent upon the trade and cooperation aid from the EU in vital terms. EU’s aid surely plays a crucial role to economic viability of Cuba, yet Cuba can always turn to newly created and traditional arrangements with countries such as Venezuela, Brazil, Mexico, China and Russia.

The recent crisis in the EU-Cuba relations makes an impression of a cyclical repetition of “tension-détente-tension-détente” style relations. However, this style of relations is not unusual for Cuba, moreover it is something quite typical for Cuban revolutionary foreign policy as long as this policy leads to aspired goals of Cuba. That might actually be the difference between the finality of foreign policy of Cuba and the EU, while the former one is driven by aspirations to fulfil desired goals of determined foreign policy, the latter one is in search of a particular finality of its foreign policy in terms of harmonious relations with the third country, no matter whether this may or not be necessarily the optimal version of bilateral relations.

Equally, the display of the most recent US-Cuba relations appears to have returned to traditional normality, i.e. US policy challenging the legitimacy of the Castro regime and Cuba opposing itself, as it all would be about a biblical story of the fight of David against Goliath justifying the anti-imperialistic resistance as a patriotic struggle for a genuine independence. Nevertheless, a new hopeful beginning might depend on the US policy towards Cuba rather than on the concessions of the Cuban government, since Washington is very well aware of the proximity of Cuba to the USA in economic, political and strategic meanings for the USA. This is reflected by renewed bilateral talks on migration, mail exchange and military/coast guard cooperation since Barrack Obama entered into the White House. Despite impressive publicity, both the domestic dissent and in Miami exiled Cuban-Americans are likely to play inferior role in the re-adjustment of the bilateral US-Cuba relations, for the pragmatism will pave the way of getting closer to each other.

Finally, we can conclude that the Cuban Revolution will most likely survive the death of both brothers Fidel and Raul Castro with a new successor to be recruited from high-ranking officers of the Revolutionary Armed Forces.
or Ministry of Interior enjoying simultaneously an appropriate cover of membership in the Communist Party of Cuba. The ruling cupola may be possibly depersonalised, since the revolutionary icons such as Fidel and Raul will be gone, yet the character of the ruling class is unlikely to differ from the contemporary situation, i.e. wide-economically socialised military conglomerate.

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Current EU Common Security and Defense Policy and Euro-Atlantic Relations: A French View

Kateřina Čmakalová

1 Introduction

International environment in the first decade of the 21st century is framed by the process of globalisation not only of the market economy, as the economic and financial crisis so clearly showed recently. Globalization’s impact is felt at all level of human activity and thus brings new challenges in the international security area. Different states have different approaches towards new security threats and could act in diverse manner while fighting it, according to their specific strategic cultures. Moreover the study will stress the changes of the strategic culture and will examine its effects on the defense and strategic policy of the particular state. For detailed analysis France has been chosen as a European state which plays dominant role in the European security cooperation and has longtime had a specific approach towards U.S.-EU relationship especially in the security area.

Security and defense policy is one of the fields where France has played a dominant role and has been capable to carry through its proposals and to participate on the progress of the policy on the European level. That is why these activities represent an important instrument for France and are narrowly connected to its vision of the European Union as a global player in the political and military affairs.

French intention to build up a viable European defense capacity and a tight cooperation on the defense industrial base was partly a consequence of the long-term negative perception of US military presence on the European continent and of the scepticism towards NATO, the attitude of French leaders has changed recently. The paper will try to focus on main changes and priorities of France in the security affairs, particularly concerning CSDP and transatlantic relationship, and will try to relate them to the specific French strategic culture and its evolution.

First, I will examine the French strategic culture together with the analysis of the key elements of the Gaullist defense policy in the first part. In the second, I
will introduce the first steps taken towards the cooperation of the France and other European countries in the security area. Consequently, I will explore the French dilemma related to the future development of more autonomous European defense policy on one hand or to closer transatlantic cooperation on the other.

2 Defining strategic culture

I will try to define the French behavior in the defense and security policy while using the concept of strategic culture. In this regard, I apply the assumption of Alistair Iain Johnston that “different states have different predominant strategic preferences that are rooted in the early or formative experiences of the state, and are influenced to some degree by the philosophical, political, cultural and cognitive characteristics of the state and its elites. Ahistorical or “objective” variables such as technology, polarity, or relative material capabilities are all of secondary importance (Johnston 2005: 34).”

In the Johnston’s article, the strategic culture is defined as “an ideational milieu which limits behavioral choices. Strategic culture is an integrated system of symbols which acts to establish pervasive and long-lasting strategic preferences by formulating concepts of the role and efficiency of military force in interstate political affairs (Johnston 2005: 45-47)”. It is described as a result of the socialization process, where all decision-makers identify themselves with strategic approaches and processes; but they can also influence them; and not only them but also the current environment.

From that point of view strategic culture as a ‘system of symbols’ comprises two parts: “the first includes basic hypotheses about the state of the strategic environment, such as the role of war in human affairs, the nature of the adversary and the threat it poses, and the efficacy of the use of force. …As for the second part it consists of assumptions at a more operational level about what strategic options are the most efficacious for dealing with the threat environment, as defined by answers to the first three questions. These lower-level assumptions should flow logically from the central paradigm (Johnston 2005: 46-47)”.

There exist other definitions trying to analyze the term. K. Booth writes that strategic culture “has influence on the form in which one state interacts with the others concerning security measures.” As stated by him, “it includes national traditions, habits, values, attitudes, ways of behavior, symbols, approaches and special processes chosen to influence external environment and the ways of
solution of problems face to face to threats or to using of force (Booth 1991: 121).” And finally Colin Gray accentuates mainly behavior of political elites, that is why he defines strategic culture as a sum of thoughts, attitudes, traditions and behaviors which make strategic culture a part of us, of our institutions and of our acts (Gray, 1999).

2.1 Key elements of the French strategic culture

The concept of the strategic culture, as I defined it above, will be used in text while examining characteristic elements of the French security and defense policy. According to Anand Menon, “Gaullist defense policy was not ideologically driven; rather, it was based on a Machiavellian view of the nature of international politics and the duties of the state within an anarchic international system (Menon 1995: 20).” French political and military leaders had always spoken in very realist terms about international relations, stressing the self-help nature of the international system.

Daniel Vernet describes French presidents, as “the undisputed instigators of foreign and security policy in the Fifth Republic who have become past masters at the art of transforming a weakness into a strength, following the Gaullist maxim, that the weaker you are the more uncompromising you must be (Vernet 1992: 656).” In fact, the Gaullist vision, which has its roots in politics of president De Gaulle, is based on three elements: “its presence within the group of four victors over the Third Reich, and hence a political ascendancy over Germany, its status as a permanent member of the Security Council of the United Nation and the possession of a nuclear dissuasion force (Vernet 1992: 656).” In addition to it, the France’s rank is highly important for French policymakers, much like the close relationship with Arab world and with former worldwide colonies.

According to Paul Gallis, the other key characteristic is also related to “the efforts to spread French values and views, many rooted in democracy and human rights” (Gallis 2006: 4). For many years France has emphasized the message of human rights and democracy, especially in relation to developing world. France also prefers to engage most international issues in a multilateral framework. France needs to cooperate with other countries while facing the common threats. France was the founding member of the UN. Since the end of the Cold War, France has placed a high priority on arms control and non-proliferation. France agreed to the Nuclear Non-Proliferation Treaty in 1992 and supported its indefinite extension in 1995 (Clarke 2000: 731).
Apart from that France promotes the principles of multipolarity in economic and in political affairs. The system is described “as a system of balance in international affairs (Gallis 2006: 8).” Even though the French officials recognize that the world is partly still ‘unipolar’ especially in military sense, given the U.S. overwhelming military power. However, due to a proliferation of crises around world and to the fact that the U.S.’s interests and priorities have moved in a way beyond Europe, the development by the EU concerning its military forces and institutions can provide complementary forces in the effort to build order and stability.

The French Armed Forces still constitute the largest military in the European Union and the third largest in NATO (Mallet 2008: 82). That is why French decision makers are more willing to use the instruments of hard power than other EU member states. France has actively and heavily participated in both coalitions and unilateral peacekeeping efforts in Africa, the Middle East, and in the Balkans, frequently taking a lead role in these operations.

The environment has changed since the end of the Cold war; and as a result some elements of the Gaullist doctrine have been transformed lately. Apparently, many of them were severely challenged by the breakdown of the communist block, France faced the unification of the Germany, the permanent French seat in the Security Council was contested when the discussion about the reform of the Security Council arose in the nineties. The experiences brought after the breakdown of the communism in Eastern Europe underlined the price France had paid in terms of its conventional capabilities by consistently prioritizing nuclear weapons in its defense budgets. The deterrence itself was called into question by the disappearance of the principal enemy and France thus increasingly came to lack the military ability to back up its pretensions to a world role.

Firstly the shifting international landscape called into question the traditional defense policy of the Fifth Republic. In order that defense policy could continue to provide the benefits it once had, policy adaptation became a necessity. By the 1990s French officials were referring to European defense cooperation in more far-reaching terms than ever before (Pascallon 2007: 251). France has always enjoyed a complex relationship with the rest of the European Union (EU), seeking to claw back its traditional influence in the EU. Once France had embarked upon European community-building, the leaders of the Fifth Republic turned France’s European commitment into a virtue and a vehicle for its top foreign policy objectives of rank and greatness, including its priorities in defense and security field, via defiant shows of national
sovereignty and independence and constant balancing act between integration and autonomy (Drake 2005: 1).

Secondly, the new era, related also to the globalization process, has brought new challenges facing the planet such as the financial crises, the environmental crises and the geopolitical crises in the Middle East and also a series of highly disruptive events has occurred including natural disasters, nuclear proliferation and the risk of global pandemics. The French military has, as some of its primary objectives, the defense of national territory, the protection of French interests abroad, and the maintenance of global stability. From these objectives, we can derive major threats.

France and other EU members, too, face new threats which are more diverse, less visible and less predictable. According to the White papers the main threats lie in regional and ethnical conflicts and civil war that can endanger the international stability. From the French perspective the most problematic regions are in Sub-Saharan Africa and certain parts of Asia (Mallet 2008: 44). France as an important military European power has long time been present in several missions on African continent. The raisons are connected with social and economic problems of the African countries and the fear of the illegal immigration and security instability on the European side. There is other important issue that needs to be dealt with – terrorism. The threat coming from terrorist attacks forced French political elites to adopt the White paper of the government on national security facing the terrorism in July 2006. Among other threats, we must also include the diffusion of nuclear weapons, the attacks on informational systems, espionage, and organized crime, natural and sanitary risks.

According to French decision makers the military's traditional focus on territorial defense must be redirected to meet the challenges of a global threat environment. Under the reorganization, the identification and destruction of terrorist networks both in metropolitan France and in francophone Africa will be the primary task of the French military. Redundant military bases will be closed and new weapons systems projects put on hold to finance the restructuring and global deployment of intervention forces.

3 French dilemma in security affairs

The evolution of the French strategic culture has impact on France behavior in the security affairs which is marked by the dilemma; French officials are nowadays balancing between the search for autonomy of CSDP and support of
the Euro-US cooperation in that area. In some way, we could say that historically French vision of the European common security and its priorities are defined vis-à-vis the understanding of transatlantic relationship by French leaders. France adopted a largely negative attitude as NATO tried to adapt after the breakdown of the communism. Although willing to discard some of the Gaullist doctrines that had for so long dictated policy, it retained wariness towards NATO born out of distrust of America motives. The view on the U.S.-EU relationship has evolved last decade due to the changes brought mainly by globalisation process. On one hand the role of the United States as a world leader has decreased slowly, on the other, several new threats have emerged which leave the space for deepen Euro-Atlantic cooperation, not only on the NATO-EU basis. In this respect, French officials must reconsider their view on the cooperation and look over the possible future advantages that may come for France and for whole EU in case of its deepening and complementarity (Chopin 2007: 5).

3.1 Towards the EU autonomous defense policy?

Many political analyses gave to France credit to become one of the founding countries of the European cooperation in defense area in nineties, together with Germany and Great Britain. The need for cooperation has deeper roots which dated from the cold war. On the French side, there were caused by efforts to reduce the power and influence of NATO on the European continent. At the beginning it was related to the negotiation talks between France, Italy and Germany about an industry consortium which was established to produce a plane for tactical transport “Allianz Transport – TRANSALL” (Pascallon 2008: 183). The European cooperation in defense was at that time based on the Franco-German relations and the couple managed together other viable projects including the construction of middle bunkers in 1958, the Dassault/Dornier Alpha Jet, the establishment of the consortium Airbus industry, the Eurocorps1, then there were also attempts to develop an experimental communication satellite and a European spatial agency (Pascallon 2008: 190). These projects served as an example of the efforts of French leaders to search for partners in Europe. Some of them had probably no real effect on the future development and were simply forgotten, but a part of them could by some means shift the European countries to take into account the possibility of the advancement of the European defense cooperation.

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1 Eurocorps, established in 1992, constitutes a multinational army corps within the framework of the Western European Union common defense initiatives. Five countries participate in Eurocorps as "framework nations": Belgium, France, Germany, Luxembourg and Spain.
Initially, I will emphasize the French suggestions concerning improvement the intra-European solidarity. In the second part, I will study the French propositions on the development of the EU defense markets and the defense industrial base.

3.1.1 Building the intra-European solidarity

Already during the French Presidency of the EU Council in 2008 they have tried to promote several propositions including military and crisis management capabilities and also focusing on matters of training, procurement and research (Margaras 2009: 8). Some bilateral and multilateral initiatives have been already launched among the Armed Forces of European countries, such as the Eurocorps, the Anglo-French air group\(^2\), the European Amphibious Initiative\(^3\) and the EU rapid reaction force (ERRF)\(^4\). Until now, the European defense equipment programmes, research and resources of military forces have been, however, often characterized by inefficiencies, duplicity and by the lack of support from national states.

According the French White papers on Defense policy and National security, it is fundamental that the European forces must be able to deploy rapidly in response to crises within 10 days of a decision to intervene in a crisis. They must be also able to deploy beyond the borders of Europe itself to regions such as Africa, Central Asia and the Middle East. They must be able to conduct multiple, simultaneous operations in order to protect European interests and support European policies in more than one region at a time. Finally, these forces based on the cooperation between member states must be adaptable across the spectrum of operations. Collectively, they must have the capacity to conduct operations ranging from humanitarian assistance to counterterrorism to war fighting. Today’s defense requirements go well beyond peacekeeping and nation building, two areas of traditional European comparative advantage

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\(^2\) Document concerning cooperation and areas of mutual interest in maritime defense was signed by Ministers in 1996. This covers a very wide range of activity, including operations, and 20 formal Working Groups have been established under the direction of the British and French Chiefs of Naval Staff.

\(^3\) From Spring 2000, at the instigation of Britain, five European countries, the United Kingdom, the Netherlands, Spain, Italy, and France, that get a real ability in the amphibious field, have met to promote the European Amphibious Initiative. This initiative has resulted by December 5, 2000 in the signing of a statement of intent by the defense ministers of the five involved countries. This official paper sets a legal and political framework to the actions of the EAI. European Amphibious Initiative, [http://www.cdef.terre.defense.gouv.fr/publications/Objdoc/objdoc36/article_us/art4.pdf](http://www.cdef.terre.defense.gouv.fr/publications/Objdoc/objdoc36/article_us/art4.pdf), 23/07/2010

\(^4\) The ERRF’s purpose will be to intervene in crises before they become full-scale wars, and to release NATO from participating in some military interventions. The ERRF may become a useful prescription for controlling political violence.
(Flournoy-Smith 2005:18-19). Only small portions of Europe’s 1.9 million personnel under arms have, however, the capabilities to meet these requirements (only 3-4% of European forces are ‘expeditionary deployable’ (Flournoy-Smith 2005:19)). EU are acutely aware of the shortfalls in European military capabilities and has launched initiatives to address them, such as the creation of the European Rapid Reaction in 1999, European Capabilities Action Plan (ECAP) in 2001 and development of the EU Battlegroups\(^5\) in 2005 as a part of the Headline Goal 2010. Additionally, the progress was made on issue such as an Erasmus-style initiative to exchange military officers (Drake 2009: 6). The persistent gap between requirements and capabilities poses serious obstacles to Europe’s ability to conduct out of area missions and to protect and advance its interests in the new security environment.

The problem of the lack of capabilities is also narrowly connected to resource constraints. At the height of the Cold war, European countries spent on average 3.5% of GDP on defense. In 2005, they spend an average of 1.9%. This average reflects significant differences between individual European countries. Defense spending in Europe has been in decline or relatively flat since 1995 (Flournoy-Smith 2005: 22). While there are some exceptions – most notably, Norway, the Czech Republic, Poland and France – this trend has become well established since the end of the Cold war. The contrast is particularly striking with regard to spending on research and development, where Europe as a whole invests only one-sixth what the United States (Flournoy-Smith 2005: 22). French policy-makers point out the need for increasing the military budget of every EU member state. Given these numbers, the only way that Europe will be able to achieve its desired military capabilities is to spend smarter, not only a bigger amount of euros, on defense. European decision makers need to think more creatively. To spend smarter on defense means primarily developing clearer priorities and a more integrated approach to achieve them.

3.1.2 More efficiency for EU defense markets and defense industry

French officials suggest changes in defense policy also in other areas. According to them the fragmentation of the European defense market and divergent national policies create nowadays red tape, hamper innovation and competitiveness and, ultimately, weaken the Common Security and Defense

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\(^5\) A newly established Integrated Development Teams, groups of military, technological and industrial actors. First conceived by the French, British and Germans and officially launched at the Brussels Military capabilities Commitment Conference in November 2004. The EU Battlegroups aim to be able to reach the theatre of operations in 15 days and sustain an operation for 30 days (120 with rotation).
Moreover, two other important issues concerning European defense industrial base arise. First, EU states face challenges in retaining a defense industrial base requiring highly specific assets and human capital, such as nuclear power aircraft carriers and submarines, strategic bombers and modern battle tanks. Gaps in development and production work make it difficult and costly to retain such industries within EU member states (Hartley 2003: 109). Secondly, there exists a challenge of maintaining competition. The French objective has been long time the consolidation of the European defense industry into groups which are powerful, rationalized and competitive at world level, and which can, cost-effectively, satisfy the needs of customers inside and outside Europe. These groups are expected to operate on a par with those in the United States. These new defense groups should be geared towards a Europe-wide defense market, a market which will emerge partly as a result of their creation (Adams-Ashbourne 1999: 35-37).

The other instrument for reinforcing the EU defense markets and industrial base highly promoted by French political actors on the European scene is the establishment of the European Defense Agency (EDA) in the summer 2004. The Agency is intended to be top-down in approach, driving coordination and pressuring EU member states, when necessary, to make capability improvements.

3.1.3 Autonomy in decision-making

Gaullism’s legacy of a desire for international clout explains why contemporary French policy towards the European Union still, on balance, prioritizes Europe’s function as an international actor that can guarantee a modicum of French presence on the world stage; it is why France is never hesitant to speak on Europe’s behalf (Drake 2005: 10-11).” French officials also opposed in the long term proposals for NATO operations outside the Treaty area in Europe and operations beyond Europe.7 Moreover, the French government pursued the idea of a core-group of amenable European countries forging ahead with close defense cooperation. This according to French leaders may diminish the potential for discord between the countries. On the other hand, it could limit the scale of military operations they can take on. At a meeting in April 2003, France, Germany, Belgium and Luxembourg set out proposals for the establishment of a European Security and Defense Union. Given the deeply

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7 Their view was changed in the nineties due to the crises in the former Yugoslavia; and then after the September 11 attacks.
held opposition of the governments involved to the Anglo-US policy on Iraq, the move was widely seen as reflecting a desire to distance the participants from the Anglo-US worldview.

France, even after the political change, still advances the idea of more autonomous defense policy among EU member states, this time the criticism of NATO is less strong than it used to be, by stating that there are too many crises and a shortage of capable forces in Europe and the United States to manage them.

Another factor exists which plays an important role in current view of the French officials towards Euro-Atlantic relationship. According to Paul Gallis “some French officials did not want the United States exercising strong leadership in the alliance when Washington appeared to be giving Europe diminished priority after the Cold war (Gallis 2006: 14).

France opposed to the United States in several other issues. Firstly from the view of French policymakers, the divergence between vision of EU security policy and U.S. administration could be found in the debate concerning the involvement in the region of the Middle East. There is a great political sensitivity in France to any issue that involves the Muslim world due to 5 to 6 millions of Muslim populations who is actually present in France. The perception is highly shared by other European countries bordering the Mediterranean. As an example, EU states including France were extremely critical of the Bush Administration who strongly favors Israel. Secondly, there is a disagreement about next step concerning the stabilization of Afghanistan. Whereas France has increased its participation in combat operations since mid-2008, and French decision-makers support a general NATO policy in Afghanistan, unlike the U.S. officials, they believe that ISAF’s mission and the U.S. led mission (Operation enduring freedom) must not be confused (Gallis 2006:16). And finally already during the summit in June 2004, France and other European countries opposed to sending a NATO force to Iraq.

### 3.2 Advantages of the Euro-Atlantic security cooperation

On the other hand the cooperation may have several advantages. NATO provides another useful forum, in addition to the UN Security Council, where France can engage opponents of its policy choice and demonstrate the breadth of support for its position. In NATO, the consensus principles is very powerful tool for the French, akin to their veto in the Security Council in that it allows global influence disproportionate to their military and economic power. France might gain more from engaging actively with NATO – principally by rejoining
the Defense Planning Group – than from marginalizing the Alliance. If the goal of French foreign policy is to promote multipolarity in the international system, it makes more sense to increase the range of forums in which France can have an impact (Payne 2003: 9). Moreover, developing a more autonomous variant of CSDP as a substitute to NATO will not offer France the same opportunities for engaging and constraining US foreign policy as does NATO. The US is not part of EU and the disparity in military capabilities is such that the EU force will not be able to offset the military posture of the US anywhere except on the margins of Europe.

More importantly, considering the advantages for all European allies, as Leo Michel stresses, NATO has performed the vital job by promoting intra-European as well as transatlantic collaboration regarding threat assessments, political-military strategy, defense planning, equipment standards an interoperability and training and exercises (Michel 2009: 3). In addition to it, many Europeans states prefer to preserve the political-military links with NATO so that they can reinforce by bilateral ties the relationship with the United States. NATO also provided a means for engaging and promoting constructive reform in central Europe and in the future points further east. For the new members and candidates NATO serves a deeply important, if symbolic, role: it signifies membership of the ‘west’. It also allows these countries to hedge against institutional uncertainties of the EU’s development, by providing a forum in which they have an equal say in decision-making.

CSDP can fulfill a valuable role, differentiated from NATO. NATO would continue to provide a forum for interaction and interoperability between European and American armed forces, but the EU could make a complementary contribution in promoting integration and military reform among European countries. We can already witness the NATO-EU cooperation in practice for example in Kosovo or in Afghanistan where France participates. About 14 000 NATO Kosovo forces works well with the EU’s rule of law mission that counts approximatively 1900 international police officers, judiciary stuff an custom officers. In Afghanistan, there are some 200 European police trainers and mentors working in close relation with the much larger U.S. led training coalition (Michel 2009: 10).

The fact that France has reentered the NATO command structures can have not only impact on the cooperation between French officers and their Americans counterparts, but it could also serve as a vital mechanism for intra-European cooperation. Moreover, it could facilitate an expanded strategic dialogue with the United States on the several subjects, including nuclear deterrence and its relationship to non-proliferation and missile defense. French officials may also
reconsider to join the body where nuclear issues are discussed in NATO and may involve in restructuring the existing Nuclear Planning Group and thus help to sustain a European consensus on the need for a nuclear component as part of a broader NATO deterrence and defense strategy. Cooperation already exists in the nonmilitary areas related to the national security, such as intelligence, counterterrorism and emergency response to civil disaster, too.

In the globalized world, however, military force seems less important than it used to be. Although NATO is still perceived as a fundamental pillar with the United States, but it is no longer the only one. The latter problems of greatest concern to both sides of the Atlantic cover issues such as illegal immigration, extremism, transnational crime, critical infrastructure protection, nuclear proliferation, the economic and financial networks of international terrorist groups or environmental security (Gnesotto 2010: 16). The US and EU need to seek for the way to better cooperate with each other and to achieve positive outcome and France must be part of it.

4 Conclusion

In the paper, I have tried to identify the fundamental principles of the French security culture and explore it in the context of the Common defense and security policy and transatlantic relationship. French attempts to participate in the evolution of the European defense cooperation are without doubts important and represent a logical shift from its traditional independent defense and security policy in the era of globalization. Already in the early nineties, French decision makers understood that France lost its prestigious position based on possession of nuclear weapons and the permanent seat in the Security Council of United Nations.

Although France managed to modernize its military forces and still preserve its position as one of the militarily strongest state in the European Union. The priority goal for French political leaders becomes a cooperation of EU member states in the defense and security policy so that the EU develops into the global player in the political and military affairs. France is very persistent in its proposal, they appeared in the White papers of the French national security and

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8 Bilateral cooperation between the United States and France in law-enforcement efforts to combat terrorism since September 11 has improved and remained strong until now. France historically has had extensive experience with terrorism since 1960s, i.e. in 1994 French police thwarted a hijacking at the Marseille airport.
defense policy and they were also proclaimed during the French presidency of the Council of the EU.

However, in the EU composed of 27 countries, the French activities are less visible than its representatives wish them to be. The lesser impact of the French priorities on the development of the Common defense and security policy reflects its weakened position among the EU member states. The possibility to push ahead its proposal is much more complicated and slow, the former firm relationship with Germany turned out to be unstable as Germany shows more courage to act alone. France remains obsessed with its position in the world. But now, it has transferred to the European Union the ambitions it once cherished for itself, but without any certainty that its partners share its concerns.

It is probably one of the reasons for reintegration of France in the structures of NATO in 2009. France must accept that 21 from 27 EU member states take also part in NATO structures. French presence within NATO decision-making organizations during the crucial debates over the future of European security could help to tip the balance in favor of a true Europeanization of defense structures. While the French dream of an autonomous European defense identity may thus have been undermined, France has yet to accept publicly that it must participate without reservation in NATO in order to regain its full influence. At the same time, French leaders will need to support better cooperation with the United States in other fields of security (not only in NATO), instead of fighting it. Especially, as the environment evolve due to the globalisation process, they must try to find pragmatic approaches and must realize that only those ones could be win-win solutions in the long run.

5 Sources


In the Dragon’s Shadow: The evaluation of balancing and bandwagoning strategies in Southeast Asia

ŁUKASZ FJAŁKOWSKI

The aim of the paper is to examine the idea of “balancing” and “bandwagoning” strategies in Southeast Asia. According to the theory, lesser states have two options dealing with the great powers: balancing against the most powerful state in the system or aligning with him. But recently, more and more scholars argue that none of the Southeast Asian states are pursuing neither balancing or bandwagoning policy toward China or the USA. Instead, they are mixing their strategies according to their specific national preferences and needs.

Balancing is a well established idea in International Relations theory regarding the nature of the relations between states, and the stability of the system. However, the main attention is focussed on the role of great powers, which neglects the role of the minor actors. Despite that the facts from Southeast Asia provide us with the interesting possibility of more nuanced strategies pursue by the regional actors. Southeast Asia is a traditional area of big powers rivalry, which makes the region expose on the influences of exogenous factors. On the other hand, the idea of regional “resilience” is highly cherished. But now, the Southeast Asian states are facing the security dilemma: how to preserve (or not) the preponderance of the American power and adjust to re-emerging China.

The paper will concentrate on the ideas of balancing and bandwagoning in the context of Southeast Asia. The paper is structured in the following way; the first section will contain a brief description of the concepts of balancing and bandwagoning; the proceeding sections will present the Southeast Asian context and engaging China (and others powers) strategy, and will end with conclusions.

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Two strategies behind the balance of power

Traditionally, according to the realist/neorealist school of IR theory, in the specific international system, minor states in the relations with the Great Powers have the possibility to choose between two main strategies. States are likely to either balance against or bandwagon with that powers. The first option (balancing) is defined in terms of the preservation of the state’s security and the vision of the growing threat posed by a rising power. The threat must be counter-checked by alliance (external balancing) and armament (internal balancing). The threatened states will choose a containment strategy against a “revisionist” state, which behaviour has potential to disrupt the regional/international order. The second option (bandwagoning) is based on the assumption, that states may choose to crouch under, not to contain against, a fast growing power. This kind of policy brings the idea of the acceptance of subordinate role to the dominant power in exchange for profit, especially in the condition of the accordance of power’s and the state’s own interests.

For realists the balance of power is the primary guarantor of order (but not necessarily of peace) in a world of states. As Kenneth Waltz’s version of realism hold a special position in the realm of IR theory, the neorealists vision of the state’s role and position is very influential in the explanation of their behaviour. For Waltz, states are “functionally undifferentiated” and this means that the “ordering principle”, anarchy, forces all states to become “like units”. Moreover, the characteristics of a system stem from its major players and their relationship, which will frame the system’s structure at any given time. Waltz also see only two alternatives in terms of general systemic behaviour: balancing against another state or states, or bandwagoning (going along with it), and in general terms, balancing is far the likelier option.

The balancing of power creates, as Waltz argue, a fundamental law of international politics, and “whenever agents and agencies are coupled by force and competition rather than authority and law” they exhibit “certain repeated and enduring patterns”. He maintains that self-help system “stimulates states to behave in ways that tend toward the creation of balance of power”. The

3 Ibidem.
5 Ibidem, p. 118.
balance of power does not always preserve the peace because it often requires wars to be fought to maintain the balance of power. Moreover, Waltz pointed out, “balance of power politics prevail wherever two, and only two, requirements are met: that the order be anarchic and that it be populated by units wishing to survive”. However, as Stephen Walt argue, states should not be expected to bandwagon except under certain identifiable conditions. But they do not balance power, but instead they balance against threat (“balance of threat” theory).

But what bandwagoning means? For Waltz bandwagoning is allying with the strongest power, i.e. the one that is capable of establishing hegemony. Walt defines bandwagoning in the same manner except he introduces the notion of threat – balancing is defined as allying with others against the prevailing threat, and bandwagoning refers to alignment with the source of danger. Both Waltz and Walt believe balancing is much more frequent than bandwagoning. Contradictory, Randall Schweller argues that bandwagoning is more common than balancing, and he introduce the term “balance of interests” – the states bandwagon to gain rewards. He redefines bandwagoning, so that it is no longer the opposite of balancing (i.e., siding with the actor that poses the greatest threat or has the most power) but simply any attempt to side with the stronger, especially for opportunistic gain. Because the stronger state does not also pose a direct threat to every weak state, this kind of behaviour is much more common. But there is another explanation and reason for bandwagoning. It could be not the structure of the international system or the dynamics of the struggle for power which is important here. But rather domestic political considerations could be more responsible for the decision which strategy should be adapted. States in a similar position in the international system and with similar relative capabilities behave differently with regard to bandwagoning, e.i., weak domestic institutions could be a key to understand their behaviour, and, for example, some elites bandwagon to preserve their domestic rule. In developing countries, states internal needs and domestic political concerns are often more important in alliance-making than external threats.

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7 Waltz, op.cit., p. 121.
8 Vasquez, op.cit., p. 254.
10 Ibidem, pp. 264-265.
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So, the problem with the Waltzian model is the assumption, that all states under the same conditions (in the systemic terms) act in the similar way. But as the states are different in the terms of the size, power, internal regime and cohesion, etc., their interests and the perceptions of the security (together with the perception of the threats) can vary significantly (so, the state’s identities are also different). At the moment, the analysts differ how to explain the Southeast Asian response to emerging China and how to put it into the theoretical framework\textsuperscript{11}. The extreme options, from “Europe Past, Asia’s Future” and the vision of region’s states “ripe to rivalry” to recreation of the old “Chinese world order”\textsuperscript{12}, are similarly unlike to happen. Rather it has became clear, that Southeast Asian states tries to engage China, together with the preservation of the close relations with the United States, naming these strategies (but there is no any single strategy) “hedging”\textsuperscript{13}, omni-enmeshing\textsuperscript{14}, or accommodating China\textsuperscript{15}. To explain this situation, it is important to look closer into the Southeast Asian context.

The Southeast Asian Context

After the end of the Cold War, Southeast Asia has experienced a significant shift of power, and different strategies has been created to cope with the new strategic environment. Especially “emerging” or “rising” China creates an anxiety among the practitioners and analysts, mainly the American one. But


against to the assumptions about “balancing” or “bandwagoning” China, ASEAN countries try to balance their relations with both China and the United States.

According to the distribution of power in the region, ASEAN countries should rather align itself with China against the dominant power of the United States. However, none of the Southeast Asian states are balancing against the United States. The explanation could be based on the Stephen Walt idea of “balance of threat”. The USA are rather perceived as a benign, distant power. China, because of geographical proximity, historical issues, territorial disputes, and economic competition, can possibly do more to disrupt the regional order. Despite that, there is no final proof, that ASEAN countries (especially Indonesia, Philippines, and Vietnam) are directly balancing against China.

The decision to adopt the balancing strategy is based on the different calculations, among others, the high political and economic costs, which minor states not necessarily are willing to pay. Robert Ross argue, that lesser powers with limited capabilities at their disposal are more prone to align with dominant power to improve and ensure national security, and exploit the benefits of “free ride”. But also as David Kang pointed out, the East Asian tradition of hierarchical relations (with China on the top) is preventing the adoption of balancing policy against China.

The question regarding the Southeast Asian response to rising China is essential for American regional strategy, despite the notion of the systemic neglect of the United States strategy toward Southeast Asia. The problems with the evaluation of regional strategies are derived from the different perspectives adopted, for example the economic or political relations with

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China, and military ties with the United States, or how the balancing and bandwagoning is interpreted\(^{22}\). Rather than simply aligning with one side, Southeast Asian states are pursuing their own interests, preventing the hegemony of any single power in the region\(^{23}\).

Southeast Asia as a region is creation of the indigenous actors’ attempts to preserve “regional autonomy and resilience”, and of the exogenous influences of the global rivalry between superpowers during the Cold War, and recently of the impact of economic globalization. The basic regional norms are sovereignty and non-interference. However, the regional actors were always vulnerable to the external shocks and influences. So, despite the idea of regional autonomy (in the form of ZOPFAN), the external security guarantees were often needed. In the field of the military security, many of Southeast Asian states are members of the bilateral agreements (formal alliances or close cooperation frameworks) with major powers (notably with the United States). But the concepts of cooperative and comprehensive security are in the centre of the multilateral frameworks of regional approach to security.

**Engaging China**

ASEAN countries are trying to exploit the competition between China and the United States in their own interests. **Most of the regional states (if not all) have rejected pure-balancing and pure-bandwagoning.** Instead, they have taken a more nuanced position, motivated not only by systemic distribution of power, but even more by internal process of regime legitimation\(^{24}\). In the relation with the extra-regional powers, one of the active strategy is the process of engagement, which creates the network of connections leading to the enmeshment of great powers into the regional system, in the direction preferable by the regional actors. The change of the

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great powers’ identity is a desirable outcome. In case of China, the process is based on the economic and political instruments, in the form of bilateral and multilateral relations.

However, national strategies of Southeast Asian states are not coordinated on the regional level. Moreover, the adopted policy is not strictly directed toward one specific power. The aim is to create the situation, in which all important external powers will be interested in the stable relations inside the region.

Balancing is an element of active involvement of the regional actors in the creation of the desirable regional order. In Southeast Asia indirect balancing is an option adopted by regional actors. The dominant position of the United States is widely recognized and accepted, simultaneously with the actions against the total American dominance over the region (the counter-dominance strategy). Hence, the balancing has took the form of „complex balancing” focusing on the creation of regional “balance of influence”. The institutionalization of great powers presence in Southeast Asia is another part of complex balancing strategy, and together with “enmeshing” is focusing on the regional norms diffusion. The balancing is adopted to reduce the possibility of the situation when only one external power dominates the region. The strategy of “enmeshing” is constructed to reduce the possibility of use of force among the powers. The behaviour of great powers should be mitigate through the network of institutions and regional norms (for example, look at the role of ASEAN’s Treaty of Amity and Cooperation, TAC) as a non-military component of balancing strategy.

“Balance of influence” could be seen as an element of redirection of rivalry between powers from the military level toward the other, demilitarized, level. Balance of influence creates more comfortable situation for lesser states, and increases their capabilities to modify the regional environment, underlining the significance of diplomacy, institutional membership, norms and values.

Regional actors and ASEAN are playing considerable role in “balance of influence” strategy, which is a term informally used in Southeast Asia. The

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term is also important in underlining the role of the symbols and gestures in regional politics, where ideology of national and regional resilience and autonomy is highly cherished. The positive impression is very important, as former Malaysian prime minister Mahathir Mohamad said in 1999: “China’s performance in the Asian financial crisis has been laudable, and the countries in this region greatly appreciated China’s decision not devalue the yuan. China’s cooperation and high sense of responsibility has spared the region a much worse consequence (…) the Malaysian people truly appreciate China’s stand”\(^{28}\). In 2004 Indonesia’s reaction on American involvement in relief action after the catastrophic tsunami was also highly positive.

**Power and Identity**

Realist’s balance of power theory do not deal effectively with Southeast Asian states strategy toward great powers. To overcome the limitation of the theory, it could be useful to introduce the idea of the state’s identity into inquiry (however, it is important to stress that it means abandoning the pure realist approach). States are not only influenced in their external behaviour by internal self-images and practices, but they also read the internal self-images of other states to give them a clue about the external behaviour of those states\(^{29}\). According to Alexander Wendt, within the state’s identity, it is possible to distinguish corporate and social identity\(^{30}\). The first one refers to the intrinsic, self-organizing qualities that constitute actor individuality. The corporate interests (physical security, predictable relations with other actors, recognition and development) generated by corporate identity provide motivational energy for engaging in action at all and are previous to interaction\(^{31}\). States normally have multiple social identities that vary in salience, leading actors to define their interests in certain ways and display particular types of behaviour. This is possible, because social identities are sets of meanings that an actor attributes to itself while taking the perspective of others. Some state identities and interests stem from international social

\(^{31}\) Ibidem.
structures exogenous to the actor. Hence, these exogenous structures are important in determining a state definition of “self”.

Hence, combining identity and power, it is possible to emphasize different constraints on state behaviour. In Southeast Asia, ASEAN has become a salient element of the regional identity. But cooperation on regional level has served as an instrument to strengthen the principle of sovereignty. In regional vocabulary, the national resilience should be a source of regional resilience, in other words, regional order stems from both strong and stable states. The Southeast Asian self-image concentrate on values and norms expressed in the founding documents constituting “ASEAN diplomatic and security culture”:

Bangkok Declaration (1967), Kuala Lumpur Declaration (1971), ASEAN Concord I (1976), and Treaty of Amity and Cooperation, TAC (1976). These documents, together with the practice of inter-state relations, are helpful in identifying the ASEAN corporate identity, often known as an “ASEAN Way”. In this particular instance, corporate identity is constructed by adherence to a group of behavioural and procedural norms, originated from universal international legal norms, and more specific regional cultural norms. The “ASEAN Way” refers to behavioural norms connected with a set of procedural norms and a code of conduct in relations among the states such as respect for sovereignty and non-interference in internal affairs, peaceful resolution of conflicts, and non-use of force. More unique to ASEAN are norms that order decision-making procedures that ASEAN leaders are expected to follow. According to those prescriptions, ASEAN’s decision-making process should observe the principles of consultation and consensus. Together with a tendency for informality, private talks, a sense of community spirit and non-confrontational behaviour, they constitute the core features of the “ASEAN Way”.

ASEAN social identities in the relations with other actors are built on at least two concepts. Firstly, ASEAN is treated as a “central driver”, “the main force” of regional cooperation, and this centrality should be ensured in the relations with the “others”. Secondly, TAC should become a common basis of

any kind of regional interactions, internal as well as external. All ASEAN dialogue partners are invited to accept the Treaty as a regional code of conduct (China signed TAC in 2003, USA in 2009). This distinctive approach to regional cooperation is also transferred to multilateral institutions in the Asia-Pacific region (ASEAN Regional Forum), or East Asia, like ASEAN Plus Three (APT).

Despite the institutional crisis of ASEAN in the wake of the financial crisis and the final stages of the process of enlargement, the corporate identity hasn’t changed much. The first attempts, like the propositions of constructive intervention or flexible engagement in the late of the 1990s, were criticized and rejected. Instead, the concept of enhanced interaction was adopted, not very dissimilar to the old ideas of cooperation. But the need to address the new challenges was seen, and the ASEAN Community project was launched in 2003. The source of the project was not only the recognition that the norms in the centre of ASEAN’s corporate identity are at stake, but also ASEAN leaders have realized that international position of the grouping is fading, so also the social identity was in danger. The ASEAN Charter, signed in 2007, gives the information, in which direction ASEAN is heading. First, ASEAN Charter reaffirms the basic principles of inter-state relations. Second, additional elements are included into the regional code of conduct, referring to “the rule of law, good governance, the principles of democracy and constitutional government” and “respect for fundamental freedoms, the promotion and protection of human rights, and the promotion of social justice”. However, “with due regard to the rights and responsibilities of the Member States of ASEAN”\(^35\). The critics pointed out, that ASEAN Charter didn’t do as much as it had promised at the start.

From this perspective, Southeast Asian states are not likely to fully accept the pure balancing or pure bandwagoning strategy, displaying the relations with China or the USA along their social identities, according to their corporate identity.

**Conclusions**

In the beginning of twenty-first century, Southeast Asia’s relations with China appear to be the best they have been in at least half century. In some countries “China fever” seems to be replacing “China fear”. The expectation of positive change is more visible than the dominant uncertainty of early 1990s.

\(^{35}\) *ASEAN Charter*, ASEAN Secretariat, Jakarta 2008.
The tensions are still present, notably in the case of disputes on South China Sea, but the prospects for conflict are low.

The states of Southeast Asia have created multilateral institutions to accommodate China, and even countries that previously had close relations with the United States have begun a process by which the United States becomes no longer the main focus of their foreign policies. These states are increasingly taking both powers into account, but also want to avoid a zero-sum choice between either China or the United States. The hope for a situation in which they benefit from rising Chinese economic power but also continue to maintain good relations with the United States. The state options are not confined to balancing and bandwagoning, but may include mixed strategies, involving the combination of both military and non-military options, with particular reliance on multilateral institutions.

Bibliography


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With or without you? The United States, the European Union, and the International Criminal Court

SALLA GARSKÝ

While the European Union has invested a lot of time, money, and diplomatic resources to promote the International Criminal Court (ICC), the United States, during the two terms of the George W. Bush administration, invested a good deal more to hinder the functioning of the ICC. This paper aims to give an overview of the United States’ campaign against the ICC and the main emphasis lies in the United States’ attempts to get third countries to sign Bilateral Immunity Agreements, excluding American nationals from the jurisdiction of the ICC. Another aspect of this paper is the EU’s response to this campaign. Given that the US has actively opposed the ICC, it is argued that the EU, by drawing the US into a global public debate over international norms, could signal an alternative concept of multilateral order to the rest of the world. The EU’s increasing legitimacy as global player, gained through championing new global norms, potentially allows it to form a coalition of states that may be able to check the American power. Thus, the promotion of international legal institutions may have implications for the world order.

Introduction

Since its first meeting in 1949, the International Law Commission (ILC)\(^1\) considered the ‘desirability and possibility’ of establishing an international criminal court. In view of the atrocities of the Second World War and the following war crimes trials as well as the adoption of the Genocide Convention, this was not an unexpected development in the field of international law.\(^2\) However, since 1954 the ILC’s work on an international criminal court was disrupted for the next thirty years because of the failing

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\(^1\) The ILC was established by the UN General Assembly to promote and develop international law and its codification, see also Art. 1, Statute of the International Law Commission, in: A/Res/174 (II).

\(^2\) A Res. 260 B (III); Yearbooks of the International Law Commission, 1949 to 1954.
definition of aggression and the lack of political will to proceed with the matter. The ILC resumed its work on an ICC at the beginning of 1980s and when Trinidad and Tobago requested that the UN General Assembly address the question of an international criminal court in 1989 (because of drug trafficking and transnational crime), a process that resulted in the International Criminal Court (ICC) was finally triggered.  

With 160 states, 17 intergovernmental organizations, 14 UN-agencies and funds, and 124 NGOs, the Rome conference on the establishment of an international criminal court in June-July 1998 was the largest United Nations codification conference ever. The ICC is largely considered to be a product of a coalition of small and medium states and an extraordinarily active NGO movement. The biggest and most organized group of states in the conference was the like-minded coalition of middle powers and developing countries (i.a. Canada, Australia, South Africa, Senegal, and by the end of the conference, all 15 EU states), which pleaded for a strong and independent court. Another group was formed by the permanent members of the United Nations Security Council (SC), without the UK and later also France (both joined the like-minded coalition), who wanted to secure the Security Council’s control over the ICC. A third group of states was suspicious of the SC (e.g. India, Mexico, and Egypt), but yet wanted a rather weak court. At the end of the conference, the United States “suffered a diplomatic defeat of epic proportions” as its plan to secure the Security Council’s direct control over the ICC failed. In a non-recorded voting, 120 countries voted for an independent ICC, 21 abstained, and 7 (including the US) voted against the ICC. This was the starting point of the United States campaign against the ICC.

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5 Kirsch/Holmes (1999), in: AJIL 93/1, pp. 4-5.
7 The United States, Israel, Qatar, China, Iraq, Libya and Yemen voted against the ICC and, according to Van Schaak, Algeria, Bahrain, Ethiopia, India, Indonesia, Iran, Kuwait, Laos, Libya, Malaysia, Mexico, Morocco, Nepal, Oman, Saudi Arabia, Singapore, Syria, Trinidad and Tobago, Turkey, Uzbekistan and Viet Nam abstained in the voting. Note that Libya is on both of the lists and therefore the information must be incorrect. However, this is the only listing available. Van Schaak (2007) p. 50; Lee (2002), in: Lee (ed.), p. 26; Arsanjani (1999), in: AJIL, 93/1, pp. 22-3.
Indeed, some Americans felt overrun by the like-minded coalition in Rome: “the middle powers - and especially the middle powers in Europe - who controlled the ICC process were less concerned with punishing serious human rights abusers than they were with increasing their relative influence by inhibiting and controlling militarily powerful nations.”\(^8\) However, it was not the goal of the like-minded coalition to rule out the US.\(^9\) The support of the US for the ICC was crucial, but the independence of the ICC was more important. Nevertheless, the vote in Rome was only for the adoption of the Statute, not a promise for its ratification. However, the ICC has today 111 State Parties.

This paper aims to give an overview of the United States’ global campaign for Bilateral Immunity Agreements, aimed to secure immunity for all US-citizens in front of the ICC, and the EU’s response to this campaign and it unfolds as follows. After a short introduction to the Rome Statute and the institution of the ICC, I give an overview of the reasons behind the United States’ opposition to the ICC and the actions it took to hinder the functioning of the ICC. This is followed by a discussion of the world-wide campaign for the BIAs during the years 2002-2007. Since I wanted to emphasize the global reach of the BIA campaign, I decided to describe the characteristics and consequences of, and responses to, the BIA campaign in each geographic region and include some distinguishing country cases. In the fourth part I adumbrate how the EU reacted to the BIAs and how it supports the ICC. Before my conclusions, I describe in the fifth part why and how the United States’ policy towards the ICC has gradually changed. In the conclusions I discuss how the BIA campaign has affected the national interests of the US, whether the American hegemony has declined over the last decades in the realm of international law, and how the promotion of international law may change the world order.

1. Short Introduction to the ICC

The ICC deals only with most serious crimes. Such crimes are widespread, systematic, and part of a wider plan or politics. They are called genocide, crimes against humanity, war crimes, and the crime of aggression.\(^10\) The ICC has jurisdiction over these particular crimes “not so much because international cooperation is needed for their repression, although this is also true, but because their heinous nature elevates them to a level where they are of

\(^{10}\) Cassese (2003), p. 161.
‘concern’ to the international community.” All these crimes were prosecuted in the Nuremberg trials or in its successors and, thus, the definitions of genocide, crimes against humanity, and war crimes derive from existing treaties and customary law. However, some of the crimes in the Rome Statute, e.g. disappearance of persons, attacks against personnel of humanitarian or UN peacekeeping missions, and the prohibition of environmental damage, are novel.

The ICC has jurisdiction only over crimes committed by natural persons over the age of 18 and after July 1, 2002, the day when the Rome Statute entered into force. It does not have universal jurisdiction. “While many delegations and NGOs at the Rome Conference found this idea attractive, it was quickly conceded that universal jurisdiction would stretch existing interpretations of international law too far and would be politically unacceptable to key states.” Hence, the ICC has jurisdiction over the crimes committed in the territory of a member state regardless of the nationality of the offender. Crimes committed in the territory of a non-member state remain outside its jurisdiction unless the SC refers the situation to the ICC. An investigation can be triggered in four ways: by State Party referral, by a state which recognizes the ICC’s jurisdiction ad hoc, by the SC acting under the Chapter VII of the UN Charter, and by the ICC prosecutor proprio motu. After a case has been referred to the ICC, the Pre-Trial Chamber plays an important role. It approves proprio motu proposed investigations, issues arrest warrants, and confirms charges before trial.

Once an investigation is approved and the prosecutor starts the investigation, the State Parties are obliged to cooperate with the ICC. State cooperation is the Achilles’ heel of the ICC, since it does not have its own police forces to make arrests and it operates in situations where the respective state is unwilling and/or unable to prosecute. The most prominent example of this problem is the arrest warrant of the Sudanese President Omar Al-Bashir. Another challenge poses the right of the SC under the Chapter VII of the UN Charter to block all ICC’s activities for a specific case for one year at a time.

15 Art. 16, Rome Statute: „No investigation or prosecution may be commenced or proceeded with under this Statute for a period of 12 Months after the Security Council, in a resolution adopted under Chapter VII of the Charter of
During that time important evidence can be destroyed, not to mention its harms to the public image of the ICC. The principle of complementarity is central for the legal character of the ICC. It means that the ICC takes over the prosecution of an individual only when the state of primary jurisdiction is unable or unwilling to act. One may expect that states wanting to avoid the ICC’s intervention will work harder to prosecute and prevent the gravest human rights violations. Thus, the most important achievement of the ICC for the protection of basic human rights is probably the stimulus given to national governments to strengthen their own enforcement mechanisms.¹⁶

2. The United States Opposition to the ICC

The creation of the ICC did not proceed according to the view of the theory of hegemonic stability. Under this theory, institutions prosper if they have the support of the most powerful state. In the case of the ICC, the United States (the potential hegemony) was clearly not in favor of establishing this institution. The Rome Statute did not serve the national interests of the US, nor was the ICC crucial for the survival of weaker states.¹⁷ Although the real reason behind the US opposition to the ICC was the fact that it was not able to secure the SC direct control over the court, the US criticism of the ICC went much further. According to the US government, the ICC was an unaccountable and unchecked power, unable to afford the same rights as the Bill of Rights. Furthermore, the prosecution system of the ICC, in particular the *proprio motu* right of the prosecutor, was open for politically motivated prosecutions and the Rome Statute ignores the principle of state sovereignty and the responsibility of the SC for the maintenance of international peace and security.¹⁸ The official reason behind this criticism and the opposition to the ICC was the United States’ unique position in the world. As the biggest military power, it has the capability and the responsibility to intervene in international conflicts and to lead humanitarian missions.¹⁹ On this basis its citizens are exceptionally

¹⁶ Mayerfeld (2003), in: HRQ, 25; Crawford (2003), in: Sands (ed.).
¹⁹ But even though the United States’ opposition to the ICC is officially about the security and integrity of its citizens, it is essentially about (lost) control and power over the ICC. The Darfur case showed once more that the United States prefers selective justice that it can control. For Darfur the US supported a
vulnerable in the face of the ICC and would be attractive objects for political prosecutions.\textsuperscript{20} With this explanation, the initial support of the US under Clinton Administration turned during the first term of the George W. Bush Administration into ferocious opposition to the ICC and included assaults on all levels of foreign policy making: at the national legislative level, in bilateral diplomatic relations, and in the framework of the UN.\textsuperscript{21}

Clinton signed the Rome Statute on December 31, 2000, the day it closed for signatures. He clearly indicated that he did not recommend the ratification of the Statute for his successor and that the reason for signing the Statute was only to secure the possibility to influence the evolution of the ICC in the Preparatory Committee.\textsuperscript{22} The Bush Administration’s campaign against the ICC started in April 2002, as the Rome Statute received the 60\textsuperscript{th} ratification, meaning that it would become operational on July 1, 2002. The first move was the ‘unsigning’ of the Rome Statute in May 2002, a highly unconventional act, which, however, is legally admissible according to the Vienna Convention on the Law of Treaties.\textsuperscript{23}

As July 1 and the entry into force of Rome Statute approached, so did unfortunately also the renewal of the mandate of the UN Peacekeeping Mission in Bosnia and Herzegovina (UNMIBH). Already, in May 2002, the US had unsuccessfully tried to secure immunity from the ICC to all its UN peacekeepers in a resolution that would automatically renew every year. As this same proposal was rejected again by all other members of the SC on June 30, the US vetoed the resolution to extend the UNMIBH mandate. All other SC members were the opinion, that the Rome Statute offered already sufficient checks against unwarranted prosecutions. In addition, as the Secretary General Kofi Annan wrote to the US Secretary of State Colin Powell: “I can state confidently that in the history of the United Nations […] no peacekeeper or any other mission personnel have been anywhere near the kind of crimes that fall under the jurisdiction of the ICC.”\textsuperscript{24} Under strong pressure from other SC

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\textsuperscript{20} Scheffer (1999), in: AJIL, 93/1.


\textsuperscript{23} See: John Bolton, Letter to UN Secretary General Kofi Annan; note that the United States is not party to the Vienna Convention on the Law of Treaties.

\textsuperscript{24} Efforts to Obtain Immunity, in: AJIL 96/3 (2002), p. 727.
members, the US agreed to settle with a resolution that had to be renewed every year by an affirmative vote of the SC and if not renewed, the ICC would have jurisdiction also for crimes committed during the time of deferral. The SC Resolution 1422 was adopted on July 12 and on the same day the SC extended the mandate of the UNMIBH.25

For the United States, the SC Resolution 1422 was clearly not enough to guarantee immunity for its citizens in front of the ICC. On August 2, President Bush signed American Service-Members’ Protection Act (ASPA) as part of the Anti-Terror Bill, prohibiting any kind of cooperation of American agencies or entities with the ICC, including extradition and financial assistance. In addition, the ASPA prohibited American participation to UN peace keeping or enforcement operations unless the immunity of US soldiers in front of the ICC was guaranteed.26 The ASPA is also called ‘The Hague Invasion Act’, since it authorizes the President “to use all means necessary and appropriate [except bribes and other inducements] to bring about the release of any [United States and allied person] who is being detained or imprisoned by, on behalf of, or at the request of the International Criminal Court.”27

3. The Bilateral Immunity Agreements

With the ASPA, the United States introduced its global campaign for the Bilateral Immunity Agreements (BIAs). The BIAs are also called Article 98 agreements, since the Article 98 (2) of the Rome Statute prohibits the ICC to request surrender, if this would require the state in question to breach an international agreement that it has made with another state. The intent of the BIA campaign was to take advantage of the Article 98 and conclude international agreements with every country to protect American citizens against ICC prosecutions all over the world. However, the original intent of the Article 98 was to recognize the existing Status of Forces Agreements (SOFAs), commonly concluded between the receiving and the sending state (and also

25 The SC Res. 1422 guarantees under the legitimation of the Art. 16 of the Rome Statute that current or former officials or personnel from a State, which is not a party to the Rome Statute, shall be subject to the exclusive jurisdiction of that State for all alleged acts or omissions arising out of or related to the UN peace-keeping missions. See also Art. 39 UN-Charter; U.S. Efforts to Secure Immunity, in: AJIL, 97/3 (2003), p. 711.
26 H.R. 4775 .
with international and non-governmental organizations) to regulate a broad range of issues concerning the sending state’s military presence in the host country, not to create new obstacles for cooperation. The reason why the SOFAs are considered in the Rome Statute at all is that they also exclude the sending state’s military personnel from the local jurisdiction and the drafters of the Rome Statute wanted to solve potential legal conflicts because of existing SOFAs. The United States’ interpretation of the Article 98 went however much further, since the intent of the BIAs was to secure immunity from the ICC not just for the military personnel, but for all its citizens.

While a BIA between the US and a non-State Party to the ICC is unproblematic, serious issues of treaty conflict rise when an ICC State Party signs a BIA. To begin with, Article 27 (2) of the Rome Statute prohibits all forms of immunity and Article 86 establishes a general obligation to cooperate with the ICC. Therefore, a State Party that refuses to comply with Article 89 (1) of the Rome Statute (State Parties shall comply with requests for arrest and surrender), because it has signed a BIA, acts inconsistently with its obligations to the ICC. In addition, Article 18 of the Vienna Convention on the Law of Treaties obliges states to refrain from acts which would defeat the object and purpose of a treaty they are parties to and, after all, one of the oldest principles of international law is **pacta sunt servanda**, agreements must be kept.

The main inducement to get states sign a BIA was money. The ASPA prohibits the United States to provide military assistance to state parties of the ICC, except NATO member countries and other major allies, unless they sign a BIA with the US. However, cuts in military aid were not enough for the US, since in December 2004 President Bush signed the consolidated appropriations bill, which contained the Nethercutt Amendment, prohibiting also aid from the Economic Support Fund for countries not having signed a BIA. Through the

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31 Every treaty in force is binding upon the parties to it and must be performed by them in good faith. Art 26, Vienna Convention on the Law of Treaties.

32 Major allies were Australia, Egypt, Israel, Japan, Jordan, Argentina, South Korea, New Zealand, and Taiwan. H.R. 4775, Sec. 2007.

33 H.R. 4818, Sec 574.
Nethercut Amendment, several countries all over the world were threatened to lose tens, or even hundreds, of millions of dollars of development aid.\textsuperscript{34}

\textbf{The World-Wide Campaign for the BIAs}

Organized by the State Department and particularly by John Bolton, the Undersecretary for Arms Control and International Security, the United States started a worldwide campaign for the BIAs in the summer of 2002. The spirit among the US officials was that “If you find a rock with a flag on it, we’ll negotiate an agreement.”\textsuperscript{35} The American embassies actively engaged in the campaign in their host countries and the strongest pressure was put on not only NATO candidate states, but also on African, Latin American, Caribbean, and Central Asian countries. “US Ambassador in Croatia even published a public (!) letter in the Zagreb press […] warning that Croatia would lose 19 million $ of military aid if it did not sign an agreement.”\textsuperscript{36} Cuts in military aid were effective sticks for these poor and vulnerable countries such as Romania, State Party to the ICC since April 11, 2002, which was the first state to sign a BIA on August 1, 2002.\textsuperscript{37}

The Caribbean countries, highly dependent on economic aid, were put under strong economic and diplomatic pressure to sign BIAs.\textsuperscript{38} As all over the world, the governments were approached separately. For example, in the Bahamas the US Ambassador publicly warned to withhold significant amount of US aid, including a project for an airport runway. In May 2003 the foreign ministers of the CARICOM were told that they would lose military aid and benefits of various development programs, unless they sign. As the countries did not capitulate, the US suspended all aid to Caribbean ICC State Parties; Antigua & Barbuda, Barbados, Dominica, St. Vincent & the Grenadines, and Trinidad & Tobago. The CARICOM states “were deeply disturbed at the punitive action taken by the US Government, with effect from July 1st, 2003, against six CARICOM member states […]. They stressed that this development was at complete variance with the spirit of the special relationship […] between the United States and the Caribbean, a relationship which has always been

\textsuperscript{34} HRF, U.S. Threatens to Cut Aid.
\textsuperscript{35} American official for Washington Times, see Kelley (2007), p. 575.
\textsuperscript{36} Aguirrezabal Quijera (2003), in: Theissen/ Nagler (Hrsg.), p. 201.
\textsuperscript{37} For the list of states, that have concluded a BIA with the US, see: http://www.amicc.org/usinfo/administration_policy_BIAs.html (visited May 3, 2010).
\textsuperscript{38} Ribando (2007), p. 5.

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characterized by mutual respect and cooperation [...]”.

It was not only projects for hurricane relief, health care, or infrastructure that were canceled, but also the support and aid to fight drug trafficking, a central problem in the region and also of importance and interest to the US. After the United States had suspended economic aid, Antigua & Barbuda experienced significant increase in cocaine smuggling and, for that reason, in criminality in the country. Eventually, Antigua & Barbuda as well as Dominica bowed to the US pressure and signed a BIA.

The BIA campaign was not welcomed with excitement in the Latin American countries either, a region where the majority supports accountability for past human right abuses for a good reason. Most Latin American states, including Argentina, Brazil, Mexico, Paraguay, Peru, and Uruguay refused to sign a BIA and also here regional organizations, such as the MERCOSUR, adopted a highly critical stance towards the campaign. The countries that refused to sign a BIA lost altogether tens of millions of dollars, Peru alone more than $4 million of military aid that was supposed to be used against drug dealing. In Ecuador, which is host to one of the largest US military bases in Latin America, the whole political scene from Members of Parliament to Foreign and Interior Ministers and the Ecuadorian President opposed the US attempts to pressure the country, and several high officials characterized the campaign as blackmailing. Ecuador, struggling with money laundering, border control, and illegal immigration, had traditionally cooperated with the US on these issues. Due to its unwillingness to sign a BIA, Ecuador lost up to $22 million. However, all Latin American states could not afford to resist the US for years. Colombia, for instance, categorically refused to extend the existing immunity agreement of US government officials to all Americans in fall 2002, but the cuts in the US aid were too much for it. In 2003, Colombia lost approximately $5 million and as the US threatened to cut up to $130 million in fiscal year 2004 for development projects and military aid, e.g. for the fight against drug traffickers and terrorists, Colombia signed a BIA on September 16, 2003.

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40 CICC, Quotes; CICC, Summary.
42 Presidential Declaration, June 20, 2005.
43 Editorial, Nov 26, 2005; Ribando (2007), p. 5; CICC, Quotes; CICC, Countries Opposed; Congressional Budget Justification.
Asia and the Middle East are the least represented regions in the ICC. Of the Middle Eastern and North African states only Jordan is state party to the ICC. In front of the threat to lose more than $250 million from the USAID, Jordan signed a BIA in December 2004. While 15 Central Asian, Asian, and Pacific states are parties to the Rome Statute, 33 BIA’s were signed in the region. Many states, not parties to the Rome Statute, such as Azerbaijan, Bangladesh, Bhutan, India, Kazakhstan, Laos, Nepal, Pakistan, Sri Lanka, and Uzbekistan signed BIA’s without further opposition and the signatures were followed by statements such as: “This is another step in the developing closer ties between the U.S. and the Lao PDR.”

Reportedly, there were cases in Asia and Central Asia, where the US not just ‘asked’ states to sign a BIA, but also affected later decisions to ratify the Rome Statute. According to the Philippine press, the United States promised Manila $30 million additional military assistance, if the country refrains from ratifying the Statute. In Georgia the “Government sources have told Human Rights Watch that ratification of the ICC Treaty is stalled in the President's office as "a direct consequence of U.S. pressure." Georgia has already signed an immunity agreement.”

Major non-NATO allies Japan, South Korea, Australia, New Zealand, and Taiwan were exempted from the ASPA restrictions and therefore the BIA campaign did not concern them as much as other countries. Of other ICC State Parties in the region only Cook Islands and Samoa refused to sign a BIA.

African countries, among Latin America and Europe, have been the most eager ratifiers of the Rome Statute. However, of the 30 ICC State Parties in Africa 24 signed a BIA. Namibia was one of the ICC State Parties which refused to sign and lost some $225,000 of military assistance. The Namibian Defense minister Erkki Nghimtina said: “Let’s go hungry if we must […] We will not change our decision.”

Kenya and South Africa both lost tens of millions of dollars, aimed to support amongst others the expansion of African peacekeeping capabilities, but as a member of Kenyan Parliament put it: “They can keep their dollars as long as they [do not] respect our dignity.”

Many African, European, and Latin American countries reasoned their unwillingness to sign a BIA with the obligations under international law, emerging from the ratification of the Rome Statute, as well as with the desire to protect the integrity of the Rome Statute and state sovereignty, which both were undermined by the US actions. The large amount of BIA’s in Africa compared

46 Balais-Serrano (2006); CICC, Quotes; CICC, Summary.
for instance to Latin America can be explained with the vulnerability of the economies in the region. Like in so many cases discussed earlier, most of the African countries could not afford to lose the US aid.\textsuperscript{49}

\section*{4. The EU and the ICC}

\textbf{Europe and the BIAs}

With 41 ratifications, European states are best represented in the ICC; today all EU-member states are State Parties and only Belarus, Turkey, Russia, Moldova, and Ukraine have not ratified the Rome Statute. Especially the NATO-candidate countries were targets of intensive BIA-diplomacy, but only four states signed an agreement. Albania and Bosnia-Herzegovina signed fairly early, in May 2003, Macedonia one month later, and Montenegro was the last country at all to sign a BIA on April 19, 2007.\textsuperscript{50} In the Balkans, the campaign took bizarre forms. The US for instance threatened to withhold all US assistance from Serbia and Montenegro unless they fully cooperate with the International Criminal Tribunal for the Former Yugoslavia (ICTY) by June 15, 2003. Two weeks later Serbia’s military aid was suspended, because it refused to grant all US citizens immunity for crimes against humanity, war crimes, and genocide (all included in the ICTY’s jurisdiction) in front of the ICC.\textsuperscript{51} The Baltic States, Bulgaria, and Slovakia got “a slap in the face”\textsuperscript{52} too. All of them sent their troops to support the US in the context of the Operation Iraqi Freedom and Bulgaria even allowed the US to use one of its air bases. After their refusal to sign a BIA, the US, however, suspended millions of dollars of military funding for each of these states.\textsuperscript{53}

As NATO-allies, most of the Western European countries were exempted from the ASPA-restrictions and thus were not threatened by cuts in military aid. The EU had adopted a common position on the ICC already in 2001, which is “to support the effective functioning of the Court and to advance universal support for it by promoting the widest possible participation in the Rome Statute. In order to contribute to the objective […], the European Union and its Member States shall make every effort to further this process by raising the issue of the widest possible ratification, acceptance, approval or accession to the Statute and the implementation of the Statute in negotiations or political

\textsuperscript{49} Gardiner (2003); CICC, Quotes; CICC, Summary.

\textsuperscript{50} Hawkins (2008), in: SAIS Review, XXVIII/2, p. 114.

\textsuperscript{51} Gardiner (2003), p. 3.

\textsuperscript{52} Diehl, Nov 23, 2003.

\textsuperscript{53} Meyer (2005), in: Okla. L.Rev., 58, p. 130.
dialogues with third States, groups of States or relevant regional organisations, whenever appropriate.”

Hence, most of the EU-countries had been particularly supportive towards the ICC from the beginning on and only few states even considered signing a BIA. Before the BIA campaign had even started, the EU published a statement, regretting the decision of the US to withdraw its signature to the Rome Statute and expressing its concerns about the consequences of the US policy on multilateral treaty making and individual accountability for the most heinous crimes.\(^{55}\)

The EU also reacted early to the BIA campaign. Shortly after Romania had signed the first BIA on August 1, 2002, other candidate countries (many of which wished to become NATO- as well as EU-members) asked the Commission, whether it could consider the BIAs being compatible with the Rome Statute.\(^{56}\) The European Council published on September 30, 2002, guiding principles concerning the BIAs, clearly stating that “Entering into US agreements – as presently drafted – would be inconsistent with ICC States Parties’ obligations with regard to the ICC Statute and may be inconsistent with other international agreements to which ICC States Parties are Parties”\(^{57}\) The message was clear and was considered as an important policy direction also by many non-European states. Here it is also noteworthy that the EU neither agreed to compensate financial losses for states, willing to resist the pressure of the United States, nor was the relationship between the EU and those states, who signed the agreement, affected negatively.\(^{58}\)

**The EU’s Support for the ICC**

The US campaign obviously deepened the EU’s commitment to the ICC. Subsequent to the common policy of 2001, which was reviewed in 2002 and 2003, an action plan of 2004 for the ICC established EU focal points in all member countries to ensure effective coordination for the implementation of the Statute.\(^{59}\) The cooperation and assistance agreement between the EU and the ICC is also remarkable as the first legally binding agreement between the EU and another international institution. According to this agreement, the EU offers gratis expertise of its personnel to assist the work of the ICC and

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\(^{54}\) The Council of the European Union, 2001/443/CFSP.

\(^{55}\) Statement of the European Union, 8864/02.

\(^{56}\) Thomas (2005).

\(^{57}\) Council Conclusions, 12134/02.


\(^{59}\) European Commission, Feb 4, 2004; The Council of the European Union, 2001/443/CFSP.
commits to provide facilities and services as well as field level support for the ICC.\footnote{Art. 13 and 14, Agreement between the International Criminal Court and the European Union.}

In its external relations and treaty negotiations with third countries, including Russia, China, and India, the EU brings up the ICC actively. The Cotonou Agreement (a binding legal instrument, applying to nearly 80 countries)\footnote{“However, there was prolonged debate on the EC’s proposals in respect of the International Criminal Court […] to become an essential element of the Agreement. Consensus was reached some might say, as a result of the EC’s status as dominant partner in the negotiations […].” European Commission, Directorate-General for Development and Relations with African, Caribbean and Pacific States (2006), p. 9.} and many of the European Policy Action Plans and Cooperation Agreements (which set the agenda for EU cooperation with a particular country for three to five years) include clauses, which aim to get third countries to ratify the Statute.\footnote{See e.g. European Neighborhood Policy, EU-Lebanon Action Plan.} The Commission and EU Member States regularly provide technical assistance to third countries for the implementation of the ICC clauses and the Statute. The EU has also carried out nearly 300 pro-ICC démarches in more than 110 countries to encourage the ratification. These démarches are written concerns issued by the EU member states and delivered on behalf of the EU to a host government by a small group of European Ambassadors.\footnote{“Pending the finalisation of the implementing arrangements concerning exchange of classified information with the ICC, the EU cannot disclose the content of the démarches.” Portugal (2007), p. 39; General Secretariat of the Council (2008), p. 10.}

Since as early as 1995, the NGOs have been one of the main instruments of the European Community to support the ICC. Between the years 2000 and 2008, the European Commission used €36 million to support the ICC and international criminal justice and since 2003 it has been the main financial supporter of major NGOs (CICC, Parliamentarians for Global Action, and No Peace Without Justice) and numerous smaller ones, working on the promotion of the ICC. Even though €36 million is an insignificant fraction in the EU budget, it is wisely invested money if the EU can use it to influence something that it would otherwise be unable to affect. Here I mean that through the NGOs, the EU can access different levels of third states’ political and social life. In their diplomatic undertakings, neither the EU nor European countries could possibly start to lobby domestic parties, policy-makers, or civil society of third
countries, nor could they be as persuasive about the ICC as the NGOs are. Thus, I consider the funding of the NGOs as a strategic move to advance EU’s interests in the case of the ICC.\textsuperscript{64}

I think there are three reasons for the EU’s eagerness to support the ICC. First, the ICC corresponds with European identity and interests and is therefore worthwhile its support. The EU and European identity in general are founded on multilateralism and unity. Consequently, it is logical that the EU’s international agenda emphasizes international institutions and multilateralism. When it comes to the ICC, European countries have nothing to lose and a lot to win with their support. Compared to the US opposition to the ICC, the biggest gain for the EU is in gaining domestic and international reputation as a promoter and supporter of international criminal law. Second, the ICC offers the EU an opportunity to build up common European foreign policy. It is interesting that the EU did not hold a common position during the Rome Conference and the more coordinated policy towards the ICC started at the time when the US unsigned the Statute and initiated its campaign against the ICC. The coordinated EU stance deepened in the wake of the Iraq war. This implies that the United States’ policies pulled the EU countries closer together. When the EU wants to portray itself as a global actor it needs to act in unison and establish common preferences: “[t]he more centralized or ‘supranational’ the EU policy-making process is, the higher the likelihood of international actorness.”\textsuperscript{65} The ICC may have served as one of the triggers to achieve this unity. Third, the promotion the ICC offers the EU opportunity to check the American power. This aspect will be discussed in the conclusions of this paper.

5. Change in the US Policy

The first signs of gradual change in the United States’ standpoint to the ICC got visible in March 2005, as the US tolerated the SC referral of the Darfur-situation to the ICC. However, the US declared that it would not participate in covering the costs of the ICC’s actions in Darfur, but it didn’t exclude the possibility of cooperation in terms of handover of information to the ICC.\textsuperscript{66} Around the same time, some officials in the Department of Defense

\textsuperscript{64} General Secretariat of the Council (2008), p. 16; European Commission (2008); European Commission, COM (95) 567, p. 13.
\textsuperscript{65} Groenleer/Van Schaik (2007), in: JCMS, 45/5, p. 970.
\textsuperscript{66} “Mr. McCormack: […] there has been a request for information from the ICC and we had pledged that we would look at that request. That request is not related to the request for warrants against President Bashir today. […] We
started to express concerns of the unwanted consequences of the BIA policy and were joined in the first half of 2006 by members of the US Congress. In a Senate hearing on March 14, 2006, Senator John McCain, supported amongst others by Senator Hillary Clinton, stated that the US was paying “a very heavy price”\(^{67}\) in countries where aid was cut. Only four days earlier, the Secretary of State Condoleezza Rice had admitted that the BIA campaign was “sort of the same as shooting ourselves in the foot.”\(^{68}\) Indeed, it is hard to find a logic that would speak for beneficial influence of the BIA campaign on the US foreign policy interests.

In Latin America, the fight against drug trafficking, transnational crime, and money laundering suffered as the US suspended military assistance for 12 of its allies in the region. In Africa, regional peacekeeping capacities were seriously weakened by the cuts in the Foreign Military Financing program. In Eastern Europe, the US commitment to bring war criminals in front of the ICTY was undermined by its demands for double standards. As the Serbian Prime Minister Zoran Zivkovic stated “I think it would be very difficult to explain to our people that on the one hand we will sign a bilateral agreement with the United States in which we agree to protect their citizens, while at the same time we are arresting and extraditing our citizens for trial.”\(^{69}\) The cooperation in the War on Terror was put into jeopardy in African and Latin American countries, which, in collaboration with the US, fight terrorism within their territories. The Eastern European allies in the Iraq war even lost funds for night vision goggles, because they refused to sign a BIA.\(^{70}\) Since fall 2006 and mostly for these reasons, series of bills and waivers relinquished the sanctions provided in the ASPA and the Nethercutt Amendment. Four days before leaving his office, President Bush issued final waivers for restrictions included in the Nethercutt Amendment. Thus, the BIA campaign came to its end on March 11, 2009 as the Nethercutt Amendment expired. However, the abstained from that resolution. But we stated at the time that if there were a request for information from the ICC, that we would consider each of those requests in turn […] Question: So the fact that you’re considering, you know, this request, does that mean that you’re opening the door a little bit to joining the ICC – that you’ve opened the door? Mr. McCormack: Not at all.” U.S. Department of State, July 14, 2008; Her Excellency Ambassador Patterson, in: UN Security Council, Mar 31, 2005.


\(^{68}\) Rice, C., Mar 10, 2006.

\(^{69}\) Gardner (2003), p. 3.

approximately 103 BIAs concluded during the years of Bush Administration remain in force.\textsuperscript{71}

The Obama Administration obviously wanted to take distance to the Bush Administration’s stance towards the ICC. Already before her confirmation in January 2009, Secretary of State Hillary Clinton stated for the Senate Foreign Relations Committee that the US will end its hostility to the ICC and look for opportunities to support the ICC in ways which promote US interests. The US Ambassador to the UN, Susan Rice referred to the ICC in her first speech to the SC late January noting that the ICC “looks to become an important and credible instrument for trying to hold accountable the senior leadership responsible for atrocities committed in the Congo, Uganda, and Darfur.”\textsuperscript{72} The Obama Administration pronounced to undertake a formal policy review of the US policy towards the ICC, however, this has not been published until today. For the first time after 2001, the US participated as an observer delegation to the ICC Assembly of State Parties in November 2009 and it is likely to participate to the Review Conference of the Rome Statute in Kampala in May-June 2010. Although the US has significantly changed its attitude towards the ICC, there is still a long way to go until it becomes a State Party to the ICC. In January 2010 the US Ambassador-at-Large for War Crimes Issues Stephen J. Rapp stated that “no US president is likely to present the Rome Statute of the International Criminal Court to the US Senate for ratification in the "foreseeable" future […] while the US has an important role in international criminal justice, it is unlikely to join the ICC anytime soon.”\textsuperscript{73} However, significant improvements in the context of cooperation are underway. The US is, amongst others, willing to assist in the ICC proceedings in Kenya.\textsuperscript{74}

Conclusion

The BIA-campaign shows that the creation and evolution of international criminal law today differs from the foundation of international organizations after the Second World War since the process does not require hegemonial power. The US, the only potential hegemony, was not able to act as one in the case of the ICC, at least if one sticks to Keohane and Nye’s definition of hegemony as situation “when one state is powerful enough to

\textsuperscript{71} Taft et al. (2009), p. 13-14.
\textsuperscript{72} Rice, S.E., Jan 29, 2009.
\textsuperscript{73} Belczyk (2010), in: Jurist Legal News and Research; Taft et al. (2009), p. 16-7.
\textsuperscript{74} AMICC, Chronology.

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maintain the essential rules governing interstate relations, and willing to do so. In addition to its role in maintaining a regime, such a state can abrogate existing rules, prevent the adoption of rules that it opposes, or play the dominant role in constructing new rules."\(^7^5\) One explanation for this turn is that the US has lost parts of its power. Another reason is that international law has become an integrative instrument of the world community, which bases on the concepts of legitimacy and community. Hard power alone is not sufficient anymore to pursue foreign policy goals since the world is not as anarchic as it was sixty years ago. In the absence of a visible danger, it is much harder for the potential hegemon to justify exceptionalism when cooperative behavior is expected. Hence, soft power and others’ willingness to grant the leading position for the hegemon are important factors for establishing or maintaining hegemony in a world where the global community resists unilateralism, exceptionalism, and the manipulation of superpowers and promotes instead cooperation and moral values. Since almost all states have cooperated in the last sixty years within international institutions almost all of the time, their identities have become increasingly cooperative and they do not tolerate unilateralism so easily. In fact, unilateralism may fuel anti-Americanism and strengthen the solidarity and identity of other states.\(^7^6\)

The BIA campaign was evidently more of disadvantage than of advantage for the US foreign policy interests. However, I argue that emerging powers, such as the EU and China, profited from the BIA campaign. The cuts in the US foreign and military aid opened new opportunities of cooperation for these states with developing countries, suffering from the consequences of the ASPA and the Nethercutt-Amendment. The US Southern Commander General Bantz J. Craddock acknowledged already in 2005 that in Latin America the ASPA “has the unintended consequence of restricting our access to and interaction with many important partner nations. […] Extra-hemispheric actors are filling the void left by restricted U.S. military engagement with partner nations. We now risk losing contact and interoperability with a generation of military classmates in many nations of the region. […] An increasing presence of the People’s Republic of China (PRC) in the region is an emerging dynamic that must not be ignored.”\(^7^7\) The tendency of some countries to seek alternative partners of cooperation was observable in many regions. For instance, after three years in the ‘black list’ of the US, Barbados signed a military aid

\(^{7^5}\) Keohane/Nye (1977), p. 44.


\(^{7^7}\) Taft et al. (2009), p. 12.
agreement with China, providing Barbados with $1.5 million aid.\textsuperscript{78} In Kenya the spirit was similar: “It is not only Americans who can train our military personnel, and it is time we started looking at the European Union, China, South Africa or even Japan for such training.”\textsuperscript{79} For the EU-candidate countries, such as Bulgaria and Croatia, the choice was even easier. These countries did not just feel morally obligated to follow the EU stance on the BIAs, but they also balanced the loss of the US aid with much larger EU-pre-accession funds. Thus, while more than 100 countries ceded to the inducement of the US, some turned to other sources of cooperation and aid.\textsuperscript{80}

The wide resistance to the BIA campaign offered a neat framework for the EU to expand its multilateral ideas outside its borders (who wants to say that punishing genocide is not moral?), to win new partners of cooperation, and thus increase its power through attraction and legitimacy.\textsuperscript{81} As the case of the BIA campaign shows, hard power is not the only important source of power. While the US remains supreme in terms of military power, the EU may aim to increase its power through other sources, such as invoking and supporting international norms, which bind the scope for the United States to maneuver and put the EU in the spotlight of being on the side of the good. The ICC and other binding norms are not necessarily as significant as hard power, because they do not generate economic gains and have only secondary importance in security and economic issues. However, as Telò writes: “[t]he EU has developed a political system and international role which is distant and distinct from the classic power model.”\textsuperscript{82} Consequently, the EU has marginal role in military crisis, but in all other external relations it is recognized as the second global actor.

The socialization of states with common norms leads to increased unity and, accordingly, the power of the pro-ICC coalition is founded on legitimacy, “an intrinsic aspect of power”,\textsuperscript{83} and multilateralism. In a unipolar world, where the preponderant state is so powerful that secondary powers

\textsuperscript{78} CICC, Quotes; CICC, Summary.
\textsuperscript{79} Krishof, Oct 16, 2005.
\textsuperscript{80} CICC, Quotes.
\textsuperscript{81} For the discussion of soft power and normative power Europe, see: Nye (2004); Smith (2005), in: Politique Europeenne, 17/1, pp. 68-9; Duchêne (1973), in: Kohnstamm/Hager (ed.); Maull, (1990), in: ForAff, 69/5; Manners (2002), in: JCMS, 40/2, p. 239; Diez/Manners (2007), in: Berenskoetter/Williams (ed.), p. 174
\textsuperscript{82} Telò (2006), p. 254.
\textsuperscript{83} Ikenberry (2006), p. 235.
cannot balance it in hard power terms without taking high security or economic risks, the promotion of international law allows weaker states to signal an alternative concept of multilateral order. Hence, a system based on restrictive norms is important for the EU’s survival as an international actor and for increasing its power. Promotion of norms, which are generally seen as just and legitimate, helps the EU to increase its legitimacy as global player, which in a longer run may allow it to form a coalition of states that is able to at least check, if not even balance, the American power. Thus, the promotion of international legal institutions may have implications for the international order.

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Towards new multipolarity? The current post-crisis era: suppliants and assignees.

MARIA GOLAŃSKA¹

Abstract

This paper addresses a fundamental question regarding the global financial crisis and its implications for the world architecture. Namely, will more multipolar world emerge from the repercussions of the financial turmoil?

Firstly, my analysis will briefly focus on ramifications of the financial crisis of 2007-2009 for economies that matter most in the global economic architecture: The United States and China. The financial crisis pushed many developed economies into the state of recession. The US, as the epicenter of financial breakdown, constantly lose its credibility to protect global stability. Economic influences of the European Union (EU) or Japan are highly arguable. The question arises whether China, the leading world exporter and the biggest supporter of American budget deficit, unintentionally emerges as an assignee of heavily undermined the US financial supremacy.

Secondly, the paper will examine the rising importance of the Chinese renminbi (RMB) with regard to the changing role of the U.S. dollar as the main international currency. Putting forth its monetary ambitions, initially by ensuring representation of its currency in composition of the Special Drawing Rights (SDR)² as well as through the yuan settlement in cross-country trade, China may be on a right path towards making the renminbi a world reserve currency.

¹ University of Wroclaw, Department of Economic Relations and European Integration, Institute of International Studies
² The special drawing right (SDR) was created by the IMF in 1969 as an international reserve unit used to supplement its member countries’ official reserves. SDR’s value is based on a basket of key international currencies: the U.S. dollar, the euro, the yen, and the pound.
Thirdly, I will consider Chinese scenario of the reform of the international monetary system which in future may have a significant influence on the global financial and trade architecture. Hence recent developments might indicate on China’s stronger orientation towards taking a leadership or at least participation in a world financial system.

I Introduction

It has become clear that one of the most profound implications of the crisis are changes in economic and political configuration of international relations. The current global crisis has severely bared vices of contemporary phase of capitalism. The system was driven to an inefficiency by the escalation of financial engineering of risky instruments, lack of self-preservation instinct and simple greed of banks. In result, the core thesis of neoliberal economy founded by Milton Friedman, that is self-regulating market concept, was questioned.

Moreover, in the context of the rising power of emerging economies like BRIC countries\(^3\), the lack of their equal representation in managerial bodies of International Monetary Fund and World Bank proves anachronism of the international monetary system. But perceiving political attempts to organize financial system within Group of 20 (G20) as a real phase of multipolarity in international system is rather exaggerated. Multilateral cooperation of G20, activating to action Basel Committee on Banking Supervision and Financial Stability Board, will not bring anticipated long-term results without strong leadership. And American leadership seems to be not enough. Arguable bailouts and stimulation packages pumping money to entities that are too big to fail endorse a concept that a vanguard of changes should be “a new Bretton Woods”\(^4\).

The crisis has changed the economic configuration of world architecture. The picture of global growth and relevant influences is increasingly imbalanced. China might seem to go out of the crisis as the only assignee of severely undermined position of the US. American economy

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\(^3\) BRIC countries refers to Brazil, Russia, India and China


http://www.project-syndicate.org/commentary/soros52/English (access on 28.02.2010)

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through the reliance on high dollar savings of China and on Chinese market for its products is becoming a suppliant to Asian giant.

The most defeated parties of the conflagration of economic downturn are Europe and Japan. Europe has recently fallen into a mantrap of the sovereign debt crisis with Greece and might face the same with other PIIGS (Portugal, Ireland, Island and Spain) countries. Germany, no longer the biggest global exporter, serves as a fire-fighter for Eurozone’s embedded burning problems. Japan remains passive while suffering from long-term deflationary effects. All these convince that the crisis has eventually pushed the West into defensive. Whereas it suffers from slow growth, recession, fiscal deficits, high public debts, unemployment and low domestic demand, big emerging economies such as China, India or Brazil are in the best shape, with strong GDP growths and good trade balances. Nevertheless, the most receiving party remains China.

II The U.S. undermined supremacy

Does the day of Lehman Brothers collapse serve as a turning point for contemporary world economy and for the US as a global power itself? The United States, as a trigger of the financial and industrial slump, have become a superpower of at least challenged credibility.

The crisis has underscored problems that have been steadily consuming American economy. The short-sighted abolition of Glass-Steagall Act in 1999 allowing banks to link their commercial and investment realms simply founded conditions under risky financial leveraging which triggered economic slump. But what matters most is very unstable budget after years of escalation of expenditures. It has conditioned the U.S. public debt on capital of main foreign creditors, namely China, India and Japan. All things considered, the US are facing the role of suppliant rather than hegemonic. This reliance on foreign credit has deeply propounded the role of dollar as the main world reserve currency. The long-term downward trend of dollar exchange rate fallen against other currencies poses a real threat that investors will diversify their assets to non-dollar portfolio reducing its significance in world finance.

A crucial political implication of the crisis might be an initiative of US administration to prevail upon China to deeper engagement in restoring global stability. From American perspective, China must be obligated to this role in a result of their rising economic potential. But, contrary to American
expectations, the crisis has exposed fragility of mutual relations of the two superpowers. In a hypothetical situation of the dollar breakdown China will not feel comfortingly as a lender of last resort for lifting up American economy.

III China’s rising ascendancy

Without a doubt financial crisis has swung the balance of power in favour of China. Chinese economy has quite fast but gradually mounts a comeback of its dynamic of growth, which this year will probably reach about 10%. In 2009 China became a leading world exporter, thereby outclassing Germany. Chinese automotive industry experiences a boom, being capable to produce 10 million cars per year and having more absorbent market than US. On the global trade map, aside from the bridgeheads of energetic and metal resources exploitation in Africa and Asia, there is a significant mark of Chinese’s ensign domination in East Asian ports and on the bottom of Indian Ocean Chinese pipes transport resources from Australia. In respect of GDP it is very likely that in 2010 China will be the second, after American, world economy.

China went through the global recession as the world largest account surplus country, what however is thought to be a key factor of the global economic imbalances. There are however several developments in Chinese government policy that may contribute to rebalance global economy.

Chinese monetary ambitions

Repercussions of the crisis turned up to be a catalyst of monetary ambitions of China eager to discount its rising economic power by placing the yuan on the world map as a leading reserve currency even in the perspective of 2020. Recent strongly rising value of the yuan is harmonized with an attempt to become independent from the US dollar in internal and foreign transactions.

In 2009 the People’s Bank of China undertook several actions\(^5\) which may highly contribute to RMB internationalization. First, the State Council announced the establishment of a bilateral currency swap agreements with central banks of Hong Kong, Malaysia, Republic of Belarus and Indonesia. The

total value of the agreements was around 100 billion of dollars. Second, to help cross-border proliferation of the yuan Chinese central bank and the government started a pilot program addressed to exporters and importers to help them maintain trade deals in yuan. This was announced in the form of Administrative Rules on the Pilot Program for RMB Settlement of Cross-border Trade Transactions which adopt effective regulations to avoid the exchange rate risk. Only several pilot cities are designated for settling cross-border trade in RMB, namely Shanghai, Guangzhou, Shenzhen, Zhuhai and Dongguan and the interim pilot cities outside China include Hong Kong, Macau and the Association of Southeast Asian Nations (ASEAN). Third, in the middle of the year the POBC approved Hong Kong and Shanghai to issue yuan bonds of total value of 7 billion yuan. The main motive of all these steps might be a support for Chinese export-oriented enterprises to get rid of burdens of the financial crisis as well as for foreign companies to feel comfortable as trading parties.

Since the yuan is already a unit of account with developing economies and key business centers like Shanghai and Hong Kong are allowed to issue state bonds boosting investment trade attractiveness it is a matter of fact now that RMB strongly seeks to internationalize.

In years of 2007-2009 world foreign exchange reserves of U.S. dollars grew only by 200 thousands of dollars and currency composition of reserves maintained in other than developed countries currencies grew from 75 up to 141 thousands of dollars. Due to the fact that statistics does not embrace Chinese currency it is very likely that the composition of “other currencies” in statistics might mainly consists of yuan.

On the one hand, in favour of short term perspective of eventual accomplishment of China’s monetary ambitions serves an analogy to the US. Despite de fact that in the 20s of the twentieth century American economy was double sized than British economy pound sterling had the primacy in trade exchange and foreign currency reserves. London dominated as a centre of world payoffs. The establishment of The Federal Reserve in 1913

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6 International Monetary Fund Statistics Department Currency Composition of Official Foreign Exchange Reserves (COFER) database and International Financial Statistics database
and unified monetary policy in rapidly developing economy brought dollar to the status of international currency. At the time financial market deepened and New York started to serve as a new centre of world finance.

Nevertheless, financing trade with developing economies in Chinese currency and the increase in its supply around the world is not enough for the renminbi to become world reserve currency. Establishing confidence in the yuan will not take place without profound changes of the system. Character of Chinese system rather reflects Bretton Woods’s model. There is a relatively fixed exchange rate pegged to the dollar and lack of freedom of capital fluency. However, on the way out of the crisis Chinese decision-makers realized how anachronic and hard to sustain their system is.

**Policy challenges**

The imperative is to make the yuan float so as to it can better reflect demand and supply game. Concerning by the recent global slowdown Chinese may not be willing to manage their currency rate strictly fixed to the dollar any longer. This can be illustrated by the decision of The People’s Bank of China in the late 2009 to cut interest rates. This step was harmonized with the global rate cut at the time and a proposal of introducing an independent global currency unit. But building open and floating financial markets would mean government’s resignation from controlling the transborder transfer of capital.

Although China went through the global recession as the world largest account surplus country, highly contributing to the global economic imbalances, according to Lardy, there had been several ambitious governmental developments that may help to rebalance economic disorder. Namely, Chinese government raised the prices of important inputs (mainly fuels), which are consumed mainly by industry, what has successfully shifted investments from manufacturing towards services in 2009. The very significant step was made in the social sphere (in education, health and pensions) which was highly supplied by governmental expenditures. This may serve as a contribution to reduction in Chinese large savings surplus through a limitation of precautionary demand for savings of households.

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8 N. R. Lardy, *China’s Exchange Rate Policy and Trade Imbalances*, Testimony before the Hearing of the Senate Committee on Banking, Housing, and Urban Affairs Subcommittee on Economic Policy, April 22, 2010, Peterson Institute for International Economics

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Pressure on the yuan appreciation

There is a rising American interest in the yuan to strengthen against the dollar. With respect to China, it is worth considering what changes hypothetical yuan appreciation may cause. Currently China possesses one fifth of total global surplus. China’s foreign-exchange reserves are now in total 2,4 trillion denominated in dollars and 70 percent of that value are holdings in American currency.\(^9\) The rise of 10 percent against the dollar would lower the value of Chinese holdings of dollars in their portfolio. To illustrate this negative correlation Figure 1 reports that strengthening of Chinese trade-weighted exchange rate, adjusted for inflation, by 1 percent its exports easily make its exports fall by average 1.5 percent.

The perspective of regional yuan currency union

The study of the Reserve Bank of India (RBI) states that the yuan will not be ready to achieve reserve currency status for a long time.\(^\text{10}\) On the one hand, its internationalization strongly depends on China’s position in world economy as well as sound financial markets. Thus, it is very likely for the renminbi to serve first as a regional currency through China’s developing trade links before it will be fully accepted as an international reserve currency.\(^\text{11}\)

Since China’s role in Asian region is systematically surpassing the position of Japan and the strength of yuan is increasing it is worth to recognize the effects of hypothetical but very prospective Chinese engagement in forming

\(^{10}\) R. Ranjan, A. Prakash, *Internationalisation of currency: The case of Indian Rupee and Chinese Renminbi*, Reserve Bank of India Staff Studies, Department of Economic Analysis and Policy, April 2010, s. 21

\(^{11}\) Ibid.
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a currency union with East Asian countries. Chinese participation in multilateral currency union with Japan will increase welfare by 6.2 percent while a multilateral currency union (also including China) with the US will raise welfare by 5.9 percent.12

Interesting findings brings an analysis of the impact on trade and welfare of bilateral currency unions in the region under the prominent leaderships of either Japan or China. First result is that multilateral currency arrangements have a very positive effect on trade, generally pumping up bilateral trade by around 100%. (Figure 2) It is reported also that trade effects from the currency union of China and each of countries like Singapore, Indonesia, Malaysia, Thailand and Philippines are slightly lower than trade advantages from currency arrangements with Japan. Stronger impact of Chinese currency relative to the yen presents union with Korea. The explanation of surprisingly low trade effects of currency union of Hong Kong and China lies in the fact that China’s share in former British colony’s trade is already enormous and currency tights will not bring more meaningful changes than 40 percent.

Figure 2. Trade effects of currency unions (%)

Source: K. Shirono, Yen Bloc or Yuan Bloc: An Analysis of Currency Arrangements in East Asia, IMF Working Paper, WP/09/3, 2009, s. 21

In comparison with Japan Chinese participation in bilateral unions tends to bring more than 2 percent higher welfare gains for all analyzed East Asian economies except Korea. (Figure 3) The most significant difference in welfare effects appears between China - Hong Kong union and Japan - Hong Kong union.

Figure 3. Welfare effects of currency unions (%)


The results give a general perspective of very likely changes in the balance of power in East-Asian region. Namely, if China win a domination in the regional trade, Japan will not remain a dominant player in forming a currency union any longer. In respect of China, the possible creation of currency union in the region lies in Chinese interest to reach a starting point to offer the yuan to the world.

**Chinese scenario of the reform of the international monetary system**

The People’s Bank of China (PBOC) openly advocates a reform of international monetary system which weaknesses has proved the current crisis. PBOC’s President Zhou Xiaochuan calls for creating “an international reserve
currency that is disconnected from individual nations and is able to remain stable in the long run, thus removing the inherent deficiencies caused by using credit-based national currencies.”

In essence, Xiaochuan proposes that a new “sovereign reserve currency” will be managed by the International Monetary Fund (IMF).

When at the end of 2009 Chinese foreign reserves exceeded 2 trillion USD, with the declining value of the main component of these reserves - the U.S. dollar - it was clear that China cannot allow a situation of slumping dollar rendering China as a holder of relatively cheap American debt. Hence, Chinese central bank argues for a need of new reserve currency, capable to support growth of national economies and protect international financial stability. This reflects how perfectly China derives from Keynes who proposed introduction of autonomous currency unit called bancor.

Issuers of reserve currencies still experience the Triffin dilemma, that is the divergence between maintaining optimal value of national currency and commitment to maintain liquidity in world economy. It is an irony that for the dollar which is nowadays based mainly on foreign credit above-mentioned provisions are baffling to meet. First, it does not present stable value in long term. Second, it does not ensure flexible supply against changing demand. And in the end it does not prove to exert global stability. The dethronement of the dollar as global currency would be warmly welcomed not only in Beijing but also in Moscow or in Brasilia.

By contrast, the twilight of the dollar is doubtless for Deepak Lall who argues that the history of sterling gives positive perspective for the US as the only superpower. Pound stayed reserve currency even after Pax Britannica came to the end. Reality is that dollars account for 75% of savings of central banks around the world. Thus, China is aware that reform of the system is a

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15 Ibid.
gradual process and results should benefit all participants. Chinese scenario includes introduction of absolutely sovereign international reserve currency. Only such currency would be independent from interests of individual economies and stable in long-term and capable to provide global liquidity. Beijing’s ambition is to introduce the renminbi to world transactions initially by means of new composition of the SDR. At present the value of this international reserve asset is based only on four key international currencies: the US dollar (44%), euro (34%), pound sterling (11%) and yen (11%). In fact, currencies of rapidly developing economies like China, India, Brazil or Russia are not represented what again proves an anachronism of international monetary system. Since values of each currency in the basket reflect proportion of their use in global financial operations, China has already introduced the yuan in trade payoffs with foreign partners.

In respect of severe underrepresentation of developing world in IMF China urges Fund to seriously reform its quota structure to protect the voting rights of emerging market and developing economies.\textsuperscript{16} Such adjustment will guarantee a good governance in restoring global financial and economic stability. In addition to equal and transparent of member’s quota share China proposes an increase in Fund’s quota size by no less than 100 percent in order to alleviate financing shortfalls.\textsuperscript{17}

**IV Conclusion**

One of the alleged benefit of the crisis is that nowadays no one questions that global economy is becoming more multipolar. However, it is not entirely multipolar yet but gravitating towards a balance of power of two centers. Foremost, the main assignee of the crisis is China, searching the way to surpass the US as a leader in the world economy. The rising importance of Chinese yuan as a reserve-currency and other initiatives aimed at reduction of dependency of the dollar serve as examples to prove that.

Although the prospect of China challenging the dollar’s status as a global reserve currency is still distant, there is also little doubt that in the next

\textsuperscript{16} International Monetary and Financial Committee, Statement by Governor Zhou Xiaochuan, People’s Bank of China, XXI meeting of the IMFC, Washington D.C., April 24, 2010 p. 3

\textsuperscript{17} Ibid.

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decade China will emerge as a key player in the international financial system.¹⁸

On the one hand, there is an urgent need to encourage China to take participation in global governance. For this reason, the US should not drive to unnecessary confrontation with China insisting on the yuan appreciation. The successive path through the crisis produced a new kind of confidence in Chinese operations. As a global giant it aspires to the power but still shrugs off responsibility for the following world challenges: methods of going out of the crisis, Islamic fundamentalism, terrorism of new generation or climate change. Taking up the world leadership always entails the necessity to face up to them. In this realm it seems that at present China is unable and not willing to take over the U.S. hegemonic role.

The question is also how farsighted the prospective China’s leadership in the reorganization of the international system is going to be. Nevertheless, due to a special symbiotic financial relationship both economies will be combined for a long time. On the one hand, any signs of slowdown of Chinese economic development should not be desirable for the US since it would harm their trade interests in this fastest growing export market for American goods. On the one hand, China will not develop in the same pace without a sustainable American growth. A solution to minimize Chinese rising trade deficit might be high technology export, extremely needed in building their green economy. If Chinese investors successfully acquired bridgeheads in American automotive market, sooner or later it might happen in high technologies.

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Palestinian Autonomy since the Outbreak of the Second Intifada

RADKA HAVLOVÁ

Keywords
Palestinian Autonomy, Palestinian Authority, Gaza, West Bank, Second Intifada, Palestine, Israel, Hamas, Fatah, Yasser Arafat, Mahmud Abbas, Israeli-Palestinian conflict

Introduction

The Israeli-Palestinian conflict has been in the centre of attention of European and world politicians and media for the last several decades. One of the parties of this conflict is the State of Israel, a „proper“ state with a wide international recognition. The other party – Palestinian Authority representing the Palestinian Autonomy – does not enjoy a full recognition by the international community and does not fulfill all legal characteristics to be acknowledged as a state (i.e. control over territory, people, exercise of power, international recognition etc). This article intends to analyze the internal development within the Palestinian Autonomy since the outbreak of the Second Intifada. I shall nevertheless refrain from repeating generally known facts about the development in the territories during the period of Second Intifada due to the limited scope of this analysis.

The article issues in particular from publications focusing on the internal development in the Palestinian territories such as Khalil Shikaki’s Old Guard, Young Guard: the Palestinian Authority and the Peace Process at Cross Road; Bassam Tibi’s Between Islam and Islamism: a Dialogue with Islam as a Pattern of Conflict Resolution and Security Approach vis-à-vis Islamism or David Makovsky’s Hamas Attacks: Deja Vu All Over Again?. When possible official Internet resources of the Palestinian Authority were

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1 Prepared within Research plan of the Faculty of International Relations of the University of Economics Prague MSM6138439909 “Governance in the Context of the Globalized Economics and Society”.
used, these resources were nevertheless frequently not available or in Arabic only. The article reflects the situation up to May 2010.

**Palestinian State, Political Parties and Political Elites of the Palestinian Autonomy**

The independent Palestinian state was officially declared by a unilateral Declaration of Independence of the Palestinian National Council in Algeria on November 15, 1988.\(^2\) Based on the data from the Palestinian Autonomy, independent Palestinian state has been recognized by around 70 states including former Czechoslovakia, other states have not officially recognized the Palestinian state but nevertheless have certain contacts with the Palestinian state (some EU member states). Palestinian Autonomy also has its representatives in the UN.

Fundamental institutions of the Palestinian state such as the president, government, legislative council, judiciary system and security units were created within the Oslo process in the 1990s. Until 2004 the entire Palestinian state has nevertheless been dominated by its President Yasser Arafat. The *Draft Basic Law for the National Authority in the Transitional Period* was adopted in July 2002 due to the US pressure for reforms of the Palestinian Autonomy. It provides a basic temporary constitutional framework for the Palestinian state until official declaration of the Palestinian state. This act defines the powers of the individual institutions of the Palestinian Autonomy, provides for division of power within the Palestinian Autonomy including procedures of election of president and other bodies of the Palestinian Autonomy.\(^3\)

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\(^3\) For more details and description of these powers and procedures see [http://www.miftah.org/Display.cfm?DocId=790&CategoryId=7](http://www.miftah.org/Display.cfm?DocId=790&CategoryId=7).
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Map 1: Palestinian Territories

The main political parties in the Palestinian Autonomy include the Fatah party, Hamas and smaller political parties. Fatah is the oldest and largest political party. In the 1990s Fatah was the partner of the State of Israel during the peace process talks and was headed by Yasser Arafat until his death in 2004. Currently Fatah is based in particular in the West Bank and is headed by the President of the Palestinian Autonomy Mahmud Abbas. Most Fatah members belong to the Old Guard (see below). Opposition to Fatah can be divided in two basic blocks - leftist secular block which includes in particular the Popular Front for the Liberation of Palestine (PFLP), Democratic Front for the Liberation of Palestine (DFLP) and Islamic block which includes Hamas, Islamic Jihad and Islamic Liberation Party. These parties and movements are
frequently divided to various factions which further complicates the political situation within the Palestinian Autonomy.

The largest opposition to Fatah is represented by the Islamist Hamas party (Harakat al-Muqáwama al-Islámíja) which was perceived by many Palestinians as an alternative to the corrupted Fatah-lead government. Hamas is an Islamist fundamentalist movement with a close link to the Muslim Brotherhood. It is responsible for many terrorist attacks against Israel because it opposes peace talks with Israel and Israeli occupation of the Palestinian territories. It is nevertheless also popular by many Palestinians because it offers social services otherwise not available to ordinary Palestinians. Hamas was led by Sheikh Ahmed Yassin until his death in 2004. In 2006 Hamas won legislative elections which had a significant impact on the internal development in the Palestinian Autonomy (see below).

**Political Elites**

Before analyzing the development within the Palestinian Autonomy since the outbreak of the Second Intifada I would like to briefly look at the political elites of the Palestinian Autonomy and especially the general divisions and splits within the political elites of the Palestinian Autonomy. These include split between the nationalists and Islamists and split within the nationalist party (so called Old guard and Young guard).

The split between the Old guard and the Young guard issues from historic development within the Palestinian territories before the outbreak of the Second Intifada. The Old guard is represented by the “old” Palestinian leadership (former Palestinian leadership during exile in Jordan, Lebanon and Tunisia), i.e. mainly the leaders of the Fatah party such as Yasser Arafat, Mahmud Abbas or Ahmad Quraya. The Old guard was more willing to negotiate with Israel, and its representatives participated in the peace talks in the 1990s on behalf of the Palestinian Autonomy. Until the outbreak of the Second Intifada the Old guard was actually in control of all institutions of the Palestinian Autonomy but in the eyes of the ordinary Palestinians it failed to improve the situation of the Palestinians.

The Young guard is on the other hand represented by the “new” leadership (historically leaders from the occupied Palestinian territories such as Marwan Barghouti or Husam Khader) which calls for a unilateral withdrawal of Israel from the West Bank also with the objective to simultaneously weaken the Old guard. The Young guard intended to gain control over the main institutions of the Palestinian Autonomy, its civil institutions and security services. The
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*Young guard* actually succeeded in gaining control over Palestinian institutions since the outbreak of the Second Intifada.\(^4\)

Other contemporary trend in the Palestinian Autonomy is represented by the split between Islamists and nationalists. This split has become evident in particular after the outbreak of the Second Intifada and will be discussed in more depth below. This split has an important impact on balance of political power within the Palestinian Autonomy and also brings a fundamental ideological and social change and represents an important challenge for the leadership of the Palestinian Autonomy. Before the outbreak of the Second Intifada the Islamists were also strengthened by the splits between the *Old guard* and *Young guard* and by the inability of the Palestinian representation to conclude a comprehensive peace agreement with Israel. On the contrary according to the Palestinian Center for Policy and Survey Research the support of Islamists increased steadily since 1996.\(^5\) Islamists are more frequently supported by “the street”, i.e. ordinary Palestinians who feel their interests are not reflected by the institutions of the Palestinian Autonomy.

### Impact of the Second Intifada on Internal Development in the Palestinian Territories

The Second Intifada (*Al-Aqsa Intifada*) started in September 2000 following the visit of Israeli right-wing politician Ariel Sharon to the Temple Mount (*Al-Haram Al-Sharif*). This provocation led to a Palestinian national uprising, connected with terrorism towards Israeli military and civilian targets and subsequent violent Israeli responses. This circle of violence interrupted peace talks between Israel and the Palestinian Autonomy, and despite several international attempts to stop the violence the permanent peace talks have not been renewed for almost a decade. Second Intifada had an important impact not only on the relations between Israel and the Palestinian Autonomy, but it also significantly changed the internal situation and balance of powers within the Palestinian Autonomy.

The understanding of the Second Intifada as an uprising against Israeli occupation and slow transfer of powers and territories to the Palestinian

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\(^4\) For more information about the split between the *Old guard* and the *New Guard* see Khalil Shikaki *Old Guard, Young Guard: the Palestinian Authority and the Peace Process at Cross Roads*, November 2001, Institute for International Mediation and Conflict Resolution 2002

\(^5\) See Palestinian Center for Policy and Survey Research, [www.pcpsr.org](http://www.pcpsr.org)
Autonomy based on the results of the peace talks nevertheless does not fully reflect the real underlying causes of the uprising. The Second Intifada may be also understood as an internal struggle for power between the *Old guard* and the *Young guard* within the Palestinian Autonomy. For the *Young guard* the Intifada represents a way to express its opposition to the *Old guard* which is perceived by the *Young guard* as unable to reach peace with Israel and end the occupation of the Palestinian territories by making its costs too high for Israel.\(^6\) The *Young guard* also saw the Second Intifada as an option to increase its dominance over the Palestinian institutions. The Second Intifada significantly weakened the *Old guard* and led to power changes within the political structures of the Palestinian Autonomy. The *Young guard* formed an alliance with Islamists during the Second Intifada to prevent a situation in which the Islamists would create a parallel leadership, military forces and institutions as they did in the First Intifada.

### Hamas vs. Fatah

The shift of power within the Palestinian Autonomy became evident in particular after the death of the President of the Palestinian Autonomy and long-term leader of the Fatah party Yasser Arafat in November 2004. Parliamentary elections in January 2006 clearly showed the split between the Fatah and Hamas parties. Hamas (Change and Reform) clearly won the elections as illustrated by the table and map below.

\(^6\) Khalil Shikaki *Old Guard, Young Guard: the Palestinian Authority and the Peace Process at Cross Roads*, November 2001, Institute for International Mediation and Conflict Resolution 2002
Table 1: The Second 2006 PLC Elections. The Final Distribution of PLC Seats

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Even though Hamas won the 2006 Palestinian elections, its victory was rejected by Israel, the United States and some EU member states who understand Hamas as a terrorist organization. The situation after the election was close to a civil war between Hamas and Fatah. Fatah represented by the President of the Palestinian Autonomy Mahmud Abbas refused to allow Hamas to assume control of the government and retained control over the West Bank. Hamas-led government gained control over the Gaza strip. The tensions between these two parties rose throughout 2006 as Hamas and Fatah were
unable to reach a common position on fundamental issues such as the peace process or position towards Israel.

In reaction to Hamas victory Israel, the United States and the European Union imposed restrictions on Hamas led government and suspended foreign aid which led to a severe humanitarian crisis in the Palestinian territories, in particular in Gaza controlled by Hamas. In response to the election of the Palestinian Hamas-led government in 2006, the Quartet (United States, European Union, Russia, United Nations) broke off contact with the Palestinian government (though not with the President) and drew up three principles - which have been widely interpreted as conditions - for a resumption of direct contacts and aid: non-violence, recognition of Israel, and acceptance of previous agreements and obligations, including the Road Map.7

The EU suspended all contacts with the Palestinian Hamas-led government and halted aid transfers to the government’s Single Treasury Account of the Ministry of Finance at the Arab Bank through which all the PA’s revenues and expenditures are channeled and which is monitored by the IMF. The EU also suspended other forms of assistance, such as the Coordinating Office for Palestinian Police Support (EUPOL COPPS). The Quartet, including the EU, nevertheless continued to support the pro-peace Fatah movement and its president Abbas, whereas democratically elected Hamas government was understood as a terrorist organization refusing to recognize Israel, and therefore was not recognized by the Quartet.

The EU reaction to the financial instability of the Palestinian territories under the Hamas government was introduction of the Temporary International Mechanism (TIM) aimed at direct assistance to poor Palestinians. This mechanism served to facilitate the need-based assistance to the Palestinians suffering from limited financial resources as a result of the Second intifada, and particularly as a result of withdrawal of financial assistance to the Palestinian Authority by most of the donors after the rise of Hamas to power in 2006. The TIM was intended to minimize the impact of this decline of financial assistance on civilians. It allowed the EU and other international donors to target financial assistance directly to Palestinian citizens. The TIM provided important relief to civilians paying fuel bills of Palestinians, providing social allowances to almost 90 per cent of non-security public sector employees and providing emergency

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assistance and food aid to some 73,000 low-income households.\(^8\) In February 2008 the EU introduced a new mechanism aimed at assistance to the Palestinian State. The PEGASE is aligned with the three-year Palestinian Reform and Development Plan and intends to support sustainable development in the Palestinian territories through support in governance, social development, economic and private sector development and public infrastructure development.\(^9\) Similar assistance to the West Bank controlled by Fatah was provided by the United States.

Despite the fact that Hamas also had received approximately $35 million in annual support from Iran the economic situation of both the territories is currently very different. Whereas the West Bank is rather flourishing thanks to the economic assistance of the EU, USA and Jordan, Gaza is one of the poorest areas in the Middle East region. The 2008 unemployment rate was estimated at an average of about 40 percent in Gaza and 19 percent in the West Bank.\(^10\)

**Conclusion**

Power shifts can be clearly seen within the Palestinian Autonomy since the outbreak of the Second Intifada and in particular after the death of Yasser Arafat in 2004. In terms of political elites the *Old guard* represented in particular by the Fatah party led by Mahmud Abbas retained control over the West Bank, but the *Young guard* together with the Islamists (Hamas) gained control over Gaza and thus strengthened its position within the Palestinian Autonomy. Shift towards political Islam and conservatism is also visible since the outbreak of the Second Intifada.

The political, economic, social and geographic differences between these two territories seem to be so great that they currently prevent creation of a

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uniform Palestinian state. This internal split between the West Bank controlled by Fatah and Gaza controlled by Hamas thus has an important impact on the future of the Palestinian Autonomy and Palestinian state. As pointed out by Schanzer “the Palestinians are now represented by two non-states and two non-governments.”\(^\text{11}\) Who can actually represent the Palestinian Autonomy in the future negotiations with the State of Israel? How can the political authorities of the Palestinian Autonomy in such situation guarantee that prospective obligations from the peace agreement with Israel be fulfilled when one of the leading Palestinian parties (Hamas) still refuses to negotiate with Israel and fulfill any obligation resulting from such negotiations? These fundamental questions need to be answered before negotiations with Israel can actually begin to guarantee a possible implementation of the agreement between Israel and the Palestinian Autonomy.

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Radka Havlová


Culture, Identity and Integration in Latin America

MARTINA JENÍČKOVÁ

Introduction

In this article I would like to look into how or if the culture (cultural specifics) influence the integration efforts in Latin America and functioning of the blocs. First of all let’s note that Latin America is generally perceived as a geographical and cultural-historical term which comprises a territory laying between the U.S. – Mexican border and Southern Argentina (La Tierra del Fuego) (Opatrný 1998: 309-310). From this definition we can see the close connection with the cultural dimension when talking about Latin America. Despite this common definition of Latin America as examining mainly the UNASUR I work with a little narrower definition which is limited only to South America that exactly covers this regional bloc territorially. It also seems to be more homogenous area. But is it really? And are the aspects of Latin American culture important when examining the development of integration in this region?

Firstly I would like to go through the Latin American culture and identify some typical aspects. There is plenty of general researches of culture and cultural identity, for this paper I am going to use especially the methods of Geert Hofstede and Ronald Inglehart. The process of creation of a cultural specifics of a “cultural unit”\(^1\) is influence and conditioned by two basic factors: geography and history of the examining region (Lehmannová 1999: 30). Some aspects of Latin American culture can be deduced exactly from history, which I am going to briefly look at in the first part of the article. After I am going to try to deduce the influence of these aspects on the integration.

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\(^1\) Different authors identify different units but generally it is possible to name following units: Western, African, Islamic, Latin American, Hinduism-Buddhism, Confucian and Judaism (sometimes Japan is separated e.g. in Huntington’s concept).
There are also many theories of integration\(^2\), but examining this problem is not a purpose of this article. I would only remind some notes which will be used later in the article. Integration is generally understood as connecting of smaller parts to a bigger units. First of all let’s remind that for Latin American integration is typical the intergovernmentalist approach: the direction of integrative process is controlled as well as the most important decisions are agreed usually by the presidents of the states. The concept of supranationality has not been very successful so far (only some features could be seen, e.g. in Andean Community of Nations and also the new integration initiative UNASUR counts with this concept for its possible future\(^3\)). Is it possible that Latin America’s inclination to this way is derived from its cultural standards? Last I would like to remind one of the transactionalist thesis concerning the identity which this theory i.a. works with. For transactionalists the basic assumption for good functioning of the new regional bloc is the change of identity in the direction from the national to supranational. It is e.g. K.W. Deutsch who warns that fast integration without high-levelled social integration would lead to destruction and also to conflicts. Deutsch also defines integration in the framework of the concrete territory as reaching sufficiently high level of identification of the people with the new community, its institutions and actions (which is a key aspect for successful integration) (Fiala 2007: 70-80).

Although defining both above mentioned methods of cultural research is not a purpose of this article I would like to mention that Hofstede’s research is based upon four plus one dimension which are power distance, individualism, masculinity and uncertainty avoidance (the fifth is long-term orientation). From Inglehards’s research I am using in this article the question “How proud of nationality”(see below). For better orientation I show the values of individual indexes for Latin American countries\(^4\).

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\(^2\) Developed primarily to explain the European integration but in spite of none of them can be used as a whole for Latin American region some concepts of some of them seem usable.

\(^3\) See the Constitutive Treaty of the Union of South American Nations (Tratado Constitutivo de la Unión de Naciones Suramericanas)

Table 1 – Hofstede’s values for Latin American countries

<table>
<thead>
<tr>
<th>Country</th>
<th>Power Distance Index</th>
<th>Individualism x Collectivism</th>
<th>Masculinity x Femininity</th>
<th>Uncertainty Avoidance Index</th>
</tr>
</thead>
<tbody>
<tr>
<td>Argentina</td>
<td>49</td>
<td>46</td>
<td>56</td>
<td>86</td>
</tr>
<tr>
<td>Brazil</td>
<td>69</td>
<td>38</td>
<td>49</td>
<td>76</td>
</tr>
<tr>
<td>Chile</td>
<td>63</td>
<td>23</td>
<td>28</td>
<td>86</td>
</tr>
<tr>
<td>Colombia</td>
<td>67</td>
<td>13</td>
<td>64</td>
<td>80</td>
</tr>
<tr>
<td>Ecuador</td>
<td>78</td>
<td>8</td>
<td>63</td>
<td>67</td>
</tr>
<tr>
<td>Guatemala</td>
<td>95</td>
<td>6</td>
<td>37</td>
<td>101</td>
</tr>
<tr>
<td>Peru</td>
<td>64</td>
<td>16</td>
<td>42</td>
<td>87</td>
</tr>
<tr>
<td>Uruguay</td>
<td>61</td>
<td>36</td>
<td>38</td>
<td>100</td>
</tr>
<tr>
<td>Venezuela</td>
<td>81</td>
<td>12</td>
<td>73</td>
<td>76</td>
</tr>
<tr>
<td>Costa Rica</td>
<td>35</td>
<td>15</td>
<td>21</td>
<td>86</td>
</tr>
<tr>
<td>El Salvador</td>
<td>66</td>
<td>19</td>
<td>40</td>
<td>94</td>
</tr>
<tr>
<td>Mexico</td>
<td>81</td>
<td>30</td>
<td>69</td>
<td>82</td>
</tr>
<tr>
<td>Panama</td>
<td>95</td>
<td>11</td>
<td>44</td>
<td>86</td>
</tr>
</tbody>
</table>

Source: Hofstede 1999

History and its influence to forming of a culture and building of identity(ies)

However it can be well-known, first of all I would like to describe briefly the constituting of the Latin American culture\(^5\).

Latin-American culture is rather problematic term, because there has not been clear if consider this culture as a separate entity or as a part of Western culture. This discourse was present among Latin American thinkers after gaining the independence when contemplating own identity and the directions of the future development of new-born states. It was e.g. Octavio Paz, Mexican writer, who calls Latin America “un extremo de Occidente” (western extremity) and consider this culture as one of two other parts of the western one\(^6\) (Housková 1998: 7). I incline to the opinion that Latin America is an original cultural unit (as the cultural units have been named above), because of presence

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\(^5\) Majority of historical consequences in the chapter were processed on the basis of the work of A. Housková. See the list of references

\(^6\) the other is the North-American one
of many influences, not only the European one. But now let’s look at the formation of Latin American culture from the beginning.

With at least 13 thousand-year presence of the human kind, it is a region with long tradition and very interesting cultural mixture. The first stone to the Latin-American-culture mosaic are the advanced Indian cultures such as the Maya, Aztec, Inca and others. These cultures, built on agriculture, had highly hierarchical structure and were strongly religious. These are the two aspects that influenced the Latin American society as a whole 1) strong hierarchy in the societies of the whole region, where the minority of “powerful ones” rules. The rest is rather passive which is a result of strong perception and respect of authorities. In the Hofstede’s method this entry to the power distance index which like we can see in the table is high in all examining countries. 2) The fatalism risen from a strong role of religion strengthen by other historical consequences. Excluding these two, also the base to the agricultural society was posed.

When examining Hofstede’s method it should be mentioned also uncertainty avoidance index which is for the Latin American countries high (see the table) which means that such cultures do not like the uncertain situations that can be interpreted in various ways and try to avoid them.

Next factor influencing Latin American culture is definitely the conquista and the influence of European culture (especially Spanish and Portugal) that deepened both above mentioned aspects of the culture but also brought the marginalisation of the Indians and little bit later Afroamerican people, whose culture is the last part of this complicated mosaic. The African culture was brought to the continent with the African slaves and deepen the above mention fatalism and temporal orientation rather on present not the future. To sum up, Latin American culture stands therefore on the mixture of all these three parts. Ethnic structure gives the specifics to both the Latin American culture and the individual national culture of countries of Latin American region.

In the imperial period has its roots also another phenomenon typical for Latin America that is “caudillism”\(^7\), which means mighty leaders with a great economic power and support in armed forces and a network of “clients” (Opatrný 1998: 101).

\(^7\) Derived from Spanish word „caudillo“, which means „leader“
Another important period for creation of the culture and identity was definitely the first half of 19th century when Latin Americans fought for the independence and formed the new states. For the creation of identities in this region this period is may the key moment. From this time we can date the searching for answer for the question “Who we are?”, which is the key one for perceiving the identity, and we can follow two directions of the debates to this topic: First is the unity of the continent and Americanism (e.g. Carlos Fuentes, Octavio Paz, Pedro Henriquez Ureña), the second is nationally oriented identities (L.J. Borges) (Housková 1998: 15). This “conflict” of identities is essential to these days and influences (may indirectly) the integration in the region.

During the fights for independence the idea of Latin American unity is “released”. There were a common goal and common enemy to defeat that unified less or more the Latin Americans. There are great personalities who tried to reach some kind of let’s say federation e.g. the well known Simon Bolívar. His known “Letter from Jamaica” describes his ideas how should Latin America be settled. Many politicians in these days recall the Bolívar’s or Martí’s dream about unity in their speeches till these days but the question is if it is the rhetoric recalling or own conviction. Examining e.g. UNASUR we can see that in every basic document of the bloc (which is an output of presidential summits) is expressed the idea of building a South American identity. The collective identity is without any doubt one of the aspects which can reinforce the unity and would help to create an integrated unit. The factors which are able to strengthen the collective identity are the common religion, common language, territorial closeness, (more or less) common history (especially above mentioned fights for independence) and some shared values. But are these factors sufficient and is there a strong collective identity? On the other hand another aspect of Latin American culture is its inward plurality resulting e.g. from the above mentioned differing ethnic structure of every single country.

The idea of unity is connected with the way how the new states were created. We have to take into account that the starting point was unified Spanish empire (divided into four viceroyalties) and Portugal Brazil. After having gained the independence, new states were created but without consciousness of the own nations. In these particular states the word “homeland” (patria) was used instead of “nation” because it fit better. Idea of the nation was classified as the most useless import from Europe by Tejada

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8 The documents are accessible on-line e.g. on http://www.comunidadandina.org/unasur/documentos.htm
9 This is also in harmony with the above mentioned transactionalist thesis.
Ripalda (Housková 2004: 13). In conclusion the idea of Americanism is being formed in this period. But on the other hand desintegration of Spanish Empire in Latin America was caused primarily by the political interests and rate of arm forces at the moment of gaining the independence, not as an emancipation of the nations. After the end of independence fights, the influence of Europe and its national settlement lasts which helped to build the national consciousness together with conflicts of neighbouring countries (Housková 1998: 16). This overgrew into the other typical aspect of Latin American culture – nationalism. It can be seen e.g. on Argentinean approach to the Falkland/Malvinas case and others.

Very simply said “identity” means how the one perceives who is he/she and where does he/she belong to, no matter which level (family, ethnic group, nation etc.) it is and if it is only one level. This mean that identity of everyone can be more or less ambiguous how it can be seen in this region. Moreover, when defining the Latin American identity it is necessary to consider not only the question “Who am I” and “Where do I belong to” but also “Who I am not”. To this question some of Latin American thinkers answer “not North-Americans”. In this case Latin America and Latin American culture is defined in opposite way to North America, though it has to be noted that the influence of the North neighbour is strong. As an example of negative defining of Latin American culture towards the North American one can be reminded the José Martí’s essay Our America (Nuestra América) (Housková 1998: 17) or José Enrique Rodó’s famous piece called Ariel, where Latin America is defined as an ideal, full of spiritual development in contrast to North American consumer society with set to the material needs (Housková 1998: 22). From this (very popular) thesis it is only the step to the vision of cosmic race of José Vasconcelos. This race, developed by mixture of all races present in Latin America, is being seen as a messianic one (Housková 1998: 27). Also C. Fuentes saw rather the “harmony” of races expressed by his proposal of the name of the region as “Indo-Afro-Iberian-America” (Housková 1998: 26).

Last but not least Latin American identity is definitely influenced by the globalisation process in last few decades. One reaction could be the theories about relation centre – periphery (e.g. Prebish’s Theory of periphery). This could lead to strengthen the co-operation among Latin American states at the expense of developed countries such as the USA. We could see this tendency in suspending the FTAA and creation the UNASUR instead.

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10 The fact that Argentina has never given up the claim to this territory is in Argentinean constitution.
With globalization and modern development in the region are connected persisting social problems as the poverty, drogue business, various armed movements or undeveloped education system or health care, which definitely weaken the countries. Co-operation among the states when searching for a solution of this situation could help and special programmes can be developed in the integration groups framework. On the other hand this situation also means that we are meeting with relatively wide layer of poor ones that is easily influenced by populist rhetorics. Populism is the last phenomenon I wanted to mention.

Where does it all lead to?

So, in the previous part I tried to go through the history of the region and deduce some important aspects of Latin American culture. Now let’s look how these cultural aspects can influence the character of the integration process.

As stated above, Latin America is typical by strong hierarchy and rather passive public (resulting from fatalism). With this aspect is presumably connected the way how changes usually proceed (when skip various guerrillas). In the region is usual that the important decision and changes come top down, as an example I can show the democratization process which in the second half of 1980s often started by the decision of the ruling juntas to resign in favour to the elections.\textsuperscript{11} The integration process function less or more in the similar way. The key decisions are being accepted by narrow circle of the persons. I have to add the strong role of the president in Latin American political system, which is in my opinion supported by the high respect to authority in the region. Rather passive public only accepts what was agreed\textsuperscript{12}. Let’s also remind that it was Latin America that gave the term “caudillism” to the world, so the strong leaders are natural for the regional reality. But on the other hand due to the high respect to the authorities the decision of the own high official has a high level of hope that will be widely accepted. Or, according to Hofstede, when the “cup

\textsuperscript{11} Of course the juntas were led (and forced) to this step by very bad situation in the region, by the fact that the USA stopped to support regimes that were violating the human rights and it could be indirectly influenced by the transition of Spain and Portugal to democratic regimes.

\textsuperscript{12} The concrete example concerning Mercosur could be seen e.g. in the article of Nicola Phillips: Governance after financial crisis, South American perspectives on the reformulation of regionalism, pp. 70.
overflows” there is a tendency to some protest and more violent solutions (we can see the armed movements in the region).

On the other hand frequently the Latin American people have strong conscious of the own nation and are proud of it like it will be shown a little bellow. The same is of course valid for the high officials. So, from this rise the high respect to the principle of state sovereignty, which could be seen as an attribute of strong state that is the only one that decides about own matters. Also the high uncertainty avoidance index can hardly help this – if there is a possibility that my destiny is dependent on some other else (e.g. supranational body), it can hardly function in the region and the officials will hesitate to permit such way of integration. Here can be one explanation why supranationality is not the best principle of integration in Latin America and this principle also is not used much in the region.

If speaking about nationalism, let’s look to the research of Ronald Inglehard. As stated above to illustrate this fact I chose the question “How proud of nationality”. As we can see from the graph about 90% of Latin Americans is very proud of their nationality or quiet proud (which is may not very surprising). This can be interpreted that the national identity is closer than the Latin American identity. This thinking includes also the politicians who direct the integration. So in my opinion there is an ambition and wish of unified Latin America according to independence fighters’ dreams on the one hand, but on the other hand the people are strongly identified with their states, they are proud of their nationality which means they do not want their state to abandon not even a piece of sovereignty because it would mean it is being weakened. But integration sometimes requires these steps.
Moreover, the orientation primarily to present may neither help the integration much, because in such orientation if the effects are not being seen immediately all the process can be seen as unsuccessful. Moreover, the future is obviously less important than future, so what will be in the future can be unimportant.

Last but not least I mentioned the influence of the USA. In my opinion this is one of the key questions considering the Latin American integration. The relation of every single Latin American country to the USA is not unified. There are states (e.g. some of the countries in Central America or Colombia as a greatest ally of this world power), but also the countries criticising the USA and seeking for own way to emancipate from their influence (Brazil, Venezuela etc.) and become stronger in the IR. To cite concrete examples when this diversified approach to the USA played essential role in the integration I would like to remind the FTAA negotiations or the withdrawal of Venezuela in 2006 from the Andean Community.

Conclusion

So what we have for conclusion? In my opinion it is obvious that above mentioned stated aspects of the Latin American culture influence the character of the integration process. On the one hand the region with common
language, less or more common history, religion, political system and less or more shared values (moreover integrated once into the Spanish monarchy). We can argue “that in spite of significant and highly relevant political, economic and social discontinuities that we can find among the different Latin American countries, it is still possible to speak of certain common cultural foundations” (Armony – Lamy 1999: 244), that rose from all the three parts of Latin American culture. As Armony and Lamy add “we have to take into consideration the complex and hybrid nature of Latin America. We will then be able to look at Latin America as something more than a region that simply “imports”, “imitates”, or passively “suffers” what happen elsewhere.”(Armony – Lamy 1999: 245)

On the other hand we have a region with concrete cultural aspects as high uncertainty avoidance, caudillism, orientation to presence with not clear perception of identity and influenced by the USA without having the unified posture to this world power. I also tried to show the influence of another aspect typical for Latin American – nationalism. To this topic, let me cite again Armony and Lamy who characterise this aspect precisely: “The paradoxical nature of Latin American collective identities stems from the fact that, in spite of – or because – of the previous existence of a very strong and encompassing sense of belonging to the Spanish-American world, the newly formed independent states had to strongly and pro actively unify a differentiate themselves as territorial entities (which usually coincided rather loosely with preexisting colonial administrative units). This inaugural thrust has persisted in its effects all over the twenties century. What sometimes may appear as a chauvinistic obsession to delimit la mexicanidad, la argentinidad, or la chilenidad, actually reflects what Lechner calls a “desire for community”. Though it certainly can lead to nationalist excesses, this “need of sociableness, protection against insecurity, and the certainty of shared feelings” is at the heart of what this author describes as the quest for citizenship.”(Armony – Lamy 1999: 246)

So to the question if there is an influence of the culture to the integration process in Latin America I answer there definitely is. But the question is how this influence is, on the one hand we could see that there are many common aspects of the Latin American cultures and some whole-regional conscious, which would be able to strengthen the integration process. On the other hand there are another aspects that rather slow down it, among others the nationalism, high uncertainty avoidance or the orientation to the present and the division of Latin American countries in the relation with the USA. There is the question which from these tendencies will be stronger and how the next development will be with the new presidents that have already come or will
come in a short time (because in this period elections in many states are being
take place). But in these days it seems that not even the “cosmic race” or “la
mezcla” of races do not save the integration process and we will have to wait
for some further development and its results.

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Rethinking of ISI Experience in Latin America from Wallerstein and Fukuyama perspective

MIROSLAV JURÁSEK

Abstract

This paper wants to discuss the ISI (import substitution industrialisation) policy realised in Latin America during 1960s and 1970s of the last century. I try to reply how this policy is compatible with the theoretical approaches of I. Wallerstein and F. Fukuyama. I consider their hypotesis of a declining hegemonic power of the USA and the importance of the concept of „thumos“ to the change of a political system. I would like to show in this paper that any hegemonic and dominant position of a country may be dangerous for a democracy and that the thumos is a very strong force influencing a course of events in the world not only in the past, but also in the future.

Key Words: ISI policy, Latin America, U.S. hegemony, liberal democracy, thumos, I. Wallerstein, F. Fukuyama

Introduction

The ISI policy developed in Latin America especially during 1960s and 1970s in the pattern of the dependency theory is a very complex phenomenon that touched many aspects of a daily life. To begin with, I try to explain the „sense“ of the ISI policy. Furthermore, it´s explained why governments in 1950s left the free market policy and started to pursue a policy of strong interventionism and protectionism. It´s also pointed out the particular differences of the ISI process across the Latin American continent. In 1980s the import substitution industrialization was replaced by an outward-oriented development strategy. To sum up, in this paper there will be presented the results of the ISI strategy and impacts (negative ones as well as positive) on the continent. The results of the ISI regimes should have answered the question if

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1 The author of this paper is a PhD student of The Faculty of International Relations of the University of Economics, Prague and is employed at The University of Finance and Administration (VSFS), Prague.
the return to old inward looking, export-pessimistic model is feasible or not in the future.

In this paper I am especially interested in the relation between the ISI (which is rather an economic phenomenon) and the political pattern during which the ISI policy held. In the next part of this paper I deal with the political dimension of the ISI policy. In 1960s there was a shift from democratic regimes to authoritarian ones in many Latin America countries.

I suppose that a politics of a „strong hand“ is realisable better under an authoritarian regime. Then a very important supposition is that both the liberal and authoritarian regimes are trying to reach the economical development. It depends on if they succeed or fail. In the first case they win, in the other they loose. How to interprete the Latin American experience from 1960s and 1970s in connection with the import substitution industrialization policy in view of Wallerstein and Fukuyama? How does this Latin America experience fit in these two approaches?

The concept of the thumos refers rather to an individual because it’s a part of soul. But I believe that it can be also related to the nations. The thumos has a lot in common with liberal democracy. Francis Fukuyama mentions thumos in relation to liberal democracy and recognition. He relates Socrates' ideas about thumos and desire to how people want to be recognized within their government. Moreover megalothumia as a desire to be recognized as superior to other people has a lot in common with the hegemony (I consider above all the concept of hegemony from Wallerstein’s point of view). I can see a clear connection between the concepts of liberal democracy, thumos and hegemony. I try to show this connection on the ISI policy. We can learn from this experience and draw a useful conclusion about the future because of the stable relation between these concepts.

**Hegemony of the USA**

Immanuel Wallerstein (2000) thinks that the period since 1945 has been one long Kondratieff cycle, with an A – phase that ran through 1967 – 76 and a B – phase ever since. The economic and political developments of the last 50 years are easy to place within this framework. According to Wallerstein the modern world system is in structural crisis\(^2\) and has entered into a period of

\(^2\) In this sense it will be appropriate to mention the article of Hall (2007). The impact of globalization on Central America’s masses as negative. The masses are sinking into deeper poverty because of globalization. Nations are currently
chaotic behavior which will cause a systemic bifurcation and a transition to a new structure whose nature is as yet undetermined and, in principle, impossible to predetermine, but one that is open to human intervention.

The hegemony is a part of the terminology used by Wallerstein. We speak about the hegemony if one nuclear country dominates over the rest of the world. The hegemonic powers maintain the stable balance of power. This nuclear hegemonic power also enforced a free market trade till it brings the advantages to it. Nevertheless each hegemony can be only temporal because of the class struggle and the diffusion of the technological advantages.

In this sense Wallerstein (2007, 54) wrote: „the United States was the sole hegemonic power was the sole hegemonic power from 1945 to approximately 1970. Its hegemony its has been in decline ever since”. On the page 55 Wallerstein (2007) continued: “we can call the period from 1945 to 1970 the period of unquestioned US hegemony because the United States was able to get 95 percent of what if wanted.”

The ability of the USA to impose its will on the rest of the world or to use a force in any confrontation started to decline after a bad experience of the Vietnam War (Bell, 1999, 212). Samuel P. Huntington made a remark that a dominant feature of three decades following after the World War II had been neither a confrontation between the US and communist states or the conflicts between developed and underdeveloped countries but the expansion of the USA into areas released from the influence of the European power in Asia, Africa or Latin America. The decline of the European power was accompanied by the strengthening of the political, economic and military influence of the USA.

Robert Kagan (2008, 403) would probably discuss the topic with I. Wallerstein or S. Huntington in the opposite way. He would agree that the USA has been the hegemony till nowadays. He wrote about the USA that much of the world viewed them as dangerous. Citing James Schlesinger he expressed the idea that the USA had acquired an unprecedented global preeminence.

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ruled by polyarchys that facilitate the process of global hegemony. Globalization can be viewed as the latest stage in the history of world capitalism.

3 Cited according to Bell (1999, 212).
The main goal of foreign hegemonic policy is to promote the profits of U.S. companies\(^4\). This aim can be reached through high tariffs imposed on manufactures and low tariffs imposed on primary products. Hegemonic powers can interfere politically in the region of their interest or in a case intervene militarily\(^5\).

The concept of “thumos” (or thymos) and liberal democracy

We can define the concept of *thumos* in several ways. The concept of ‘*thumos*’ (sometimes referred to as ‘*thumos*’) is Platonic in origin. In Book Four of the *Republic*, Socrates explains that the soul is composed of three distinct parts: ‘the rational, spirited, and desiring elements.’ ‘Spirit’ or *thumos* (the third part of the soul) is that ‘by which we feel indignant’ and which sometimes expresses itself as a kind of ‘anger’\(^6\) when it fights against ‘the desires’ or second element. *Thumos* is also invoked when a person thinks ‘he’ is ‘wronged’. It will cause ‘him’ to ‘fume and chafe and fight on the side of what he believes to be just’ no matter how daunting the resistance or obstacles. Socrates is careful to insist that *thumos* is an element in its own right, not subsumed under ‘the rational’ part of the soul, but distinct and only its ‘auxiliary’. Similarly, it is distinct from the desiring element (Plato 1995, IV. 439; c-e, 125-27)\(^7\). Thus, *thumos* is a part of the soul that makes us want to insist on our own importance. It represents the spirited defense of one’s own characteristic of the animal body, standing for the bristling reaction of an animal in face of a threat or a possible threat.

\(^4\) It must be added that Immanuel Wallerstein was influenced by the theory of dependency. His opinions come out from this theory which we can read in his concept of hegemony.

\(^5\) How it will be mentioned later, the U.S. government helped to establish several authoritarian regimes in Latin America. This help was motivated above all by the fear of the Cuban Revolution in the context of Cold War tension and and the spread of communist movements. Although the US cannot be blamed directly for most interventions, it often supported and even encouraged the Latin America military to act. The establishment of military governments both responded to and also fuelled guerrilla activity.

\(^6\) Mansfield (2007) considers the politics to be something what makes us angry, no so much about what we want. He writes that our want do matter but mainly because we feel we are entitled to have them satisfied and get angry when they are not. In Mansfield’s opinion thumos is a strong emotion playing a very important role in the politics.

\(^7\) Cited according to Mansfield (2006).
In *thumos* we see the animality of man. As a human animal, we can even condemn our life and say we are sorry and ashamed, for shame is due to *thumos*. Our human *thumos* reminds us that we are animals with bodies that we must defend. *Thumos* shows that we are self–important animals. Nevertheless *thumos* defends something higher than itself. Self–defence in *thumos* is a guarantee of the bond between what is lower in us and what is higher, between the all–too–human and the divine (Mansfield, 2007, 43 - 45).

For Adam Smith *thumos* (‘spiritedness’ or ‘ambition’) is a universal and innate human characteristic that consists in a desire for achievement and glory and which compels a person to strive for social approval and recognition. That prompts us to better our material circumstances.

Another thinker notable for his interest in *thumos* is G.W.F. Hegel. The best known contemporary popularizer of Hegel’s use of the concept is Francis Fukuyama. In Fukuyama’s (Kojeve inspired) adaptation of Hegelian *thumos*, history is driven by the overwhelming desire for recognition expressed in a dialectic between two distinct forms of this desire: The first, *megalothymia*, is ‘the desire to be recognized as superior to other people’; the second is *isothumia*, ‘the desire to be recognized as the equal of other people’ (O’Neill 1997, 192)\(^8\). Fukuyama asserts that liberal democracy has gradually triumphed over authoritarian government in past decades because of *thumos*, the part of the soul that demands recognition or spiritedness.

In Mansfield’s opinion (2007) *thumos* is a strong emotion playing a very important role in the politics. Mansfield (2007) considers the politics to be something what makes us angry, no so much about what we want. He writes that our want do matter but mainly because we feel we are entitled to have them satisfied and get angry when they are not. Koziak (Vetter, 2001) also thinks that the political emotions have the cardinal role of understanding how political regimes function. For Koziak the political regime in which we live first should be oriented to enabling as many people as possible to live well and should establish practices and institutions of benefaction. But Koziak is skeptical that *thumos* as the fundamental political impulse is a universally accessible in the same form.

But although modern natural science often flourishes in a capitalistic system, we do not choose liberal democracy for economic reasons; rather, we choose democracy because of the way in which it satisfies our pride (or

\(^8\) Cited according to Mansfield (2006).
Platonic thymos)—because of the way in which this regime and no other recognizes us as free and equal individuals.

Fukuyama\(^9\) contends that standards of living increase, populations became more cosmopolitan and better educated, and society as a whole achieves a greater equality of condition, people begin to demand not simply more wealth but recognition of their status. Because people have a thymotic pride in their self—worth, they demand democratic governments that treat them like adults rather than children, recognizing their autonomy as free individuals. *Thumos* leads people to want to assert themselves over other people, tu lust for glory. On the dark side, *thumos*, of course, explains in part the human propensity to make wars and revolution. But, over the long term, liberal democracy ultimately suppresses that propensity. Its spread instead results in a society in which there is universal recognition of worth. Fukuyama stresses that the creation and nurturing of community are essential to the continuation of liberal democracy. „For democracy to work“, he writes\(^10\), „citizens need to develop an irrational pride in their own democratic institutions and mus also develop what Toqueville called the «art of associating,» which rests on prideful attachment to small communities. These communities are frequently based on religion, ethnicity or other forms of recognition that fall short of the universal recognition on which the liberal state is based. All political communities, must make use of the desire for recognition, because it provides the basis for political virtues like courage, public spiritedness and justice. Today we rarely live where we were born and we move around a lot to meet the demands of the labor market. Under these conditions it becomes harder for people to put down roots in communities or establish permanent and lasting ties to fellow workers or neighbors\(^11\).

\(^9\) Cited according to Meck (1993).
\(^10\) Cited according to Meck (1993).
\(^11\) A German sociologist Ferdinand Tönnies (1855-1936) distinguished between two types of social groupings. Gemeinschaft — often translated as community (or left untranslated)— refers to groupings based on feelings of togetherness and on mutual bonds, which are felt as a goal to be kept up, their members being means for this goal. Gesellschaft — often translated as society — on the other hand, refers to groups that are sustained by it being instrumental for their members' individual aims and goals. Gemeinschaft may by exemplified historically by a family or a neighborhood in a pre-modern (rural) society; Gesellschaft by a joint-stock company or a state in a modern society, i.e. the society when Tönnies lived. Gesellschaft relationships arose in an urban and capitalist setting, characterized by individualism and impersonal monetary connections between people. Social ties were often instrumental and
Francis Fukuyama argues that History, “understood as a single, coherent, evolutionary process” – as opposed to a mere sequence of recorded events – has come to an end. At the terminus, he says, is “the final form of human government,” liberal democracy.

Kagan (2008) claimed that Americans have also been driven outward into the world by the potent, revolutionary ideology of liberalism that they adopted at the nation’s birth. Liberalism not only drove territorial and commercial expansion. It also provided an overarching ideological justification for it. In the context of the Fukuyama’s world views it’s worth mentioning other idea of Kagan (2008, 408, 412):

“Americans over the centuries accepted the existence of cultural differences that influenced other people to rule themselves differently. But they never really accepted the legitimacy of despotic governments, no matter how deeply rooted in culture. Because they did not accepted their legitimacy, they viewed them as transitory. [...] America’s conduct in the world over the next 100 years would be marked not by humility and restraint but by the same search for power and influence, the same idealistic belief in liberal progress.”

**Import substition industrialization policy (ISI) in Latin America and its political dimension**

Daniel Bell (1999, 157) wrote that the technical world is characterised by the rationality and progress. He borrows the concept of history from Hegel. The history is the immanent process in which the self-consciousness is beating the limiting blindness of the subjectivity; the connection of the will and the act comes out in the absolute knowledge. On the other hand Marx looks at „the superficial, with selfinterest and exploitation increasingly the norm. Examples are corporations, states, or voluntary associations. His distinction between social groupings is based on the assumption that there are only two basic forms of an actor's will, to approve of other men. (For Tönnies, such an approval is by no means self-evident, he is quite influenced by Thomas Hobbes). Following his "essential will" ("Wesenwille"), an actor will see himself as a means to serve the goals of social grouping; very often it is an underlying, subconscious force. Groupings formed around an essential will are called a Gemeinschaft. The other will is the "arbitrary will" ("Kürwille"): An actor sees a social grouping as a means to further his individual goals; so it is purposive and future-oriented. Groupings around the latter are called Gesellschaft.
growth“ of a man in a sense of the development of his material and technical forces which gives him means to dominate the nature. The common pattern of both Marx and Hegel is the idea of „the escape from the necessity“, that is from the influences of the nature limiting the power of a man. The history follows the course of a man from the „empire of the necessity“ to the „world of the freedom“. „The end of history“ shall show the victory of a man over all limits and a complete domination of the nature and himself. Later Bell (1999, 158-159) paraphrasing the ideas of Henry Adams continues:

„The humankind will be capable to solve the growing number of problems worse and worse because we are just reaching the final point of the energy sources as a cause of a higher speed of changes; we will not be able to react to the challenges of the future in a creative way. We start with a progress and finish with a stagnation in the technical world."

All countries are trying to reach as the highest levels of the national wealthfare as possible. Therefore they are interested in the economic growth so much. It doesn´t matter which ideology is confessed; if there are no economic results each such a government will be put down. In other words the national economic structures and their patterns are determined by the prevailing local political configurations.

The sustainable growth and development not only require the existence of formal institutions of governance, but more fundamentally

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12 The recent travel chaos (april of 2010) caused by the volcanic eruption in Iceland shows clearly the speed of the social and technological changes we´ve done till now. Not so long time ago nobody would worry about the ash cloud over Europe. But now, in a modern world, everybody from all over the world seems to be affected by the volcanic activity on a small european island. The air companies lost a lot of money every day, the poor people from Africa are afraid of loosing their jobs or their only income because they are dependent on the export of the agricultural products (that are spoilt very rapidly) to rich countries by air, the people cann´t travel either on bussiness purposes or on vacation. The world became completely globalized.

13 Translated from czech by the author of this article.

14 In this sense Wallerstein (2002, pg. 258) wrote: “the tensile strength of the Yalta agreements came undone, as much because of US as because of Soviet weakness. Neither the USA nor Gorbachev wanted the arrangements to come apart. But the long stagnation in the world economy had undone them.” Chu (2009) also thinks that the economic prosperity is something more preferable to the liberal democracy for people.
improving their effectiveness. Successful economic reform entails a fundamental paradox: for governments to reduce their role in the economy and expand the play of market forces, the state itself must be strengthened (Santiso, 2004, pg. 273). Market policies are also „interventions“ that demand a basic level of capacity, coordination, and willpower to be carried out.

The market alone couldn´t facilitate the „missing factor“ of the growth - especially capital and technology. This fact justified the intervention of the government. The goal was to reallocate resources to industry from agriculture or raw materials. Although the neoclassics argued that state intervention does not necessarily lead to efficient outcomes the state-guided industrialization was set going. The governments used selective protection (tariffs, quotas, import licensing, and foreign exchange rationing), domestic content requirements, and subsidized credit (Shapiro, 2007).

Economic development of Latin America until the Second World War had been shaped overwhelmingly by agriculture and mining embarked on strategies. The model of development had been dominated by a small, landowning oligarchy controlling agricultural production on vast estates which excluded all but the elite from policymaking. That formed basis for extreme levels of inequality. Then industrialization became a top priority.

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15 It is well – known that the inspiration for the theory of Fukuyama was Hegel. Fukuyama took from Hegel some his ideas. Hegel said that the world history was nothing more than the development of the idea of freedom. That’s why he wanted people to follow their conscience and all political and social institutions to be organized in a rational manner. Then there will not be any limits of liberty and there will be a perfect harmony between free decisions made by individuals and the needs of the society as the whole. The idea of freedom will come true and the world history will reach its end.

16 For example Helen Shapiro (2007) makes an explicit comparison between the strategies of East Asia and Latin America, and reviews the explanations for their divergent performance of using the instruments of industrial policy. Presented the motivating factors of the industrialization. The terms of trade for poor countries’ raw material and agricultural exports were deteriorated. The political pressures and interests behind economic autonomy following political independence in some countries, export pessimism from both, the collapse of commodity prices and world trade in the 1930s, and the post-war protectionism in Europe and elsewhere played an important role. There was also a relatively hospitable international climate, in which US international agencies and multilateral institutions supported such initiatives.
A process of industrialization that gathered pace after the Second World War in which large state bureaucracies controlling public enterprises were created, and workers and middle-class professionals and bureaucrats were incorporated in new governing coalitions overseeing the region’s own form of industrial revolution.

In the 1960s and 1970s, just about every Latin American country adopted import-substituting industrialization (ISI)17. The ISI policy is connected closely with the modernization of a country. The policies ISI have been centred on the transference of resources from the primary sector to the rest of the economy, mainly the industrial sector18. Grinberg (2010, pp 3) explains how it was done. Very unclear is why just about all the countries adopted these policies in unison (Weintraub, 2003). Under the ISI strategy, the substitution of domestic production with imports was deemed necessary for enhanced economic growth and development19. For example in Puerto Rico the ISI policy was channelled toward attracting external investment and technology to speed the process of growth (Dietz, 1982, 498). ISI policies were applied to a differing extent and according to different priorities in each Latin American country and, as a result, generated a wide range of experiences (Franco, 2007, 43).

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17 We can see the beginning of ISI in the Great Depression. The Wall Street crash reduced demand for Latin American products and caused a recession that ended the neocolonial order by forcing countries to reconsider their dependence on the world economy. Most states in the region responded by taking the initial steps towards creating their own industries through import substitution industrialization (ISI) aiming to reduce their reliance on the import of manufactured goods.

18 The development strategy realised through industrialization requires the transfer of the labor surplus out of agriculture into industry. The agriculture sector was really neglected during this period which had very hard consequences (Hundskopf, 2001, 18). The same happened in the Caribbean region. The protectionism as a part of the primary development paradigm under the import substitution industrialization strategy (ISI) was biased against agricultural exports (Francis, 2003).

19 However most empirical studies on the trade-growth relationship were conducted within the context of an export-led growth strategy. The link between exports and economic growth has received widespread attention, especially in relation to the success of the East Asian economies (Francis, 2003, 10).
Faced with macroeconomic problems in the 1980s many Latin America countries abandoned their inward-looking strategy of industrialization in favour of an outward-oriented policy that intended to promote growth through export expansion. Countries were encouraged by the World Bank and others to liberalize trade. In essence, import substitution industrialization was replaced by an outward-oriented development strategy (Francis, 2003, 4).

Policies that had been transferring a portion of the ground-rent (and of credit capital) to the industrial sector reversed then into the neo-liberal ‘structural adjustment programs’. Liberalization programs, however, have been proceeding much more slowly in agriculture than in industry. It meant a tacit admission that agriculture was severely damaged by the earlier ISI policies and was therefore unable to compete with imports. Weintraub (2003) thinks that the return to old inward looking, export-pessimistic model is not feasible.

In spite of impressive economic growth, unemployment has remained at recession or depression levels (Dietz, 1982, 501) which can seem to be paradoxical. But the explanation is very simple. The model (ISI) reinforced an urbanization pattern in most of countries, generally known as the “urban primate” system, which implied a disproportionate growth of one or a few metropolitan centers while the rest of the country missed much of the economic growth. The industrial sector couldn’t absorb all labor force coming from the rural zones. Persistently high and rising unemployment in Puerto Rico (for example) amid growth indicate inherent weakness of the development strategy (Dietz, 1982).

Rodrik (1999) has observed that if one counts the number of countries experiencing rapid growth, the years 1960-73 define the golden

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20 The industrialization strategy achieved economic „miracles“ in Latin America during the 1950s and 1960s. Nevertheless the signs of weakness started to be evident since the early 1970. During most of the 1980s, the previous scale of production could not be sustained any longer. Moreover one serious problem Latin America faced was increasing inflation.

21 The assumption was that the anti-export bias of import-substitution policies, along with the lack of domestic competition, discouraged innovation and encouraged rent-seeking behaviours. These micro inefficiencies, in turn, had led to macro imbalances and slower growth rates. Exports and import competition would have dynamic effects through learning and innovation, the relative failure of Latin America that have focused not on prices or exports but on investment (Shapiro, 2007).

22 Cited according to Panagariya (2004).
period of growth for developing countries. Per-capita incomes in as many as 30 countries grew annually at rates equaling or exceeding 3 percent during this period. In comparison, growth rates plummeted in most developing countries during 1973-84 and 1984-94. Noting that 1960-73 was the period of import-substitution industrialization (ISI) and 1984-94 that of liberalization, Rodrik concludes that this suggests the triumph of ISI. On pages 19 – 21 Panagariya (2004) discusses polemically with Rodrik and his conclusion. She claims that it seems that at least Latin America did better under ISI policies during 1960-73 than under outward-oriented policies of the 1980s. But closer examination reveals an opposite picture.

According to Bruton (1998)23, important lessons learned from two decades of pursuing ISI policies included: 1) the argument of the incapability of developing countries to export was denied, 2) central planning24 could not prevent economic bottlenecks and misallocations and 3) imports rose faster than expected and economic independence declined rather than increased.

Despite the shift in paradigm from ISI to outward orientation during the mid-1980s, many Caribbean countries are failing to achieve continuously the high and positive economic growth rates expected. The debate over the choice between closed or open economic policies continues unabated with no clear answers in sight (Francis, 2003, 9).

The political dimension of ISI

Coups in Brazil and Bolivia in 1964 inaugurated a period of sweeping authoritarian25 rule across Latin America and signified a breakdown of the state under the stresses generated by industrial development. The military regimes of the 1960s–1980s shared some characteristics (Franco, 2007, 52 – 56). First, the military often closed down democratic institutions such as congresses, parties, trades unions and the media, and took on administrative and managerial roles. Second, military leaderships in this period developed notions of national security that encouraged Latin American armed forces to

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23 Cited according to Francis (2003).
24 Nonetheless as Dietz (1982, 500) has shown not all developing countries were planning centrally during the ISI period. For example Puerto Rico’s growth path has been distinguished by an absence of planning.
25 Guillermo O’Donnell (Bresser – Pereira, 2005, 16) sugested that authoritarianism was an unredicted consequence of the capital – intensive investments that multinationals and the state – owned enterprises were making in Latin America.
take an increasingly active role in national life. The military elites held that economic development was an integral part of national security most of the military regimes of the 1960s–1980s made systematic use of repression against thousands of civilians in this period and the use of torture, assassination and disappearances was common.

Many factors had contributed to the collapse of democracy in Latin America in the 1960s and 1970s. First, the military interventions occurred in the aftermath of the Cuban Revolution in the context of Cold War tension and, while the US cannot be blamed directly for most interventions, it often supported and even encouraged the military to act. Second, even by the 1960s democratic institutions and values did not have deep roots in most Latin American societies. In conditions of social and political tension nurtured by severe inequality, rapid urbanization, guerrilla activity and the aftermath of the Cuban Revolution, military intervention may have been inevitable. Third, military interventions coincided with the exhaustion of the first phase of ISI or, in the case of Peru, with its initiation. An influential model of bureaucratic authoritarianism was developed by O’Donnell (1973) to account for the relationship between the military regimes of the more industrialized economies of the Southern Cone and economic development. However, the economic policies adopted by military regimes in this period varied. The regime in Chile under Pinochet favoured economic liberalism and reemphasized the role of the free market26, and in Uruguay the military also tried to restructure the economy. Chile’s regime developed policies in collaboration with the University of Chicago that would become influential in the late 1980s. It was easier to undertake reforms that might be unpopular with workers when repression could be used to silence opposition. Other regimes, such as that in Brazil, retained more statist approaches and did not radically restructure the economy, while forging close links with domestic and foreign capital. Most of the military regimes of this period instinctively preferred state ownership in strategic areas. A reformist approach taken by the Peruvian military government of 1968–75 distinguished this regime from the bureaucratic authoritarianism of the Southern Cone. The Peruvian military adopted policies of the revolutionary left, nationalized key economic sectors and pushed forward a strategy of ISI. This regime differed from those of Brazil, Argentina, Uruguay.

26 In this sense Codevilla (1993) wrote that the “Pinochet model” called for some combination of political repression and economic liberalism. A strong armed leader imposes a period of economic austerity and political stasis, after which the country emerges with a lean free – market economy, a vigorous civil society and a political class that is once again ready to assume the reing of government.
and Chile because it was largely autonomous of domestic capitalists and foreign investors; it attempted to build support through the inclusion of lower-class groups. And it did not indulge in the systematic terror characteristic of the Southern Cone regimes.

There were other important differences among the military regimes of the 1960s–1980s and, within each regime, rival currents. Military regimes were neither united nor autonomous of civilian politics and conflicts often emerged between moderates and hardliners over the use of repression. In most Latin American cases, after several years of authoritarian rule, military-political leaderships sought some form of acceptance within society.

The notion of bureaucratic authoritarianism aimed to link economic modernization and authoritarian rule by suggesting that the military stepped in to overcome the crisis associated with the exhaustion of ISI (Franco, 2007, 55). Military elites believed that populism and communism were threatening economic progress and national security, and so took power in order to reestablish economic stability and political order. The form of military rule that was established was based on the role of the military as an institution and premised on the idea that the military could govern better than civilians.

Bureaucratic-authoritarian states had several characteristics. They were run by coalitions dominated by the military that often included domestic capitalists, transnational corporations, and economic technocrats and which enjoyed the support of the US government. The working class and other popular forces were excluded from decision-making through repression, allowing military regimes to dismantle social programmes that had been a source of patronage among politicians. Political activity was curbed and stability enforced through repression. Bureaucratic-authoritarian governments often forged alliances with multinational corporations.

The military regimes relied on the availability at that time of cheap loans from international private banks to finance new large-scale infrastructure projects. These links with international economic forces reflected a new form of dependency.

Authoritarian rule ended because of economic crisis, divisions within the armed forces, an international climate more hostile towards military regimes and a new consensus among key political actors in support of the idea of a revived liberal state.
During the ISI era civil society was less pluralistic and autonomous than in the 1980s and 1990s (the period of transition to democracy), but more capable of mobilizing strong, centralized popular demands on the state (Robertson, 2007). Populist regimes were usually authoritarian27 and leaders sought legitimacy across classes through the unifying ideology of nationalism. Nationalists resisted any effort to encourage a return to export-led growth and insisted that industrialization was the only way forward (Franco 2007, 46). According to Robertson (2007) popular movements as organized labor and peasant blocs were the backbone of ISI – era. These popular movements mobilized pressure on parties and state to intervene in the economy and alter the allocation of goods and services produced by the marketplace alone.

Ma (1999) explains quite clearly how the relation between costs of toleration and the costs of suppression influences the political development under the ISI policy that is succesful only at the beginning; then the problems are appearing. The authoritarian regime at this phase of ISI mustn´t stay close but the environment for the multinationals must be created. That´s why many public enterprises have been privatized. Thus, the authoritarian regimes cann´t cut off the cooperation with the foreign countries. The politicians of these regimes have to support the foreign investments to be able to survive politically. But on the other hand, ISI strenghten by nationalism exacerbated political conflict between urban powerbrokers and rural oligarchs (Franco, 2007, 42).

Ma (1999, 53) describes the harmonious relation between industrialists and workers during the ISI policy in this way:

„As a part of the ISI policy the state offers protection and subsidy to domestic enterprises to produce for an existing local market previously occupied by imports. The protectionist measures reduce degrese of competition, thereby allowing industrialists to offer higher wages and benefits to workers. Also, industrialists are interested in expanding workers income in order to increase the purchasing power of the domestic market. On the other hand, as workers realize that ISI policy provides them with higher income and more consumer goods, They are willing to offer political support to industrialists. “

Also Franco (2007, 39-40) discusses the strength of the state and its relationship with development. Franco writes that after the war ISI led to greater levels of state economic management and ownership, combined with

27 In the developping Cold War the Latin Americas authoritarian regimes as the only source of anti – communism on the continent had a strong support of the USA.
public policies aiming to alleviate class conflict. In many cases, new, mainly urban classes were brought into the political process through populism. In the process, traditional political practices such as corporatism and clientelism gained a new lease of life. Interest groups were maintained and controlled by the state while politicians distributed jobs and other payoffs to supporters. Corporatism both ensured state control over these groups but also limited the autonomy of the state, often preventing it from acting in the interests of the entire population. This lack of autonomy contributed significantly to underdevelopment because the big losers in this period were poorer people in the countryside.

The Conclusion

In one part of this paper I tried to show the importance of the material wealthfare. The economic success is the only guarantee of it doesn’t matter which government or regime that they will be able to keep a power. The people don’t forgive failures. If they are not well materially, they demand a change. Then it’s very easy for populist movements to win their favour, to make a military coup or to change a political regime. They are looking for a guilty, they are spinning ideological theories explaining why people can’t satisfy their material needs. One of these theories is theory of dependency explaining that underdevelopment is not the product of the persistence of “traditional” society; instead, it is generated by the particular fashion the expansion of capitalism assumes in the “periphery.” Developmentalist approaches are wrong. The expansion of the market does not necessarily produce either modernization or development. On the contrary, capitalism makes societies look like “feudal” in the periphery.

The practical effects of the theory of dependency theory was a strong protectionism: 1) a support to the national industry (subsidies to the national industry so that poor countries can not only sell their own products but also export mineral resources), 2) to impose quotas on on import (to restrict the import of luxury goods and goods that can be produced in a country and not abroad; it means the reduction of the capital loss and of the mineral resources), 3) a prohibition of foreign investments (it wasn’t allowed foreign companies and individuals to export or to be in possession of national raw materials) and 4) the nationalisation.

28 The corporatism has often been a prominent feature of the relationship between state and society in Latin America. Franco (2007, 41-42) gives more details on the topic.
Dictated by the theory of dependency a big programme of the national modernization starts to be realised in 1960s. In this paper I tried to show its basic features including a short description of the ISI policy and the attained results. In 1980s the policy of ISI was stopped definitely, the democratic regimes were restored, the central planning was abandoned, the era of neoliberalism started.

There are several ideas presented in this paper. Firstly, it is worth considering the declining hegemonic power of the USA as Wallerstein or Huntington speak about it (in spite of the Kagan’s disagreement with this statement). If we take into a consideration the Wallersteinian definition of the hegemony, we can come across in this hypothesis with respect to the ISI: the USA as an indisputable hegemonic power in 1960s and 1970s helped to establish authoritarian regimes in Latin America. They followed its political goals paradoxically against the idea of liberal democracy. In the USA they came to the conclusion that it will be better to support rightest authoritarian regimes and in this way to prevent from the communist danger coming from Cuba. The Soviet Union was an indisputable rival number one of the USA. It was more suitable for the US to help to impose an authoritarian regime than allow to spread the „red evil“ across the Latin America continent. Maybe they could rely on the temporary period of these regimes as some political scientists believed. The motive for such a behaviour could be also a need to revitalize a declining effects of the ISI policy.

I showed in this paper that from the point of the Wallersteinian definition of hegemony the USA helped to establish authoritarian regimes in Latin America. If the supposition of Wallerstein is correct, the declining power of the USA will be able to influence less and less the situation in the sphere of their interest, then we can’t expect that a new authoritarian regime will not be established by their essential help. It can be also concluded that any hegemonic world position can disturb the democratic development in the world and it can be viewed as dangerous in this sense. Thus, the hegemonic power disturbs the democratic order in one general and two particular ways: either totalitarian or democratic powers try to push through their intentions in the sphere of their interest. But meanwhile a totalitarian regime (especially a communist one) will never be willing to create a democratic political system, liberal democracies can offer a support (either direct or indirect) to authoritarian regimes in belief that all this undemocratic power is only transitory and sooner or later it will finish. The US attitudes towards the authoritarian military regimes during the
ISI experience show that the immediate political goals are stronger than an ideology. I agree with Fukuyama’s opinion that the *thumos* is a very powerful engine of human behaviour. This part of a soul called as spiritedness is one of the most principal feelings of a pride or a shame. *Thumos* pushes us to reach the recognition of other people or in other words to be recognized as equal human beings by them. It seems to me that *thumos* could start off the big industrialization process. As I have shown in this paper the ISI policy formed a mean against dependency of poor developed countries on highly developed rich countries. All nations as individuals want to be treated as equal. Of course, on the macrolevel as on the microlevel there are evident barriers that prevent us from reaching the same position. A voice of big, militarily strong, technologically high developed, economically rich will be always heard clearly on the international scene than a voice of small and weak nations. But in spite of this fact nobody wants to be treated in an exploiting way. That’s it what the theory of dependency says: developed countries abuse their dominant position to become richer at the expense of poor countries. They didn’t protest against it till Prebisch pointed out that poor countries become poorer and rich countries become even richer because of the mutual business. The theory of dependency and the ISI policy present on the international scene something like that fight for the recognition of man by others. The *thumos* moves the world in one direction or other. The *thumos* was a hidden factor behind the beginning of the ISI policy. Not to be exploited by rich countries, to get independence on this developed world, it was a force that started up all process.

But in the end it could be the same *thumos* that stopped the ISI policy. This model of development (ISI) ran into problems as it tended to exacerbate balance of payments difficulties. Moreover the authoritarian regimes didn’t know how to cope with the high inflation. Many people desire to live in a democracy but most of them trade it for economic development. If some political system is not able to satisfy material needs of inhabitants, it’s time for a change.

To sum up, the *thumos* is a very potent element that dominates a human behaviour. It was waken up by the education. Moreover the effects of the thumos are sped up by the globalization and the modern technologies in the field of the communication. People are angry if they can see that others are

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29 Also Mendel (2002, 41-42), criticizing the Huntington’s “Clash of Civilisations”, accented a strong pragmatism that influences (and even dictates) the relations between the West and others regions of the world.
more satisfied than they are. They desire to change their misery because they feel they are equal, they deserve it. The middle ages conviction reffering to the division into a class of inferiors whose duty is to work and to feed the superiors (kings and aristocracy) whose duty is to reign and protect inferiors has disappeared. In the future we can expect that people will be pushed towards the feeling of the equality with others by the *thumos* but they will be willing to suppress this feeling if the democracy fails to satisfy their material needs. Then, there will be an open space for a dictator to enter there and to offer miraculous receipts. In this case a democracy can become a dangerous veil maintaining the feeling of the equality meanwhile somebody else hidden and unknown wields power. Then the democracy can change into a totalitarian system quite unobtrusively. Maybe, Fukuyama was right. He has never said that all regimes that had been democratic once couldn´t have been totalitarian the next time. The *thumos* has created a firm background of the feeling of the equality which found its reflection in a democratic system.

There are also indisputable effects of the *thumos* in the field of the international relations. Mendel (2002, 46) wrote that the Americans didn´t know how to show a respect and refinement to islamic countries like for example British and French before. ,,This attitude certainly is feeding off a complex of inferiority and a feeling of frustration that suffer the islamic states and ethnics because of the fact that a militarily and economically stronger country treats them as an unequal partner“ (Mendel, 2002, 46).

The main goal of the ISI policy (that is a modernization of the region of Latin America) is now over. It doesn´t mean that the modernization of the region has already been completed. Yet it must be done a lot of things. Although Weintraub (2003) thinks that the return to old inward looking, export-pessimistic model is not feasible, the debate over the choice between closed or open economic policies continues unabated with no clear answers in sight (Francis, 2003, 9).

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The United Nations: Challenges For the World Peace Guardian in the 21st Century

Lucie Kobelková

Introduction

The United Nation has become the most universal international organization in the world. Considering its 192\(^1\) members worldwide who agreed to cooperate in order to ensure world peace and security there is no other organization to such a representative extent. Over the 65 years of existence, there has been evidence of successes and also failures which UN actions or sometimes absence of actions had caused. Critics claim the noble goals written in the UN Charter have a little in common with the reality of UN activities in today’s world. The Secretary-General himself and main UN Representatives openly admit that reform of the organization is necessary for its future effective functioning.

The world is constantly changing, it was different 65 years ago, and it will surely look different in next 65 years. It is always extremely difficult to estimate what steps will bring progress in the field of international peace. International community has to face global security threats which brings a question how we can successfully confront them and what tools we have available to do so. Does the UN posses the right tools to protect the world peace? What adaptations are necessary to maintain international peace in the future?

I will briefly describe the characteristics of today’s threats for the global security. Considering the length and depth of the study I will further talk about particular aspect of global security threats - conflicts - and I will dig deeper into the future approach of the international organization towards conflicts. My object of examination in this study will be peacekeeping missions as a peaceful tool of conflict resolutions as they have become very important part of the conflict management over the last decades. Based on the given evidence I would like to make a conclusion what are the necessary steps to be taken so that UN is able to maintain the role of

\(^{1}\) www.un.org
international arbiter in the 21st century. So that it can fulfill its primary goal: “to save succeeding generations from the scourge of war”.

Confronting Global Threats on Global Level

A More Secure World: Our Shared Responsibility, the Report of the High-level Panel on Threats, Challenges and Change includes the main six areas of threats endangering the world security.  

- Economic and social threats, including poverty, infectious diseases and environmental degradation
- Inter-State conflict
- Internal conflict, including civil war, genocide and other large-scale atrocities
- Nuclear, radiological, chemical and biological weapons
- Terrorism
- Transnational organized crime

New technologies and scientific development have brought a new dimension to the conflicts. Armed conflicts do not depend on the size and power of the army and battle techniques anymore, new forms of weapons have more precise, powerful and harmful impact. The potential use of chemical or nuclear weapons could lead to disaster on a catastrophic scale. Kofi Annan, the former Secretary General, in his debate for the Morse Lectureship claimed: “We need to set up a new compact or consensus as to how we are going to deal with these threats and hope that it will be generally acceptable, just as 1945 compact was generally accepted.”

Each of these already existing threats requires specific attention and the main goal of the international community is to prevent these threats from becoming imminent and destructive.

Globalization gives the conflicts new dimension and may spread it further to the region or world. Tight international economic relations, strengthening of integration processes, and regional cooperation lead to the mutual interdependency. An example of a global interdependency from recent time is the spread of economic crisis; starting in the United States the crisis had

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2 A More Secure World: Our Shared Responsibility, the Report of the High-level Panel on Threats, Challenges and Change
3 In Larger Freedom: Towards Development, Security and Human rights for All, Report of the Secretary-General
within months caused economics recession or economic slowdown in almost every economy around the world. No state can stand aside of the global development or confront these threats alone. These threats cannot be addressed individually on a national level. These are international problems of a global scale therefore it should be the international community fighting these threats with international tools. How can one state itself face terrorism and stop it from further spread?

Given the fast progress in science and technology, terrorism with current and future weapons has and will have a global impact. There are no more geographical boundaries. International actions will be required, international cooperation of police forces and investigating agencies will be necessary in order to destroy the terrorist movements in their foundations and also to create pressure on the regimes which do support terrorist activities by hiding the terrorists or financing them. It will be challenging task for the international community and future development will show how it can adapt to the new situations.

Global problems require global solution; collective security requires collective actions which can be provided only by common cooperation of the countries. The United Nations had shown its capability of being an important tool of multilateral diplomacy. At the moment it cannot be replaced by any existing form of international structure. Member states have a great chance to exchange dialogues on a global level. It is a place where they can discuss issues on which they share common interest. It is a place where they can coordinate common cooperation in important political and economical issues. Even small states are given their opportunity to influence world development and are not limited to inter-state relations on closer geographical level. The world needs a global structure that the UN represents.
1 The link between poverty and civil war

Another phenomenon of the global threats is the cycle in which they are interrelated.\(^4\) One threat may create another one. Poverty and economic inequality within the state may become environment for organized crime and often even terrorist activities. Drug trade may influence the level of HIV/AIDS infections, especially in Eastern Europe and parts of Asia\(^5\). Unequal economic, ideological or human development creates destabilizing pressure. On the inter-state level it may cause rivalry among states, on the intra-state level civil unrests may occur.

The crucial step for prevention of these global threat is the sustainable development worldwide. *There will be no development without security and no security without development.*\(^6\) Sustainable development is the long-term part of the strategy how to protect global security. By ensuring sustainable development we may be able to stop the security crisis before it even arises.

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\(^5\) A More Secure World: Our Shared Responsibility, the Report of the High-level Panel on Threats, Challenges and Change, p.21
\(^6\) In Larger Freedom: Towards Development, Security and Human rights for All, Report of the Secretary-General
One of the main tasks of the United Nations is promote better economic conditions in less developed countries. Their Millennium Goals set targets that should be achieved by 2010 to ensure better economic development worldwide.\textsuperscript{7} In some regions, the UN are successful to fulfill these goals, in other regions and countries, especially on African continent, they are struggling for better results. \textsuperscript{8} The organization closely monitors the development. Based on previous experience, cooperation with national authorities, international financial organizations, civil organizations and also NGOs are recognized be helpful measures for stabilizing the situation on a global scale.

**The UN and New Character of Conflicts**

The original idea to establish international organization guarding the world security appeared already after World War I when the winning allies created League of Nations. It lasted only 20 years. Its failure to stop gunfire of World War II led to the end of the League and raised call for a completely new system of collective security. That was an incentive for conference in Dumbarton Oaks in Washington, 1944, where the foundations of the United Nations were built up and which were later confirmed by ratification of the Charter. New international security system was set up with a main goal of “saving succeeding generations from the scourge of war”\textsuperscript{9}.

The early security studies after the World War I were trying to explain algorithms of conflicts via scientific methods. Analyzing the roots of the conflict, reasons and triggers for conflict should have helped to find tools and measures to protect security.\textsuperscript{10} Conflicts back then had the character of interstate conflicts. Nations following national interests were the main reasons for international disputes.

\textsuperscript{7} Now there is a review of the Goals, UN Secretary General: Keeping the promise: a forward-looking review to promote an agreed action agenda to achieve the Millennium Development Goals by 2015
\textsuperscript{8} UN Secretary General: Follow-up to the outcome of the Millenium Summit, United Nations, New York, 2. December 2004 (A/59/565)
\textsuperscript{9} The UN Charter, Preamble,
\textsuperscript{10} Waisová, Šárka: Bezpečnost. Vývoj a proměny konceptu, Plzeň 2005, p.21
The character of the conflict has been changing. Today, there is much lower number of the conflicts, which can be defined as international conflicts. Instead, growing number of intra-state conflicts is a object of security studies. Following table compares the development in intra-state and inter-state conflicts between 1946 and 2002.

2 Wars 1946 - 2002

Source: UN High-Level Panel on Threats, Challenges and Change: A more Secure World, Our Common Responsibility

In those 65 years of existence, there has been evidence of successes and also failures which either UN actions or absence of actions had caused. Deadly figures speak for themselves - Rwanda 800.000 dead, Darfur 300.000 dead, Sudan 200.000 dead. Those who suggest that such a long time should bring learning which would lead to improvement in the UN activities are indisputably right. Individuality of each conflict, however, makes it even more difficult to create guidelines which would help to avoid future mistakes. If we talk about conflicts, we should mention there are different types of them, as for

11 UN High-Level Panel on Threats, Challenges and Change: A more Secure World, Our Common Responsibility, p. 20
Conflicts may occur among states as a result of disputes of nations, they can happen also within one state for political, ethnical, or religious reasons. Special agencies of the UN closely watch the situation in different parts of the world and also help to ease the tensions. The recent economic inequality of income distribution, food shortage, unemployment – these all can lead to civil unrests and create environment for conflicts.

Every conflict brings new challenges for the UN representatives and agencies to make the right decision in the right moment. The action of the organization necessarily depends on the character of the conflict and the character of the conflict is created by various circumstances: conflict parties, stage of the conflict, length of the conflict, influence of regional organizations, geopolitical concern of global actors, reason of the conflict, etc. Sometimes the diplomatic negotiations provide the required outcome; sometimes the long-term intervention missions come in place, such as the UNFICIP mission (since 1964) in Cyprus. Sometimes the conflict requires the deployment of huge troops, as in Kongo (MONUC – 18645 troops). From these examples it is obvious that there is not one model for the missions. Future reactions of the UN to the tensions in the world security will depend on the political and geographical background of each individual crisis; it will always require an individual approach.

**Collective Conflict Management through Peacekeeping Missions**

The ongoing menace to the world peace and security creates pressure on the international security actors to find peaceful instruments for conflict resolutions. Conflict prevention, monitoring and negotiations play a very important role in the global security system. Over the past decades, new agencies and offices were founded in the structure of the United Nations to monitor and report political situation worldwide. Their role in the preventive diplomacy, security monitoring is indispensable. However, the main challenge

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12 Waisová, Šárka: Řešení konfliktů v mezinárodních vztazích, p. 49
appears to be the right approach to military interventions and settlement of open conflicts. When the collective security is endangered, the UN may use its tools to protect world peace. Every step must be legitimate and legal.

Based on the stage of the conflict, objective and used measures the UN provides these types of operations for ensuring the peace:¹⁴

- Conflict Prevention
- Peace-making
- Peace-keeping
- Peace-enforcement
- Peace-building

The UN Charter defines the peaceful means for conflict management and explicitly prohibits Member States from using or threatening force against each other. There are two exceptions for which the use of power is allowed. First exception is self-defense named in Chapter VI in case of imminent threat. The second exception legalizes military measures authorized by the Security Council under Chapter VII (and by extension for regional organizations under Chapter VIII) in response to “any threat to the peace, breach of the peace or act of aggression.”

Peacekeeping missions have become an increasingly important tool for conflict management. During the bi-polar period of the Cold War it was extremely difficult to bring the veto members of the Security Council to the common agreement on peace-enforcement missions. Therefore the new type of mission with rather calming than forcing mandate was established. The main difference between peacekeeping mission and peace-enforcement mission is that for the peacekeeping operation the prior approval of the receiving state is necessary. Country where the mission shall be deployed may refuse this deployment. This condition should guarantee the support of the local government. For the legitimacy of the peacekeeping mission it is also not required to define the aggressor. During the Cold War veto states were not able commonly define the aggressor which was often an obstacle for the peace-enforcement mission to come into existence. For the above mentioned reasons, peacekeeping mission may therefore receive the approval of Security Council more easily than peace-enforcement missions.

Blue helmets are perceived as a peaceful actor. They are usually not heavily armed; they do not use force, only in case of self-defense. Their

¹⁴ PhDr. Jan Eichler, Csc: Mezinárodní bezpečnostní vztahy, VŠE Praha, 2004, p.121
presence helps to ensure the cease-fire and also moral authority in the country. The troops of the mission are usually composed of small units from countries far away from the conflict area. This certain neutrality of the units also helps to ensure that sides of the conflict are not feared of greater intervention from the peacekeeping troops.

Unofficially, peacekeeping mission is sad to be defined in a Chapter VIa of the Charter. The Chief of the peacekeeping missions is officially defined Secretary-General and his staff, especially the Department of Peacekeeping Operations. First peacekeeping mission UNEF was established in 1957 to protect Palestine-Israeli borders. Currently, there are 15 peacekeeping missions and 1 special political mission worldwide. The map on the charter bellow displays areas where current peacekeeping operations are deployed.

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15 There is no Chapter VII a in the Charter. Peacekeeping such as is a hybrid between Chapter VI which authorizes self-defense action and Chapter VII which allow military measures in case of imminent threat.
16 Kennedy Paul, Parlament světa OSN a hledání světová vlády, Nakladatelství LN, Praha 2006, p.85
17 Special political mission UNAMA in Afghanistan directed and supported by the Department of Peacekeeping Operations
3 Current peacekeeping operations

Deployment of these missions and their effectiveness require certain financial and personnel resources. Budget for peacekeeping between July 2009 – June 2010 was planned to USD 7,87 bln, currently the total number of personnel serving in 15 peacekeeping operations is 123,680\textsuperscript{18}. For the effectiveness also proper planning and adequate financial resource may be crucial. However, the contribution to the peacekeeping mission creates a gap between the developed and developing countries. It is mainly developing countries which send their people to the missions. And it is developed countries which send the financial aid. As of 31 October 2006, the 10 top contributors of UN peacekeepers were Pakistan, Bangladesh, India, Jordan, Nepal, Ghana, Uruguay, Ethiopia, Nigeria and South Africa. Together, they account for 60 percent of all UN military and police personnel.\textsuperscript{19} Of course every country has

\textsuperscript{18} Peacekeeping Factsheet

\textsuperscript{19} United Nations Peacekeeping.
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different types of resources; however dual contribution consisting of both types of resources should be future goal.

Peacekeeping for Keeping Peace in Future

The main opportunity for the peacekeeping operations in the future is to focus on long-term activities. The primary goal of the mission is to bring basic security into the conflict area. However, from the very start of the peacekeeping operations, the aim should be to create environment for postconflict reconstruction and set the rule of law. Based on the type of the conflict mission personnel should include training professionals, government officials, and a judiciary (including police, prisons and court officials). However, this requires a stronger, more interventionist approach in defiance of State sovereignty and the principle of non-interference. That means that peacekeeping missions must have greater capabilities. They must be able to rebuild, disarm, supervise elections and ensure that human rights are respected. Basic intervention will no longer help. After these missions, democratic institutions that have never existed or that were destroyed must be rebuilt and they must ensure equal rights for all citizens. This is the type of mission that took place in Kosovo and East Timor.

It may be very difficult to establish a long-term peace if justice has not first been obtained. There is often no judicial system left in a country coming out of a conflict. The UN is therefore working to equip itself with the effective institutions needed to fill the institutional gap in countries that are rebuilding after a conflict.

Another challenging task may be to find balance between understanding conflict and reacting in adequate way in appropriate time frame. Time is often crucial factor for success or failure of the mission and quick respond of the international community may save people’s lives. Regular peacekeeping mission should be deployed within 60 days after passing the resolution. Therefore there is a demand for even shorter period for deployment. The UN should create a special unit which could be available within 30 days after passing the resolution.

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20 10 Future Challenges of UN Peacekeeping, United Nations Association in Canada,
21 Kennedy Paul, Parlament světa OSN a hledání světová vlády, p.100, p.108
In the past, some countries had an issue to place troops under the command of foreign officers in multinational forces. Integrating national contingent into the mission troops could be the way how to include countries which were not willing to serve under foreign chief.

Ensuring the sustainability and greater capacity of the mission often depend on cooperation with other actors. Combining UN legitimacy and regional or local forces may lead to hybrid mission which may be more successful in completing their mandate. Existing example of this hybrid mission is political mission UNAMA in Afghanistan where UN and NATO troops cooperate with local units. Integrating military and civilian actors in missions is also way how to increase the capacity as well as local credibility of the mission.

Tight communication and coordination between military and civilian actors, integrating NGO’s in the missions are steps which should be done for higher credibility and capacity of the peacekeeping missions.

Conclusion

The United Nations: To be or not to be? This may be the crucial question for the future collective security system. The United Nation still pursues the same vision as 65 years ago. Its quest to create a global system which would effectively guard the international peace among all nations has been, however, many times in its history, complicated by conflicts in which the actions of the UN had weakened and diminished. Many of the resolutions passed have not brought the expected outcomes and in many cases, lack of intervention due to the long-term decision process predicted future failure of further steps. Critics of the UN argue that the actions taken are often determined by interests of the Security Council permanent members, therefore a reform of the Security Council is seen as inevitable in order to establish more effective role of the UN in world affairs. Some critics even ask for abolishment the UN and creating a brand new organization which would reflect current geopolitical situation.

The world today is different from the times when the United Nations were established. International community is facing different type of threats and must find different types of measures to guard the world peace. Global threats have to be approached on global scale which creates need for international organization. However, conflicts cannot be addressed generally, each of them requires deeper analysis and understanding before specific tool comes to place.
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The UN possess various tools for peaceful conflict resolutions, peacekeeping operations are perceived as an important tool for current conflict management. However, within the new dimension of conflict there are necessary steps to be taken to ensure higher effectiveness and also capacity of the peacekeeping missions. Peacekeeping may become more effective through stronger mandate, adequate equipment of the mission and cooperation with other actors, like local or regional forces, NGO’s and civilian actors.

It will take a long time, dedication, persistence and future successful operations must follow before the UN failures in Bosnia or Rwanda will be considered as a costly lesson from which the organization had fully learned. The key objective for the organization should be the quality of the passed resolutions. New missions should be always established only having the appropriate mandate and sufficient equipment at their disposal. Then they will become peaceful tool how to save people’s lives and protect international peace.

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The Individual Level of the Suicide Terrorism

VIERA KOČIŠÍKOVÁ

Suicide terrorism is becoming a political and strategic problem with far reaching political consequences. The presence of suicide attacks throughout the history is noticed always when there are two parties standing against each other and one of them is financially and technologically more advanced than the other. Suicide attack gives the weaker side a chance to succeed, while there is no sophisticated technology needed to manage the attack. The suicide bomber brings the weapon right to the target and detonate at the very right moment.¹

The concept of fear appeared in the modern history for the first time in France, during the French Revolution. It was used by Maximilian Robspiere. Similar regimes could be found in the 20th century as well (Russia, Kambodia, Iran…).²

The systematic use of suicide attacks started in the 20th century in the beginning of 1980′ However most of them took a place after 2001 (more than 99%). This method is mostly spread among so called terrorist groups, mainly in the Middle East and Sri Lanka.

The objective of this paper is to define an analysis of suicide terrorism in Islam and variables that influence this phenomenon. I would use this predefined analysis in my further research and focus on some levels of the analysis.

The paper considers the analysis by Assaf Moghadan, who uses 3 levels of analysis to describe suicide terrorism:
1. Individual Level
2. Organizational Level

² Genesis and Future of Suicide Terrorism, http://www.interdisciplines.org/terrorism/papers/1 (10.5.2007)
3. Environmental Level

This paper focuses on the individual level and aspires to its further development by bringing in the charismatic leader and the obedience to authority aspects.

“If sufficiently adaptive, such a multi-level, integrative framework may shed further insight into the causes and characteristics of suicide attacks, but can also serve as a framework for the assessment of risk for the occurrence of suicide missions in a particular environment. Hence, the contribution of this multi-causal framework is not limited to the realm of theory, but extends to the area of policy-making. Many analysts seem to acknowledge the need for research on terrorism to take place on multiple levels, few researchers have put such a method to systematic use.” (Moghadam)

All three levels of the above mentioned analysis are connected and influenced by each other. All three levels should be considered as a system, not just one by one. There are the same variables influencing more than one level, giving a different perspective to the problem.

For example Individual and Environmental level are further connected one to another. “Some of the motivations emanating from the individual and organizational level are identical, because they stem from the same environmental context. A country or region that is known to be very religious, for example, is likely not only to produce many religious individuals, but would also tend to lead many organizations to adopt religious guidelines. Similarly, a certain political context, be it a long-standing conflict or perhaps a nation’s struggle for national independence, is also likely to have similar effects on the motivations of individuals as it will on those of organizations. A final reason why the individual and organizational level can at times be closely intertwined is that the terrorist or insurgent organization exerts influence on its members in one way or another. Membership in the group itself provides the terrorist with a sense of belonging, purpose, perceived social status, and empowerment that he would otherwise not enjoy. The individual may join the terrorist group because he views the rewards of joining as highly satisfying.” (Moghadam)

The level of education can be a variable affecting both individual and environmental level. The level of education achieved by individuals influences their further behavior in the society and motivations. The educational system

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3 MOGHADAM, The Roots of Suicide Terrorism, Chelsea House Publications (June 12, 2006), ISBN-10: 0791083071
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of the society as a whole can affect the behavior of a state as such in international relations. In our case it is the motivation to use such techniques as suicide terrorism in international politics.

The development of the economics in the society has a multilevel effect as well. The poverty of individuals might motivate them for a certain action. In our case it is the motivation to take a part in suicide campaigns. These people do not see any other option how to increase their and their families’ lifestyle.

In the other hand, when talking about the environmental level, poorer societies might use suicide terrorism more often because of its efficiency and low cost. So they would not need the expensive and advanced technologies to compete more developed societies.

**Individual Level**

Individual level involves personal motivations of the suicide bomber. I added here the generalized characteristics or so called typical profile of a suicide bomber as well.

The question of the possible generalized profile of suicide bombers as well as the possibility of logic of this phenomenon is being discussed among specialists. The profile gives the predispositions for such an act, personal motivation is the accelerator.

The specialist in political violence Ariel Merari has suggested that in cases of suicide terrorism the willingness to kill others is less surprising than the willingness to die. Moreover, suicide terrorism is at one extreme of a continuum of willingness to die. This indicates that the logic of suicide should be at the primary focus of an investigation. We should try to understand suicide as the outcome of a rational choice based on self–interest.⁴

“The recent rise of suicide terrorism is sometimes explained more generally in terms of the hurt religious or national feelings of communities in the Middle East that have been humiliated or shamed by western military alliances, Israeli occupation, or other un–Islamic institutions. Although clearly part of the picture, such explanations are obviously incomplete. They apply first

⁴ MERARI, *Suicide attacks as a terrorist tactic: characteristics and counter measures*, Department of Psychology and the Political Violence
to populations rather than individuals and entirely neglect the question of how the individual suicide attacker is selected or selects himself from the community that is involved.” (Merari)

Motivations could be various. Economists since Carl Shapiro (1983) have analysed “reputation” as an asset.

“Reputation is related to identity in the following way: it covers those aspects of my identity that I make visible to others through my actions. Why is reputation valuable? The Nobel Prize–winning economist Joseph Stigler (1961) wrote: ‘Reputation commands a price […] because it economizes on search.’ He had in mind the search for products or suppliers of given quality in the marketplace; the same may be applied to individuals in society as they search for other people of given qualities with whom to engage in social and political transactions. However, when I take into account my reputation not just with others but also with myself, I deal with something deeper, my identity, or sense of myself.

The logic that drives voluntary acts of self–destruction is therefore as follows. Each person who chooses the death of the self does so because at the given moment death will maintain her most valuable asset, the identity that she has selected and invested in through her life, but living on will damage it irreparably. The moment is such that by choosing life she must abandon this identity.”

Among the fact about suicide terrorism the poverty and education as a part of motivation of suicide terrorist has been discussed.

The research by Krueger and Maleckova considers the education as a factor of poverty in case of suicide terrorism. The presumption said that candidates with lower education have higher tendency to become suicide bombers. The same hypothesis was taken in case of poverty, the individuals with poorer background would more likely become suicide terrorists.

The research results show there is no correlation between low education and suicide attacks and if yes, than candidates with the higher education or university degree tend to become suicide bombers more often. The research shows, that only 13% of all Palestinian suicide bombers came from poor families. 57% of these attackers had higher than high school education,


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while in the whole Palestinian population it is only 15%. This phenomenon could be explained by loosing the comparative advantage of education as the salaries of university educated people during the first intifada lowered by 30% while the salaries of high school educated did not change.

Psychologist Gary Becker explains the phenomenon of criminality by the rational behavior of criminals. They figured out, he says, that being criminals is much more profitable for them than being employed. The benefits from criminality are simply higher than alternative costs. This could not be fully applied to suicide terrorism though, because the financial stability of suicide bomber’s family can only be a secondary motivation.

Individual level of analysis includes the question of considered mental health of suicide bomber.

“The importance of psychological factors among suicide bombers, or other terrorists for that matter, has preoccupied many researchers. Some argue that individual psychological reasons—sometimes generated by the socio-political context—account for the behavior of suicide attackers. Eyad el-Sarraj, for instance, argues that politically, suicide bombing is an act of absolute despair. Based on personal interviews, psychiatrist Anne Speckhard believes that deep personal traumatization and bereavement, based on humiliating treatment in part explains the resort of some Chechens and Palestinians to suicide attacks. Going a step further, Vamik Volkan believes that potential suicide bombers have disturbed personal identities based on prior humiliating experiences that hindered the formation of a healthy identity. In the other hand according to 3 decades of research by Marc Sageman, there is no proof of mental illness of suicide terrorists. Most researchers agree that terrorists, while clearly highly alienated from society, are sane and relatively ‘normal,’ i.e., they do not exhibit signs of suffering from a salient psychopathology. Joan Lachkar (2002) has suggested that suicide bombers have a borderline personality disorder, a personality type that she feels is characteristic of many Arabs in the Middle East (as compared to the narcissistic personality of many Israelis).

7 Genesis and Future of Suicide Terrorism, http://www.interdisciplines.org/terrorism/papers/1 (10.5. 2007)
Borderline personality types are dominated by shame, and they use defense mechanisms that involve blaming others. They have defective bonding and dependency needs, they are envious, and they are prone to retaliate. “They are impulsive, have poor reality testing, and impaired judgments. . . . Borderlines suffer from profound fears of abandonment and annihilation, as well as persecutory anxieties”. Borderlines tend to distort and misperceive the reality. Lachkar saw the genesis of this personality type in the Islamic child-rearing practices that frustrate the child’s dependency needs and view personal desires as signs of weakness and failure. As a result, they revert easily to feelings of omnipotence as a defense against intolerable feelings of helplessness. DeMause (2002) has supported this analysis by documenting the violence, cruelty, and sexual exploitation of children in Islamic societies. The fathers, who are supposed to be in charge of their sons’ child-rearing, are usually absent, and the child-rearing is left to the oppressed mothers who inflict their own pain onto their sons. Lachkar argued that boys raised in such a society can easily form an intense identification with a charismatic leader who appeals to the society’s mythological fantasies and allows them to act out their anger and aggression. The possibility that many of the suicide bombers are shy and introverted boys who want to be idols and heroes is consistent with this hypothesis.” (Moghadam)

How does Mark Harrison, the professor of economics at the University of Warwick, explain some facts about suicide terrorists taken as a part of suicide terrorists’ profile.

**Why are suicide terrorists not old?**
Because their choice emerges from a crisis of the young person. Those who take a wrong turn at this point do not grow old.

**Why are suicide terrorists mainly men?**
Perhaps the range of possible identities available to them was preselected by their gender. Young women are often expected to invest in identities that emphasise their attachment to the rest of humanity through caring and nurture. Young men are limited to more rigid, introverted roles that may inhibit the formation of adult attachments and so prove more fragile and less resilient under the pressures of growing up.

**Why has the proportion of women risen recently among Palestinian suicide terrorists?**
By hindering normal family life and the normal formation of new families, renewed Israeli occupation may have lowered the opportunity costs facing adolescent women who choose to step outside the caring and nurturing roles
prescribed by their traditional identities. Alternatively, with the rising number of male attackers the relative distinction of the identity to be won by young men may have declined, prompting a widening of recruitment to young women for whom the distinction of the first few volunteers may be higher.

**Why are suicide terrorists not uneducated?**

These young people have sometimes made substantial efforts to get an education but the efforts invested by each have failed to pay off in some way that is valued, which seems particularly likely in an oppressive environment; thus, suicide terrorism may be a specialisation of the partially educated and unemployed.

**Why may the shame or humiliation imposed by Israel on its occupied territories become a motive for suicide terrorism?**

Because shaming is another word for devaluation of the identity without which an individual has no status in society; this is why death is preferred to dishonour in many cultures."^8

The disciplines such as social and applied psychology are very helpful in individual level of this analysis. They help to draw the whole picture and the interactions among different variables of this level. For variables in the individual level are considered as follows: the individual, the society he comes from, the environment and the situation he is in, the social system and its rules and conditions, other individuals in the same environment. All these factors play a significant role.

The person who pioneered in social, organizational and applied psychology is Kurt Lewin. He studied the dynamics and development of an organization. The research that is most useful for the purposes of this paper is the 3 leaders research. Lewin did an experiment on a group of kids. He used 3 types of leaders – Dictator, Laissez faire, Democratic. The leader should have coached the kids. Children were most productive under the Dictator, but they had most internal fights against each other, they were grumpy and nervous. Laissez faire leader resulted in chaos and the democratic leader was the one when children tent to communicate the most, they were the most creative.

The research explains that in the regimes with dictatorship or in the groups lead by charismatic leader (dictator) there is no space for own ideas or creativity. The orders are just followed.

^8 HARRISON, *The logic of suicide terrorism*
Stanley Milgram brought light to the problem of charismatic leader with his experiment on obedience to authority (1961).

“The experiments began in July 1961, three months after the start of the trial of German Nazi war criminal Adolf Eichmann in Jerusalem. Milgram devised his psychological study to answer the question: ‘Was it that Eichmann and his accomplices in the Holocaust had mutual intent, in at least with regard to the goals of the Holocaust?’ In other words, ‘Was there a mutual sense of morality among those involved?’ Milgram's testing suggested that it could have been that the millions of accomplices were merely following orders, despite violating their deepest moral beliefs.’

The recruiters picked by Milgram were ordinary Americans, who were told they are participating on a study on memory and learning under different circumstances. These people were briefed to play the role of a teacher and examine the learner, who was a part of experiment, acting according to the brief as well. The teacher was asked to give an electric shock to the learner for every wrong answer. The voltage increased by every wrong answer. Even though some teachers expressed doubts, 60% of them continued after the assurance of a supervisor in a lab coat, who was taken as an authority. The learner was a professional actor hired to play the role of student being punished and suffering from the electric shocks which were not real. The conclusion says people would follow the order if it is given by somebody considered as an authority. The results help in the explanation of suicide bomber phenomenon and support the theory of charismatic leader followed by recruited bombers.

Philip Zimbardo developed the obedience to authority study even further by his Stanford prison experiment. 24 randomly picked students were involved in this experiment. Some of them performed prisoners, some of them were guards. The planned two-week investigation into the psychology of prison life had to be ended prematurely after only six days because of what the situation was doing to the college students who participated. In only a few days, guards became sadistic and prisoners became depressed and showed signs of extreme stress. Zimbardo later stressed out the parallels with the abuse of prisoners of Abu Ghraib (Iraq).

As Philip Zimbardo explains the study shows, that the evil happened as he put a good students in a bad situation. He says, that the individuals can have a bad predispositions (bad apples), or you can just put good individuals (good apples) in a bad situation (bad barrel) or you can just blame the wrong
system (bad barrel makers). This experiment shows the power of a situation and the role the individual identifies with.

Hage (2003) noted that surveys in the Gaza Strip indicate that over 70 percent of the adolescents reported that they wanted to be martyrs, but he noted that the presence of a disposition is not the same as actually sacrificing oneself. For example, in the field of suicidology, many more people report suicidal ideation (past or current) than go on to attempt or complete suicide.  

Conclusion

The aspiration of this paper is to create a scheme, or structure for further research. The paper should stress out that it is important to look at the suicide attacks phenomenon by using a multi level structure. Each level of the used analysis (individual, organizational, environmental) brings a different light to the matter. The important part is to connect all three levels and look at the interactions among them.

The paper aspired to further development of the individual in the analysis by Assaf Moghadam. The aspect of social psychology and the role of leadership were missing in the original analysis by Moghadam.

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We trust we have some theoretical ideas to offer to the conference main focus, Enlargement of the EU: The Chances of South-Eastern Europe. As there is an existing project having been carried out on the topic of company viability, and its outcome is also to be used for a software tool to design solutions for company troubled periods (though not only such), but troubled periods are now a very vital point due to the global economic crisis, resulting in financial crisis/instability, which has been a hot issue with interested company analysers, basing our research on following development in companies of three different countries – Germany (re-united after 1989, with ex-West Germany having been the EU member for several years and a well-settled, progressive and active one, too), Poland (a post communist country with a market very flexible and fast adapting to the new situation, with large manufacturing and exporting potential) and the Czech Republic (also a post-communist country with a different attitude to production, import and export, also a new EU member). The two ex-communist countries, plus partly some German producers too, share the experience of turning companies from state-owned into private-owned, and therefore fighting for their own sustainability or disappearing from the range of existing manufacturers. We analysed the co-existence of the markets within the new marketing and political structures. The highly interesting outcome of the research can be helpful to start active marketing policy and businesses in South-Eastern European countries, as the features of starting business activities there are very similar to the project-analysed countries, and realising that, the countries can gain a lot from avoiding the initial blunders (not only in the respect of financial investments) in their businesses, learning from other country’s experience. The knowledge can make

1 Peter Koegler, a graduated engineer, MBA, researcher and lecturer with the University of Technology and Economics in Dresden, PhD student at the University of Economics in Prague; his fields of professional interest include production, logistics, business counseling marketing and sales.
the development of business more successful, therefore more motivating and, prior to all, profitable – as well as viable.

About the Project „Fruehwarmsystem“ (FWS)

The early warning system project (Fruehwarmsystem, FWS) was launched in May 2007 and the research showed outcome at the end of 2008. A team of researchers (Oliver Croenertz, Peter Kögler, Bert Reichert, Oliver Zimmert), led by Dr Artur Friedrich, professor of management in middle-sized companies with the University of Technology and Economics in Dresden, where he focuses his interest on researching the factors influencing company growth within the region of Dresden (Germany).

The project concentrated on a study as the base to the development of a software-tool able to recognize first signs of critical development and chances in middle-sized companies.

The researching team has found 10 dimensions of success, all described by 51 factors, with these 51 factors being described by about 250 indicators.

About the Project “Vitalitaetskompass” (Viko)

With the second project started in September 2009 the team will develop the software-tool Viko. This system enables the entrepreneur to prevent critical loss of the company or predict critical moments together with chances in the development of business. The reasoning for such a strategy to be used in business planning is fairly logically compared to a feeling we all know – the “funny tummy” feeling of intuition, but here, a new system of predicting the future in business is being developed, and as it is to use the data and information reflecting the reality of business outcomes, it can help companies get prepared in cases of critical periods, warn companies and “tailor” a specific business program to save the entrepreneurial activities and well-being of a business.

A. Introduction

“Early warning systems” seem to be logical things in many a sphere of our everyday life. We find it natural to build anti-flood shields at river banks
much earlier than there are any signs of high waters, also health insurance is paid in advance without a second thought as well as we find prevention of terrorist behaviour a natural thing. With businesses, the situation is similar, we need to be prepared for times of less successful development and need to learn from the experience and prevent it for the future growth of the company. Therefore we understand we need the same, and that is: basic information on business activities and relevant data outcomes to get an early opportunity to interpret and analyze the data and find the best measures to bring the business back into its profitability as soon as possible. We also realize this can be done only if we react fast and effectively enough.

This approach to company planning strategies seems highly important. Especially in markets with great dynamics and complexity of activities, production, services and profitability, it can be a matter of “life and death”, in more professional words, “profit or loss”, or else: sustainability or non-sustainability. This attitude is not only applied from its negative side in cases of saving a business, but also in well or fast growing businesses to improve their chances to take advantages of obtaining the best positions in the trade or market to reach higher profits as well as avoid risks endangering the profitability of the trade. Successful businesses show us they often sustain their profitability by careful analyzing of their existing data with regard to its future use. The team has chosen to research the specific data influencing the existence and growth of company profits, with basing their work on finding the individual elements of the “success factors” within the company data (statistics).

Realizing that the sustainability of a company grows with the earliest possible problem-solving management, the team based their research in the industrial companies of the Dresden area. The main goal of the survey is to find what makes a business a successful; that reads “viable” or “sustainable” one.

We ask if it the personality of the businessperson in charge making the business successful, or whether it is the planning strategy the company uses, or if it is the quality of used sources in the company development. Also, it is necessary to ask ourselves: Do we know the real reasons for a company’s success? Can we use the early warning system in both happy as well as unhappy periods of company production equally?

The software expected to be developed on the basis of the research will be designed as qualitative and quantitative concept of future planning, and will be designed to help businesspeople in a “playful” way (meaning user’s friendly), ready to accept the important company data of the past activities for
better and more precise predicting and organizing of business on the market. With the end of 2008, the team has created and launched the first model of reference for Dresden mechanical engineering industries. The work was started with literature-based research, interviewing and questioning experts and managing directors for detailed information.

The model entrepreneur for the project is a “typical” Dresden middle-sized mechanical engineering company. The project allowed the team to describe the person in charge of the whole company, with main respect to features bringing success and best results to the company. On average, making up the character of a businessperson in charge according to the findings of the research, they are a person with technical education and salesperson’s knowledge and experience.

Often, these people are also familiar with the old method of “doing business”, which helps them understand customers and foresee potential risks or chances, but when there is the need of making a decision instantly, there are high chances of being too rushed, and that is described by March and Simon as a reaction of mere habit. In the discussed case, we find that businesspeople often look for alternative solutions once a critical point or a case of discontinuity has already occurred, which is, we are sorry to say, often too late.

As our aim is to reduce entrepreneurial men rush decisions (from subjective to more objective), as they can often be the core of failure, we realized we needed a steady source of data, which can only be acquired from a business by following the company’s “diary”, as that show the concept (planning), production details together with chances, everyday experience and intuitive decisions (here we can try and understand what made the person in charge decide on such an option, as we see the process of things happening), the details will later be segmented, evaluated and put into a system of scoring to achieve relevant informational value. The goal of the project is to help professionals with their decision making, developing a functional system they can rely on, a system taking into consideration their own individual experience and needs.

B. Structure

There are five project phases of the early warning development system (see reference model). Firstly, literature sources were analyzed for the best theoretical background of the research, finally coming up to 75 sources in
books, the Internet, magazines and newspapers. Secondly, the team needed the best specialists for the project and selected a group of co-workers to be interviewed about their opinions and experience. Thirdly, a group of managing directors was asked to give interviews. Later, with a theoretical base and real people for survey, we needed some real-life outcomes, and organized a workshop where professionals, specialists as well as people in business had an opportunity to meet and discuss the practical side of the research. Interviewees were asked for vital information in a form of questionnaires (written forms) and this group of people reached the number of more than 50 and gave relevant data for the project. With the five parts we have now mentioned (literature analysis, interviewing professionals, interviewing business people, workshops, and questionnaires) we were able to create a model of reference. The model of reference reflected all data in the vital dimensions of the research and also included the factors of success (failure), and the criteria for future analysis in the research. With the interview, the reason was to find factors influencing the business (its short-term and long-term success or failure); the technique of interviewing chosen was narrative interview (offering the interviewee a large scale of options and their own ideas to share) and the critical incident method was chosen for the methodology of the poll.

Options to use software tool Viko will be described further on. In the first step the team developed a concept with all planned applications. For that procedure we used literature to apply methods and there are several interviews with experts, such as professors (in branches of economics, software technologies, and mathematics or business people. In the second step the software tool will be developed. For creating the design we have relied on support from a highly experienced company in this field. To make sure and develop a system as close to the real market tool, we have been in cooperation with two software companies, supervising the project.
C. The Theory behind the Projects

I. Early Warning Systems

Early warning systems uncover early signs of both, risks as well as opportunities for company growth. The strategy of developing early warning systems started as a system oriented on spotting risks, later developed into its advanced formula concentrated on risks and promising opportunities, and nowadays we can see the complex system of early warning consists of spotting risks and promising opportunities together with diversions and business strategy recommendations. Although our base is in German, the phrase of early warning system is well known to English speaking professionals (economists, business people, salespeople, entrepreneurial people etc.). The phrase needs no further explanation of what its main purposes are as it is so clear and accurate. In German, we speak of “Fruehwarnsystemen”. Up to present, there are three generations of early warning systems in existence.
<table>
<thead>
<tr>
<th>Concept of EWS</th>
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<tr>
<td>as mechanism allowing interrogative decision-making support</td>
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<tr>
<td><strong>self-oriented</strong></td>
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<td><strong>pragmatic</strong></td>
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<td><strong>early-recognition system</strong></td>
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<td><strong>the 4th generation</strong></td>
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<td><strong>theory-based analysis used in practice</strong></td>
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pic.2: Methodical Classification; Origin: Project FWS, 2008
1\textsuperscript{st} generation too, first considered the information on functioning of the business and gave an outcome in forms of forecast and evaluation. This was oriented on key data and extrapolation.

2\textsuperscript{nd} generation added external influence on business activities, oriented on indicators to make early warning more elaborated by using out-of-company data to make resolutions more valuable.

3\textsuperscript{rd} generation added extra factors to the previous two items. It also considered the importance of dynamics of changes vital for the company progress and it valued the minor aspects and weak signals to make the analysis more detailed.

4\textsuperscript{th} generation (it is where we base our research and new model of helping businesses) is a strategy combining all three previous generations into one, more complex, theory-based, operative, multi-dimensional early warning system.
II. Early Warning System in middle-sized companies

Originally, and logically too, first early warning systems were used with large corporations. Large companies gave enough time to foretell the company future, it also gave more useful data, more analogies to previous activities, and it was possible to give ideas for business in 5 years or even longer periods of time in which the dangers can be prevented. For obvious reasons, we are interested in middle-sized companies, as they may find the system very useful. In today’s situation of economic insecurity as well as crisis it seems logical to save companies which are able to be sustained and survive, as their business is useful, profitable and promising, often irreplaceable. This area has not been so often uncovered, so middle-sized companies offered a chance for our team to get absolutely new information on new strategies and alternatives.

Our team likes to imagine the situation of warning systems (following old patterns of systems and progressive systems, too) as follows: In the traditional way, this situation would be an easy-going ship flow of knowing what we want to do, trying to do it (and be successful) and carrying out our project (as well as the company can).

With the modern approach, there is a more complicated and complex way to reach the target of being profitable (understanding that this is the core philosophy of any business).

In this image, the ship (the entrepreneur) sets on its way knowing and trying to work with the knowledge on potential icebergs (risks), therefore cleverly avoiding them (by being well equipped to do so because of a pre-travel plan and research), and later reaching the isle (goal) successfully, with a higher probability of reaching it, of course.

With this image, the sea is the market, wild and untamed, with its open dangers (now hidden deep on the sea bed, lying uncovered, but dangerous as ever). Other influences there are to be considered are the weather, the accidental situations of sea-sickness, nervousness, bad communication due to an urgent matter to be solved etc (external influences). To complete the image, it needs to be said there have to be other ships in the sea (market), and logically, they are competitors. The captain also knows their potential, strategies etc, once again, because the captain (entrepreneur) has been researching the situation in advance.
With large companies, well settled in business and on the market, if they “hit the iceberg in the wild sea”, there will be many a company, business or institution willing to help (to save their own strategies, investments, future plans etc.), so large companies will not offer a good example of “risk management”, as risk management of large corporations is often connected to other activities not originally concerned about the future risks, briefly put, there may be other interests of companies to sustain a business (imaginary tankers).

III. Early Warning System as an integrated decision-making tool

To make the early warning system tool more practical, helpful and functional, it is necessary to realize it also should make decision-making processes more feasible (as well as efficient). A company future often depends on a decision only, so we do realize the importance of that step and keep in mind it has to be made in a reliable and responsible manner. With many vital business data, it is possible to develop the criteria for evaluation, based on
entrepreneur’s experience. We use the method of scenario simulations to make the decision-making process possible.

D. The Research Draft

I. Amoeba model

Amoeba, literally speaking, is a single-cell organism, living for its pure existence, showing a great capability of survival. As it is with all living organisms, its main purpose is to survive, and this is where there is an analogy between the cell and business. The intelligent structure is using minimum incentives and elements for its survival that means, speaking now more economically, to reach a level of sustainability (viability), profitability and a potential for better (more steady, faster or more efficient) growth in business. Here, we use amoeba as a metaphor to describe the system of early warning procedure. The idea of metaphorical amoeba has been transferred into an amoeba model, showing great viability, naturally avoiding risks and danger by mere avoiding it. As the cell is so primitive (in reality), its only defence, and brilliant one too, is to get out of the way. Obviously, there is always some environ in which things (people, companies, ideas, and amoebas) exist, and the environment can give great insecurity to one’s existence (activities).

Now to a more realistic view of the amoeba model – taking a business as a living organism, we know it exists within an atmosphere of changes, dynamics and market. Here, the defence is the strategic company management. If there is a change in the environment of the organism and a EWS is activated, the well-informed and well-prepared businesses will have much better chances to survive the “environment of commerce”. The inner data of experience, success, failures within a business as well as information from outside then form the business policy, and what is more, there is one major rule for its survival/viability of an organism – keep active movement!
II. Features of Viability (10-D-Model)

The company viability depends on a number of influences along with the basic concept of future business. The dimensions (influences) here figure as base stones of the business structure.

The influences are segmented into ten dimensions (as seen in the picture of the amoeba model). It covers:
- targets and strategies
- personality and character of the entrepreneur
- company background
- structure
- resources
- business progress (activities)
- behaviour of collaborators

As vital part of the model, there are the essential conditions of existence
- market
- environment
And the factor involving dynamics, growth, progress and development are viewed as - processes of change

The model stands for the EWS-Concept. As for targets and strategies, today, we understand that past activities (and also failures) are of great importance and must be a part of our future concepts as they too belong to the complexity of a business.

With business people characters/personalities, we need to realize the owner is not always the person who runs the company, or at least is not the one directly responsible for all of its decisions, or, as the case may be, not even taking part in the decision-making process. Knowing this and taking it as a fact, we have to analyze and understand the reflection of personalities (their strategies, understanding, concepts, views, ideas etc.) and take them into consideration in company future planning and forming the core company policy.

Company background is the dimension that can be defined by company experience and identity, also the history of the business, its development as well as this dimension values the role of the region, stressing the fact that the company often functions within certain environ, and the region here is of highest importance.

An important influence on business success comes from business progress, rather logically including activities of such quality that they are repeatedly implemented into the company functioning, with the individual input being developed (improved, taken advantage of) so that the outcome reaches the highest level possible.

The structure is the framing within which the activities are realized and also showing the limits of business activities and expansion.

As the centre of business consists of various parts, resources need to be kept under our knowing observation. Through resources, we are able to realize the potential of a business (as it depends on the quality and quantity elements of business reflected in resources, covering the efficiency of workers and co-workers, their role in decision-making processes, also the human resources in the structure of company etc., phrased as behaviour of collaborators in the initial list of viability features). This sphere also includes company advertising policy, as there is mutual co-existence of the business
potential and advertising. As the market and the environment are dynamic, we have to see the aspect of changes and shifts in business (processes of change).

It is always necessary to know what should be changed to support or enliven the business or also changes targets and strategies obviously dying out within the process of business; all these are features of natural behaviour of the market (e.g. customers, suppliers, providers and competitors, their reliability, behaviour, also their viability). All changes within the market happen in certain environment (living environment, strictly speaking as well as metaphorically), which is the reality the business acts in (there are limits of all business activities outlined by e.g. company policy, global politics, laws, ethics, EU restrictions as well as demands etc.)

pic.6: Methodical Classification; Origin: Früherkennung von Erfolgsfaktoren im unternehmerischen Alltag; Authority: cf. Crönert/ Kögler/ Zimmert (2009), p.115

We also need to analyze high technology used in the business, sources used (e.g. workers’ qualification and distribution of goods…) to get the most realistic viability feedback possible. We analyze the status-quo of business to
see how it complies with what we aim the business to be. To be able to do the right changes (if we can influence them) while making decisions, both rush and strategic, and involve innovative approach, we have to be aware of the changing processes and the way they function.

![Diagram of viability and related factors]

**III. Model reflection**

As a major part of the research depended on consulting professionals, there was a need to create questionnaires, evaluate them, find important information and data in the interviews, get feedback, form the statistics and arrange a scale giving some statistic outcome of the research so that the information is of value to the EWS software tool preparation.
IV. Evaluation criteria

The need of precise evaluation of data led the team to creating mathematical calculation and the concept of self-evaluation of the company. If the software tool is to be helpful, the entrepreneur needs reliable feedback of the business. Even if the data loaded into the system was partial (for some reasons), the feedback should be accurate, reliable and complex. Therefore adequate methodology was used. As this paper does not allow us to describe the procedure of evaluation methodology, our audience is welcome to contact the presenter in case of doubt or interest.

V. Model of Reference

Model of reference is a complex of data shown in graphic organization. The principal model has been developed with the use of professional literature, professional advice and company counselling.
VI. Software-tool Viko

The aim of the researching project is to give base for developing an efficient tactical early warning software system. As the research was carried out on scientific level, the transfer of reliable data, information and experience is to enable the development of the software.

Systemic Early Warning System (Viko)

Early warning is possible only where there is the enterprise connected to its own environment.

The model-based cross-linking with partners (e.g. finance institutions, associations or suppliers) allows the overall interchange of information. Through integration of external models into the actual model it is possible to
recognize signals at a very early stage and in all their company width combination.

The Early Warning System Viko connects the approach of the copy of enterprises for early recognition with the tactical and strategic administration of a business in one model.

For that, there will be analyzed the past, present and prospective position of the enterprise. Not only that there will also be the evaluation of company chances and risks with strengths and weaknesses made detectable.
Market-Based Action Guidelines to Retain Profitability of Middle-Sized Companies

1. Illustration

Modeling of the Enterprise

2. Evaluation

Integration of operating figures, Graphic methods, Questions

3. Measures

Demonstrating of alternative through expert system with Fuzzy-Logic

4. Cross Linking

Systemic early warning through networking with partners, finance institutes, associations, suppliers, customers etc.

5. Collecting weak signals
- internal and external sources
- Consolidate to incidents throug information mapping
- Filtering throug Search- und Selection algorithms

pic.11: The Early Warning System Viko; Origin: Projekt Viko, 2009

pic.12: Model of Viko; Origin: Zimmert, 2010
Components of Viko

**Modeler**

Based on the root and following the dimensions, factors and criteria, it is possible to carry out detailing processes. With these, the user can work beside the strategic also on a tactical level, and that is the requirement for a fluent process in the daily business.
At the same time, the relation between abstraction and detailing as well as generalization and splitting process should be to point up and lead to a diagonal principle of modeling.

pic.14: Methodical Classification; Origin: Früherkennung von Erfolgsfaktoren im unternehmerischen Alltag; Authority: cf. Crönertz/ Kögler/ Zimmert (2009), p.113

Evaluation of Incidences

pic.15: Evaluation of weak signals; Origin: Crönertz/ Kögler/ Zimmert, 2009

Acquisition

Incidences, information or references will be collected from different external and internal sources (internet, TV, radio, daily press, professional journals, conversations on fairs or congresses, information technology systems) and fed in the Viko system. That happens on a pre-filtered level via the internet or through the users.
Evaluation
Afterwards the information will be evaluated, supported by methods of incidence rate, urgency or the possible consequences evaluated and the relevance displayed on an information card.

Extraction
Now the single incidents will be „pulled out“ and prepared for the strengths / threats analysis.

Classification
Via the SWOT-Analysis the incidents will be evaluated and attached to regarding dimensions, factors and criteria and the power of impact will be estimated in every single field.

Expert System
Behind every criteria there will be action guidelines connected with the expert system. With that the user is able to discharge capable acts from its strategies.

Knowledge Base
As knowledge base, there will be a pool of expertise collected in a central database (register). Basically, there will be a strict distinction between case specified and business management general knowledge:

- **Case-specified knowledge**: This knowledge regards to certain fields of problems which were recognized rapidly through evaluation. These are based on observations or results of analysis. The quality of the case-specified knowledge assigns the application of practices into the entrepreneur reality. The expert knowledge has to be in the context of decision (factors of reasons, evaluation,) through the system ranking of algorithm prescreened the user.

- **General Knowledge of Business Management**: As general components of problem solving it is possible to use general knowledge for explaining objects and relations. This knowledge will be attached for optimization standards and optimization measures respectively and for general problem status.
This knowledge will be maintained on one hand through the user itself and on the other hand through the integration of external sources over interfaces. That is necessarily opened for current problem status.

**Knowledge Depiction**

The benefit of the knowledge base is that knowledge will be selected, which regards to the evaluation of the models. That happens through depositing of action alternatives in the evaluation scale.

**Editor of Methods**

For the evaluation of the single incidents in the system there are a lot of methods available. These will be stored by the editor of methods.

**Literature**


Empowerment or enclavement? Chinese investments in Africa

DOMINIK KOPIŃSKI

DRAFT DO NOT QUOTE. COMMENTS WELCOME.

Abstract
Chinese investments in Africa have garnered a massive attention of media and academia, yet their exact nature and, more importantly, effects for African economies are under-researched and often superficially examined. The reasons for a relative paucity in research on Chinese engagement are numerous. Firstly, there is no reliable, comprehensive and up-to-date data that would cover all investment activities of Chinese companies in the continent. This results, for instance, in a huge statistical discrepancies and divergence in figures cited in the academic literature and circulated in the press. Secondly, there are many myths concerning the very nature of Chinese engagement (most notably pertaining to Chinese SOEs) which are very often prompted by misunderstanding of dynamics and complexity of Chinese domestic politics. Thirdly, the investment patterns have been subject to significant change in the recent years. Some observers choose not to take it on board. This is the case of Chinese private sector gaining an increasing importance which runs counter to the notion of Beijing exercising a full control over its economic agents. Fourth, in far too many instances, this may be actually too early to authoritatively assess the true impact of Chinese FDI in Africa. There are simply too many question marks, as China's approach is adaptive and hardly path-dependent. This article investigates the Chinese FDI in Africa drawing on the previous studies, but seeks to put emphasis rather on the recent developments and more contentious/less obvious aspects of Chinese investments. This shall help to contribute to the pool of knowledge on whether Chinese investments offer an opportunity for economic and political empowerment of African countries or increase the risk of further deepening on external financing.

Introduction
The Chinese economy has been growing at an exponential rate of more than 9% annually since the "reform and opening up" agenda was put in place in 1978. China plans to build a "moderately prosperous society" by 2020 which requires quadrupling its economy. Meeting this ambitious goal, given the huge population and rapidly growing needs, requires an enormous supply of raw materials and energy, something that China is not abundant with. This resource-
seeking motive was one of the underlying reasons behind Beijing announcement of "going out" strategy in the late 90s. Its primary objective was to encourage Chinese state-controlled companies to augment their international exposure and secure access to raw materials and energy resources. Africa, with its vast mineral riches, has become a perfect match for China. While remaining at a very insignificant level throughout the 90s, Chinese outward investments have risen at an astonishing rate over the last decade. According to Chinese Ministry of Commerce in 2008 Chinese FDI in Africa amounted to US $5.49 billion, which is close to a tenth of the total Chinese FDI overseas (US $55.9 billion). It's been a 7037% shoot up since 2003, and more importantly, a marked increase vis-a-vis other regions (10% from 2% in 2003).

Chinese investments have been massively pouring into Africa mainly into mineral and energy sectors, such as oil, copper, nickel, cobalt, where predominantly big state-controlled companies, such as Sinopec or CNOOC, are making their inroads into upstream and downstream. The presence of Chinese companies, however, is increasingly spreading across other sectors, ranging from telecommunications (Huawei Company) to construction (China Road and Bridge Corporation). There are several problems concerning a rigorous examination and assessment of Chinese involvement. Firstly, there is no reliable, comprehensive and up-to-date data that would cover all investment activities of Chinese companies in the continent. This largely has to do with a lack of statistical transparency and a multilevel nature of the Sino-African relations (bundling together aid, trade, FDI, loans and debt relief). Whereas most researchers use data published by the Chinese Ministry of Commerce, those, as will be shown in this paper, fail to capture the real magnitude and scope of Chinese FDI. Lack of credible data results, for instance, in a huge divergence in figures cited in the academic literature and circulated in the press. Secondly, the investment patterns have been subject to significant change in the recent years. Some observers choose not to take it on board. This is, for instance, the case of Chinese private sector or more narrowly small and medium business which is gaining an increasing importance in Sino-African relations. Arguably, the role of the Chinese private sector in Africa has been grossly underestimated. As the big Chinese SOEs “caught headlines, millions of U.S. dollars were being invested by Chinese private enterprises in Africa with little fanfare”\(^1\). This new development runs counter to the notion of Beijing being in full command over its economic agents. Thirdly, there are many myths concerning the very nature of Chinese engagement which are very often prompted by misunderstanding of dynamics and complexity of Chinese

domestic politics. It is common to picture China as "China Inc.", a master of puppets which pulls all the strings and steers the activity of its internationally floated multinationals. Fourth, in far too many instances, this may be actually too early to rigorously assess the true impact of Chinese FDI in Africa. There are simply too many question marks. It should be also noted that China's approach towards overseas operations is an adaptive approach, far from being fixed once for all. Furthermore, it should be kept in mind that Africa is not homogenous/monolithic; interestingly the same is true for China².

The article is structured as follows. In the first section the basic data on Chinese FDI in Africa will be presented and problem of data reliability discussed as a major impediment of rigorous research of Sino-African relations. In the second section, Chinese state owned enterprises (SOEs) will be examined, particularly with regards to an increasingly controversial issues of ownership and autonomy from Beijing. The third section will address the shift that has been occurring in the Chinese FDI pattern in the recent years, namely a surge of Chinese small and medium private business looking for market opportunities in Africa. The fourth, concluding section will explore the "title" question, whether Chinese investments in Africa should be perceived as a road to further enclavement or a chance for economic empowerment of African states.

1. Chinese FDI overview and data reliability

China is among the largest importers of foreign direct investments (FDI) in the world and as such has been under close scrutiny in the academic literature³. Inward FDI has continued to surpass overseas investment⁴, which, for a country with a low GDP per capita, is consistent with what Dunning laid

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down in his theory of investment development path. Today whereas China still continues to attract large inflows of foreign capital, the gap between the inward and outward FDI has been gradually narrowing. While Chinese outward FDI are still insignificant compared to those of the US or European countries (their absolute level is close to the level of FDI in Great Britain or France from the end of the XIX century), their dynamic is impossible to ignore. According to Chinese sources, between 2003 and 2008 Chinese FDI has risen from moderately low US $4 billion to staggering US $55.9 billion. The annual growth rate has exceeded many expectations and forecasts. To give an example, according to Cheng the outward Chinese FDI should reach US $50 billion – but only in 2015. Similarly, the regional expansion of Chinese outward FDI is all but negligible. Chinese companies have been around for sometime but the recent wave of Chinese FDI pouring into Africa is unprecedented. Interestingly enough, Africa has been hosting increasingly larger proportion of the overall Chinese investment, which clearly indicates a growing importance of the region. According to Ministry of Commerce in 2008 Chinese investments in Africa amounted to US $5.49 billion, which constitutes a tenth of the total Chinese FDI overseas (US $55.9 billion). It's been a 7037% shoot up since the 2003, and more importantly, a marked increase vis-a-vis other regions.

The growing perception of China as a FDI exporter has been magnified by several spectacular acquisitions carried out in the West. These include for instance Lenovo acquisition of IBM PC or TCL’s acquisition of French company Thompson Electronics, both taking place in 2004. A fail attempt of Chinese CNOOC to take over an US based oil company UNOCAL in 2005 or the most recent acquisition of Volvo by the Chinese largest private automaker Geely equally captured the world’s imagination. This exponential growth rate of Chinese FDI, aggressive strategies of Chinese multinationals (MNCs), but also arguably the emerging shift in the geographical allocation render the phenomenon of Chinese investment in Africa a worthwhile case in its own right.

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1. The growth of Chinese outward FDI

![Graph showing the growth of Chinese outward FDI](image_url)


As for the sectoral distribution the lion share of Chinese investments is “driven primarily by the search for raw materials”\(^9\) thus most Asian MNCs are clustered around the mining sectors, where they have left the most high-profile footprint in energy sector\(^10\). This is, however, not surprising and hardly an unique "Chinese" feature. The pattern is merely a reflection of the global trend which until 2008 has been amplified by price increases in the world economy caused by fast raising demand and unstable situation in many resource-producing countries. Africa is linked to the global economy mainly through raw materials. The OECD report argues that "depending on the country, 50-80% of FDI in Africa is in natural resource exploitation and natural resource rich country (Angola, Chad, Equatorial Guinea, Nigeria and South Africa)"\(^11\). This puts Chinese investors more in a position of late-runners seeking to catch up with other big players, which runs counter to some widely held perceptions on

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Empowerment or enclavement? Chinese investments in Africa

China's peculiar “resource-grabbing” strategy aimed at a ruthless exploitation of the continent’s resources.

There are other factors adding up to this trend. First there is China's own growing appetite for crude oil and metals necessary to sustain the booming economic activity back home but also reducing the risk of resource shortages that may result from demand outstripping supply. Especially, the demand for energy resources whose prices hit the roof in the recent years (prior to the 2008 financial crisis) prompted China to seek inroads into overseas markets with a purpose of securing an access to oil deposits. Secondly, the reason of FDI in mining sectors stems from mutual complementarities. While China provides most needed capital and technology, Africa puts on the table its most valuable assets – raw materials. The actual FDI distribution in Africa clearly supports this premise. According to official statistics the bulk of Chinese investors are, besides South Africa and Nigeria, present in countries like Zambia (copper, nickel) or Sudan (oil). In 2004 virtually half of the Chinese FDI was to be found in Sudan, where the Chinese giant, China National Offshore Oil Corporation (CNOOC), assisted the government in Khartoum in setting up oil fields (both in 2004 and 2005 Sudan remained among ten biggest recipients of Chinese investments in the world). These figures do not reflect, however, a rapidly growing engagement of Chinese companies in countries like Angola (Africa’s second largest oil producer) or Equatorial Guinea. Therefore, as the China's influence is felt across the African continent, in terms of FDI volume most of the flows still concentrate on a handful of oil-, metal-producing countries. In 2008 only five countries were responsible for 97% of all flows of FDI originating from China. Obviously, it should be noted, that as African economies vary in size, the impact of Chinese involvement is heavily felt in many small countries, such as Sierra Leone or Liberia.

Infrastructure is another sector that attracts a great deal of Chinese FDI. Interestingly enough, this has been a "no-go" area for the West for decades. Tanzania-Zambia 1,200-mile railway (TAZARA or Tam-Zam railway) built by the Chinese in 1975 in order to bypass Southern Rhodesia after Ian Smith’s unilateral declaration of independence, is held up as a popular example of Sino-African cooperation in infrastructure but also as a historical bridge to contemporary flourishing relations. Today, many infrastructure projects are in fact an extension of projects undertaken in the mining sectors with an objective of facilitating transport or linking the mines with the cost (i.e. Santa Clara port in Gabon or railroad rehabilitation in Angola). In countries with strategic importance to China prestigious projects are also part of the
game, such as government buildings and sport stadiums\textsuperscript{12}. Those are typically undertaken by large state-owned companies such as China Road and Bridge Corporation which was engaged both in construction of stadiums in West Africa and government buildings (e.g. presidential palace in Kinshasa). Infrastructure projects include also dams (e.g. Nile River Merowe Dam Project - one of the biggest project that Chinese companies have secured overseas, where also CRBC is involved,) and other types of infrastructure, such as US $847 million project of Upper Atbara Hydro Junction Project to be constructed in Sudan by China Three Gorges Corporation\textsuperscript{13}. Infrastructure rehabilitation and reconstruction is another area of an increasing interest of Chinese companies. Only in 2006 Chinese ExIm bank granted low interest loans for repairing old lines and supply new rolling stock and equipment in Nigeria, building almost half of Algeria (large oil producer) 754-mile roads or overhauling Angola's Benguela railway, devastated during the civil war\textsuperscript{14}. Chinese companies provide construction services on a very competitive basis which often leads to crowding out and displacing firms of the Western origin. This is perfectly understandable given their modus operandi\textsuperscript{15}. First of all Chinese construction firms are ready to accept relatively low margins compared to their Western/Japanese counterparts (even 5-10% compared to 20-30% demanded by Western companies). They also enjoy access to cheap capital and use imported, low paid workforce. The use of the Chinese materials and design, with minimal local input, is common. The companies do not pay attention to environmental impact and do not engage in training of local staff which typically generate further costs.

There are increasingly more Chinese firms setting their sights on Africa for reasons other than natural resources and infrastructure projects, although it should be equally stressed that, with exception of South Africa, their


\textsuperscript{13} \textit{China signs $838 million hydro junction contract with Sudan}, People's Daily Online, April 08, 2010.


\textsuperscript{15} R. Kaplinsky, D. McCormick and M. Morris, \textit{The Impact}, op. cit.

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operations are still insignificant in size compared to the former. Importantly, this is small and medium business which is largely contributing to more diversification in Chinese FDI by starting up companies in agriculture, manufacturing production (e.g. textiles), transport and retail.

2. Regional distribution of Chinese FDI in Africa (2008)

<table>
<thead>
<tr>
<th>Country</th>
<th>Flow</th>
<th>%</th>
<th>Country</th>
<th>Stock</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>South Africa</td>
<td>4807,86</td>
<td>87,57%</td>
<td>South Africa</td>
<td>3048,62</td>
<td>39,07%</td>
</tr>
<tr>
<td>Zambia</td>
<td>213,97</td>
<td>3,90%</td>
<td>Nigeria</td>
<td>795,91</td>
<td>10,20%</td>
</tr>
<tr>
<td>Nigeria</td>
<td>162,56</td>
<td>2,96%</td>
<td>Zambia</td>
<td>651,33</td>
<td>8,35%</td>
</tr>
<tr>
<td>Madagascar</td>
<td>61,16</td>
<td>1,11%</td>
<td>Sudan</td>
<td>528,25</td>
<td>6,77%</td>
</tr>
<tr>
<td>Algieria</td>
<td>42,25</td>
<td>0,77%</td>
<td>Algieria</td>
<td>508,82</td>
<td>6,52%</td>
</tr>
<tr>
<td>Mauritius</td>
<td>34,44</td>
<td>0,63%</td>
<td>Mauritius</td>
<td>230,07</td>
<td>2,95%</td>
</tr>
<tr>
<td>Gabon</td>
<td>32,05</td>
<td>0,58%</td>
<td>Tanzania</td>
<td>190,22</td>
<td>2,44%</td>
</tr>
<tr>
<td>DRC</td>
<td>23,99</td>
<td>0,44%</td>
<td>Madagascar</td>
<td>146,52</td>
<td>1,88%</td>
</tr>
<tr>
<td>Kenia</td>
<td>23,23</td>
<td>0,42%</td>
<td>Niger</td>
<td>136,5</td>
<td>1,75%</td>
</tr>
<tr>
<td>Tanzania</td>
<td>18,22</td>
<td>0,33%</td>
<td>DRC</td>
<td>134,14</td>
<td>1,72%</td>
</tr>
<tr>
<td>Other</td>
<td>70,82</td>
<td>1,29%</td>
<td>Other</td>
<td>1432,62</td>
<td>18,36%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>5490,55</td>
<td>100,00%</td>
<td><strong>Total</strong></td>
<td>7803</td>
<td>100,00%</td>
</tr>
</tbody>
</table>


Data accessibility and reliability remain a major problems in studying Sino-African relations. To quote Kaplinsky, official estimates are "contradictory, confusing and almost certainly understate their true [FDI - D.K.] significance". It may be also instructive to listen to Lucy Corkin's, when she says: "you've got Africa, the big black hole of data, and China, the big black hole of data - put the two of them together and it's a disaster." Nevertheless, MofC is still the most comprehensive data source of Chinese FDI to Africa. Data reliability remains uncertain mostly due to a highly complex and multilevel nature of China's engagement in Africa. To quote Kaplinsky again: "data on FDI flows is limited. In part this is because FDI is inherently difficult to measure. It is also not clear how much of Chinese economic activity in SSA comprises FDI, how much is a result of winning commercial tenders, how much is linked to Chinese aid and how much is part of integrated production networks between Chinese and SSA firms".

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The Ministry of Commerce is said to routinely underestimate the investment imprint of Chinese companies in Africa, although according to some observers data collected and published (especially post 2003) should be more accurate\(^\text{19}\). Therefore the statistical discrepancies in the literature can be vast. Cheng offers several examples in this respect\(^\text{20}\). According to the 2005 Bulletin of MofC Chinese investment in Algeria stood at US $171 million, which was twice less than the value of a single deal involving China National Petroleum Corporation (CNPC) as reported by Ian Taylor (“In 2003 CNPC purchased a number of Algerian refineries for $350 million and signed a deal to explore for oil in two blocks”)\(^\text{21}\). Another example concerns Chinese investment in Sudan in 2005, which according to official statistics was at US $352 million, while Taylor reported it to be of US $4 billion, which is more than tenfold\(^\text{22}\). Deborah Brautigam, the author of The Dragon's Gift: The Real Story of China in Africa, points out to an enormous divergence between the official figures and actual stock of Chinese FDI in Nigeria (US $795,91 million against over US $6 billion)\(^\text{23}\).

In the same vein, Ministry of Commerce appears to seriously underestimate the number of Chinese investors doing business in Africa. According to the Ministry, there are 800 Chinese-owned companies present in Africa, out of which 100 is controlled by the state\(^\text{24}\). These figures, however, when measured up to empirical material fails to capture the full picture. This is, similarly as above, partly due to a blurred distinction between FDI and various trade and project financing by China’s financial institutions but also an under-recorded activity of private entities\(^\text{25}\). For instance J. Gu estimates that the exact

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\(^{19}\) According to Cheng “from 2002 onward, MOFCOM’s FDI statistics have been collected in accordance with OECD definitions and IMF’s balance-of-payments guidelines. Thus, if there were still discrepancies between MOFCOM and UNCTAD’s FDI statistics, the discrepancies from 2003 should be smaller than before”. See L.K. Cheng, op. cit.

\(^{20}\) See L.K. Cheng, op. cit.


\(^{22}\) Ibidem.


\(^{24}\) J. Wang, op. cit., p. 11.

\(^{25}\) Ibidem.
number of Chinese companies should be around 2000, which most likely still understates the scope of involvement in Africa\textsuperscript{26}.

2. Chinese SOEs in Africa

The bulk of influential Chinese companies present in Africa are heavy-weight state-owned enterprises (SOE). According to P. Deng, "of the top 500 Chinese firms—the dominant source of Chinese outward FDI—only one is privately owned and 25 are collectives, which are usually owned by county and municipal governments; the rest are SOEs"\textsuperscript{27}. In Africa these are typically resource-seeking multinationals with a primary objective of securing access to oil and raw materials; some of them are also driven by search for new markets or business opportunities (such as construction companies). The financial muscle of Chinese SOEs is reflected in the Fortune 500 list which in 2008 featured 19 state-owned companies (out of 35 Chinese companies listed in the ranking), with firms such as Sinopec (16th place, with sales of US $159.26 billion), State Grid (24th place) or China National Petroleum Corp (25th place).

The SOE group opens with a Goliath-size China National Petroleum Company (CNPC), operating mainly in Sudan, where it is involved in a joint venture with the Sudan Government, Petronas (Malaysia) and the Talisman Energy (Canada), but also in Angola, Algeria, Chad and Nigeria (where it has acquired exploration rights and is building a 1,000 megawatt hydroelectric plant in Mambila, but also controls refinery in Kanuda), Sinopec, officially known as China Petroleum & Chemical Corporation, Asia's largest oil refiner, which is active in oil sector in Sudan, Angola, Gabon, Algeria and the Congo Republic and CNOOC drilling oil in Nigeria and Equatorial Guinea. Chinese SOEs are also heavily involved in mining metal ores. In Zambia for example Non-Ferrous Metals Corporation Africa (NFCA), a subsidiary of a powerful state-owned China Non-ferrous Metal and Mining Company owns the Chambishi mine, which is effectively the first Chinese-owned mining site overseas.

Chinese state and provincial SOEs are also very active in construction sector. Companies such as China Road and Bridge Corporation (CRBC), CITIC


group and the China Railway Construction Corporation, China Three Gorges Corporation, are heavily engaged in building and rehabilitating roads, railways, dams, sport stadiums and presidential palaces.

Chinese SOEs enjoy financial backing of the state which is a vital part of the Beijing’s master plan to encourage Chinese companies to "go global" initiated in the late 90s. China's “deep pocket” strategy can explain a large part of the Chinese companies' distinctive business model pursuit abroad, with the regulation “Guidance for Granting Loans to Support the Overseas Processing of the Investor’s Raw Materials and Assembling Operations” serving as a legal basis for receiving public aid\(^\text{28}\). The chief institution responsible for promoting Chinese overseas firms is ExIm Bank which typically grant short- and long-term loans on preferential terms (lower interest rates), denominated both in Renminbi and foreign currencies. Importantly, the interest rate can be lower if the host country benefits from China’s foreign aid program. This is what "bundling aid with investment" means in practice. Apart from that, Chinese companies involved in resource-seeking projects can also benefit from financial support while setting up joint-ventures with local partners\(^\text{29}\). Thanks to the financial support of Beijing, Chinese companies have lower risk aversion which may explain why they do not hesitate to invest in fragile and politically explosive states such as Sierra Leone or Sudan, effectively acting as “new pioneers” in the continent. Business risk is perceived as a temporary problem that can always be smoothed out in the long term and balanced with commercial and strategic benefits. Furthermore, according to internal guidance "Chinese investors normally have to be provided with a risk guarantee when they suffer economic losses because of political and non-commercial risks like war, currency exchange ban, requisition, or breach of contract by the host country government”\(^\text{30}\).

The activity of Chinese SOEs in Africa cannot be seen in isolation from politics. In fact, the bulk of FDI is politically-driven by very nature. Investments in Africa are routinely traded as a part of the “package”, a kind of political deal, that bundles trade, access to resources, development aid, debt relief. The SOEs’ operations are shielded by "resource diplomacy" that should be seen as using diplomatic and foreign policy toolkit for securing access to resources and strengthening energy security. This resource diplomacy is facilitated, among others, by political symbolism (e.g. regular high-profile

\(^{29}\text{Ibidem, p. 46.}\n
\(^{30}\text{Ibidem, p. 47.}\n
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visits by senior Chinese officials, including the president) and the strategy of non-interference (i.e. hands-off policy towards internal affairs of African countries). This also includes building (or financing) prestigious projects in Africa, such as sport stadiums, governmental palaces or hydroelectric dams. There are numerous examples of this complex approach. In Gabon, for instance, China has been granted a contract worth US $3 billion to develop iron ore deposits in Belinga in return promising to build 310 km railway linking the mining site with the coast, hydro-electric dam to power it, plus a deepwater port north of Libreville. Reportedly, the very same project was rejected by BHP, as “too costly”\(^{31}\). Another example of a tie-in project is the Chinese oil rights deal with Angola which was made possible thanks to a US $2 billion loan granted by Chinese ExIm Bank which significantly reduced its reliance on IMF financial assistance.

This multileveled approach clearly challenges the new orthodoxy in foreign aid industry which implies that development cooperation should not be bundled with commercial, profit-driven transfers. In the case of Sino-African relations these transfers are complementary and mutually reinforcing. They very often takes a form of the so-called "Angolan model", which basically constitutes a type of barter agreement between China and African country\(^{32}\). This agreement typically entails a concessional loan which is extended by Beijing to an African government through ExIm Bank. The loan is secured with an access to mineral deposits and is used to contract Chinese companies to build roads, railways or to set up mining installations\(^{33}\). Interestingly enough, Chinese companies would typically employ imported materials and Chinese labour, which effectively equals to Chinese loans supporting employment and production back in China. This bears close resemblance to the practice of tying aid, which has caused so many controversies in the West and has now been subject to trimming down.


It's interesting to note that determinants and allocation decisions of Chinese FDI are to a remarkable degree different from those usually observed or what one would normally expect. For example findings of E. Asiedu suggest that "macroeconomic instability, investment restrictions, corruption and political instability have a negative impact on foreign direct investment (FDI) to Africa". This is, however, not the case as far as Chinese investors are concerned as they seem to perceive corruption and political instability more as an inherent feature of the African landscape than as a serious deterrent. Moreover, it can be argued that Chinese investors, contrary to their Western competitors, move around quite comfortably in these "inhospitable" conditions. In fact, bribes are known to be an element of the Chinese way of doing business in Africa. The initiatives such as Public What You Pay or Extractive Industry Transparency Initiative aimed at improving transparency in the mining sector do not seem to be of particular interest to China. Similarly, it’s very unlikely that legal texts adopted by OECD countries which regulate the conduct of multinational corporations, such as Convention Against Bribery of Foreign Public Officials in International Business Transactions or OECD Guidelines Multinational Enterprises will become any benchmark for China. Conversely, the competition in places where corruption is rife and a political situation volatile may actually lessen the competition and enable to secure larger shares in the domestic market.

Traditionally green-field investments have been a typical mode of entry for Chinese MNCs into Africa. The picture has been changing only recently, with M&A becoming an increasingly common approach. One of the most spectacular acquisitions took place in Angola where a joint-venture of Sinopec with Angolan oil company Sonangol was set up (Sonangol-Sinopec International). Other examples come from Sudan where in 2004 CNPC acquired oil assets from Gulf Petroleum, from Nigeria where in 2006 CNOOC

35 A. Amosu, China in Africa: It's (Still) the Governance, Stupid, Foreign Policy in Focus, March 9, 2007.
36 A. Goldstein, op. cit., p. 84.
bought a 45% stake in Total SA's Akpo field for US $2.3 billion and also more recently from Nigeria where in June 2009 Sinopec agreed to take over Addax for a staggering amount of US $7.3 billion\(^\text{38}\). This new approach towards entering new markets may "reflect the recognition that there are technological and managerial gains for Chinese MNCs, as well as possible inroads into the political establishment of countries with which it has only limited ties"\(^\text{39}\).

Chinese SOEs are typically vertically integrated\(^\text{40}\). They rely mostly on suppliers based in China or acquired overseas (upstream vertical integration) and their own distribution channels (downstream vertical integration). Sinopec's acquisitions both in Sudan and Angola are examples of going upstream, as the company is an oil-refiner, and CNOOC is held up as an example of a Chinese MNC expanding into downstream activities, in this very case by moving into retail, petrochemicals and power generation\(^\text{41}\). Many Chinese SOEs are making inroads into Africa through their internationally floated subsidiaries. This is for instance the case of Non-Ferrous Metals Corporation Africa (NFCA), a Zambia-based subsidiary of the powerful state-owned China Non-ferrous Metal and Mining Company.

There are many controversies surrounding the Chinese SOEs’ push into Africa, particularly with regards to their actual status. Some observers suggest that the very term “state-owned enterprise” has become increasingly blurred. J. Wang notes that the ownership structure of many SOEs is vague, because some of them undergo substantial ownership changes; the government sells its stakes in some companies, thus in fact diluting the state control\(^\text{42}\). Also the distinction between what is now really public in China and what is private escapes an easy definition. As Li Zhaoxi notes "many SOEs do not have a clear status in terms of legal personality, governance, and property rights"\(^\text{43}\). This "ownership maze", to use the term proposed by P. Nolan, implies that state companies are often paradoxically not controlled by the state or the state control is nominal. In fact many of them are enjoying a large degree of

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\(^{40}\) It should be stressed, however, that vertically integrated structure is characteristic for the entire oil industry and should not be treated as a Chinese-specific modus operandi.

\(^{41}\) C. Alden, M. Davies, op. cit., p. 89.

\(^{42}\) J. Wang, op. cit, p. 19.

\(^{43}\) L. Zhaoxi, op. cit., p. 41.
autonomy and are often not fully subordinated to “strategic considerations” but to profit maximisation and other factors. There is evidence that state companies have acted as they pleased and the influence of Beijing on behavior of different economic actors has weakened over the years.

This relaxation of the regulatory grip can be traced back to the “go global” strategy adopted by China in 1999, after the Asian crisis. It may be also associated with the grand legal reform of SOE (“Modern Enterprise System”) initiated in the 90s which much of the company successfully accomplished by the end of 2000\(^44\). The common perception is that Beijing is in direct command over the SOEs' activity in Africa, acting as a proverbial “master of puppets”. In fact, this premise seems only partially true as many SOEs constitute an amalgamate of various interests (both province and state-level)\(^45\), motives and impulses, whose untangling is close to impossible\(^46\). They are also subject to rivalries and competitions among each other which not necessarily coincide with what Beijing thinks\(^47\). This all challenges a widespread myth of monolithic, unitary China being in command and muscling their way into Africa with a “master plan for domination”\(^48\). Therefore, the “China on Safari” view is of little practical use and Sino-African relations should increasingly be seen rather as somewhat chaotic attempts to cease the opportunities of the globalisation process by multiple actors, increasingly acting in a disjoint fashion (“many Chinas”)\(^49\). This becomes particularly relevant with regards to private business engagement which will be discussed in the next section.

3. Emergence of Chinese private business in Africa

Whereas the big SOEs such as Sinopec, CNOOC or CNPC “caught headlines, millions of U.S. dollars were being invested by Chinese private enterprises in Africa with little fanfare”\(^50\). Heavy-weight SOEs are still the strategic fleet of the Chinese push into African continent, nevertheless in the last years Chinese private business has been massively making inroads into

\(^{44}\) Ibidem, p. 35.
\(^{46}\) I. Taylor, Y. Xiao, op. cit., p. 715.
\(^{47}\) Ibidem.
\(^{48}\) Ibidem.
\(^{50}\) J. Wang, op. cit.
Empowerment or enclavement? Chinese investments in Africa

African markets which their perceive as "the last virgin land on the planet"\textsuperscript{51}. While "pull factors" (business opportunities to be found in relatively uncompetitive, yet promising markets) may be seen as an important driving force of Chinese business, it is also growing competition within China, insufficient domestic consumption or excess production capacity ("push factors") that have informed the decisions of Chinese companies while entering African markets.

While the role of private sector in the China’s overseas rapid expansion has been usually grossly underestimated, fast-developing and dynamic, the private sector has largely contributed to the success of China’s going out strategy. Since around 2005, private companies, rather than government and its executive arms, are increasingly the engine of economic exchange between China and Africa\textsuperscript{52}. It is estimated that private enterprises are already contributing more to China’s foreign trade than SOEs\textsuperscript{53}. This unleashed, powerful force of new Chinese capitalism is regarded as a part of the “fifth” wave (post 2005) of Chinese FDI pouring into the African continent\textsuperscript{54}.

In Africa privately-owned small and medium business finds its niche across different sectors, ranging from manufacture to retail. Even mining, typically associated with SOEs, is not uncommon to attract Chinese business community. For example in 2005 Feza Mining, a joint venture between the Chinese company Wambao Resources and the Congolese partners, opened a new cobalt-copper plant in Likasi\textsuperscript{55}. Another example is Zhougui Mining Group that became one of the largest private investor in Zambian history after having signed in 2009 the contract worth US $3.6 billion\textsuperscript{56}. The number of big private players looking for market share and profit opportunities in other sectors is also gradually growing. These are for example Huawei Technologies, the largest wireless technology CDMA product provider in the region, whose sales in Africa exceeded US $1 billion, Holley Group or Zhongxing ZTE

\textsuperscript{51} Chinese private enterprises pioneer in Africa, China Daily, February 20, 2009.
\textsuperscript{52} J. Wang, op. cit.
\textsuperscript{53} L. Zhaoxi, op. cit., p. 35.
\textsuperscript{54} J. Gu, op. cit.
\textsuperscript{55} A. Zajtman, Chinese demand boosts DR Congo mines, BBC News, 16 March, 2005.
\textsuperscript{56} As disclosed by government officials, the investment of the Zhougui Mining Group will be of a staggering amount of US $3.6 billion. See China and Zambia Seal $US 3.5 Billion Investment Deal, Lusaka Times, July 22, 2009.
Corporation who is for instance building Angola’s telecom network, upgrading the military telecommunications system and constructing a mobile phone factory. Nevertheless, with the exceptions listed above most private Chinese companies in Africa are typically small to medium size.

Due to a relative novelty of "Chinese private business going global" phenomenon, there is a considerable paucity of research on this dimension of China's engagement. To the author's knowledge, apart from individual country case studies\(^{57}\), there is only one comprehensive and cross-regional study concerning the nature, drivers and potential effects of Chinese private business in Africa. The groundbreaking research was conducted by J. Gu\(^{58}\) and it was based on an exclusive access to private Chinese companies, including 100 in-depth interviews with Chinese firms and Business Associations and officials in China and in Africa.

The activity of private entities is routinely under-recorded. J. Gu argues that the number of Chinese companies present in Africa easily exceeds 2000\(^{59}\) against the number of 800, which is often quoted in the literature as an official estimate of the Ministry of Commerce. Arguably, the resulting difference is private business that has been pouring into Africa mostly beyond the radar of the Chinese authorities. It therefore appears as the government has lost the ability to track the migration of private business to Africa, not to mention the ability to control/to steer this flow. This inability is revealed by the senior Chinese official quoted by J. Gu who admits: “to be honest, we don’t know how many firms, especially private firms, invest overseas. There are only about 2,800 companies registered with us [in our Province]. In fact, I believe that there are more than 28,000. Even 10 times is a conservative figure”\(^{60}\). This would also corroborate the view of Ian Taylor that Sino-African relations are to a considerable degree shaped by quite chaotic and uncontrollable forces, rather than a grand master plan of Beijing\(^{61}\).


\(^{58}\) J, Gu, op. cit.

\(^{59}\) Ibidem.

\(^{60}\) Ibidem.

\(^{61}\) I. Taylor, Y. Xiao.
Privately-owned business springing up all over Africa falls into two separate groups, both sharing a number of similarities: business incorporated in China and Africa and business incorporated in Africa only. The first group consists of companies that are predominantly in manufacturing and services and largely self-financed. They act independently of Chinese central government, however may enjoy some forms of support by provincial authorities. The second group includes small and medium enterprises that do business mainly in petty manufacturing and services. They are also self-financed and self-dependent. What is important in the latter group is a legal status which happens to be not regulated and familial contacts that help setting up business.

The Chinese private business in Africa is still in a take-off phase. While greatly diversified Chinese firms exhibit certain similarities and share a common business model. These can be summarised as follows:

- Chinese private businesses escape an easy categorization and are encroached in a host of different sectors. Their activities range from mining to retail, communication to transport, although the bulk of Chinese firms are in manufacturing;
- Their basically operate “outside of the system”, i.e. outside of bilateral and multilateral agreements; outside of Chinese government’s control/regulation and existing policy frameworks. Chinese companies only occasionally benefit from government’s financial support. In fact, most of them are not even familiar with government’s policies towards Africa and the practical dimension of “going out” strategy. As one of the Chinese CEO remarked “We heard there are some policies, but we don’t know what they are about”.
- Chinese business can be characterized by an unique, powerful work ethic and a surprisingly low aversion to risk, which they perceive as being indicative of existing opportunities rather than the risk as such (understood as a threat to their business operations). They are adventurous and innovative, aware of the need to be flexible and necessity to adapt to local conditions; they are quite happy to accept low profit margins and to operate in a weak infrastructure environment.
- Private business think long-term; they typically engage in trade activities (by setting up a trading post) which helps them gradually

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62 R. Kaplinsky, op. cit.
63 J. Gu, op. cit., p. 20.
64 Ibidem.
understand the domestic environment prior to undertaking investment. This is the example of Hazan, a shoes company that started in Nigeria as a small production facility assembling exported half-finished goods from China, only to invest in 2007 in a full-scale factory covering an area of 40,000 square meters

- The nature of their engagement of private sector in Africa used to be quite chaotic and spontaneous. According to Ge Kaiyong, Director of the Training Division of the China-Africa Business Council (CABC), however, "in the passed two years, private enterprises have gradually rationalized investing in Africa", which in practice means more preparations and consultations before actually going global.

- Contrary to SOEs and other big Chinese multinationals in Africa, private business rely significantly on local workforce; in some companies the input of local labour is substantial and amount to well over 90%. The localization of local workforce has been achieved to a limited degree only on the management level, although it is not uncommon to hire African managers.

Chinese private entrepreneurs are faced with many challenges while augmenting their international exposure on African markets. First and foremost, they lack understanding of local culture and languages which prevent them from fully seizing market opportunities to be found in the continent. Typically, they are also poorly equipped with information about African markets. More importantly, Chinese companies lack access to capital necessary for spinning off their business. At the triennial Forum on China-Africa Cooperation held in Sharm el Sheikh, Egypt, in November 2009, Chinese Premier Wen Jiabao pledged US $1billion in loans to support small and medium enterprises. At this point, it is, however, unclear how this (and if) money will be distributed and to what effect. Nevertheless, challenges do not seem to slow down Chinese firms in Africa nor discourage them from engaging African markets more vigorously. This attitude can be understood on a basis of a saying circulating among Chinese investors: “Despite the strong wind and wild waves, the deepwater still has fish to be found”.

66 Chinese private enterprises, op. cit.
67 J. Gu, op. cit.
68 Ibidem, p. 16.

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4. Conclusions: Empowerment or enclavement?

The massive push of Chinese FDI is clearly holding a potential to strengthen development of many African countries. To what extent, however, Chinese investment will bring positive effects in the long-run still remains a puzzle. It is necessary that the discussion is furthered into several direction. Here three dimensions stand out as particularly important. First of all, there should be a clear distinction made regarding the type of sector that is hosting Chinese investments. Second of all, development implications of Chinese FDI depend to a large extent on a country, its regime and policy response. Third, emerging Chinese private sector in Africa, being a powerful force of capitalism, more often operating outside of the Beijing's radar, may contribute greatly to development of local economies as their integration with the local business fabric goes typically deeper that those of the big SOEs.

In principle, the first premise is built along the same lines as a framework proposed by Kragelund, according to which Chinese FDI in Africa can be seen either as a potential catalyst, capacity builder or competitor, depending on a sector they pour into. What is of particular importance here is the quantity and quality of a given sector's backward and forward linkages with the rest of the economy but also absorptive capacity of domestic industries in particular FDI-receiving countries. The prime focus and main driving force of Chinese investors in Africa lies with access to natural resources and raw materials that China desperately needs to sustain its booming economy. Arguably, this feature of Sino-African relations has proved the most controversial. This is because by and large resource-seeking firms, be it big SOEs or privately-owned companies, have limited positive, direct effects for a domestic economy. They are usually enclave-type operations with severely limited forward and backward linkages with the rest of the economy. Additionally, they are import-dependent and capital-intensive, which limits possibilities vis-à-vis absorption of human resources and local inputs. Clearly, this is hardly a “Chinese” feature, rather a characteristic of extractive industries as such. Indeed, this type of investment poses a great risk of further enclavement of African mineral-based economies, such as Zambia or Nigeria, and deepening reliance on mineral revenues, rather than building a modern, diversified economy. Commodity boom, which despite recent slowdown appears to be a structural trend, rather than a brief shoot up, as emerging

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economies continue to grow stronger, is adding to those problems as it limits incentives for reforms and change. On the other hand, however, as an important source of budget revenues and export earnings mineral sector can conditionally act as a growth engine. This, however, hinges on good governance, transparency and most importantly prudent management of mineral revenues. This is where most African governments, with a handful of exceptions such as Botswana, have continuously failed. From the sectoral perspective, not all activities of Chinese companies are burdened with this type of risk. For example, infrastructural projects vigorously undertaken by Chinese companies in many parts of Africa seem to provide more evident (but also material) benefits for host economies. Roads, railways, dams and bridges built by Chinese construction firms that muscle their way into the continent have potentially huge advantages in terms of promoting development. Nevertheless, problem of infrastructure should not be reduced to the project itself. It should also take into account recurrent expenditures to maintain the quality of infrastructure that African governments will be possibly left with in the future. Past record in this regard does not warrant excessive optimism. In addition, infrastructure projects contracted to Chinese bidders may crowd out or displace local companies as Chinese construction firms continue to rely on imported inputs and suppliers from China. In turn, private business seem to offer a wide range of opportunities for local economies, especially in the grass-root level, as it is better integrated with the local business fabric, have more absorptive capacities regarding local workforce etc. True enough, Chinese companies still rely to a large degree on external sourcing, but this can change while the Sino-African relations are elevated to the next stage and African business adapts to the current needs and expectations.

To conclude, it should be kept in mind, that Chinese investment by no means produces an uniform effects in Africa. Although China’s presence is heavily felt across the continent, geographical (and sectoral) distribution of Chinese FDI in dollar terms remains clustered. Thus development implications for African economies, may differ, arguably to a significant degree, depending on what country is considered and more importantly, whether resource- or market-seeking motives prevail. More importantly, the final outcome will be largely determined by the response of African governments to growing engagement of China, not by the nature or volume of Chinese FDI. It should be stressed, that above everything else, these are African political elites that hold keys to development and transforming Chinese FDI into positive outcomes. This, however, cannot be achieved, under poor investment regimes and a weak capacity of domestic economies to absorb technology and knowledge. It should be also added that Chinese engagement in Africa is not pre-defined and fixed once for all. On contrary, the Sino-African relations are flux as they take on...
board many developments, adopt to changing situation and internalize challenges, have new emerging facets that were difficult to project in advance several years ago (e.g. the wave of private small and medium enterprises). Lastly, since the China’s approach is very often multilevel as trade, FDI, aid flows go hand in hand and are mutually reinforcing, it may suggest that only studying effects of investments along with other dimensions of China’s involvement in Africa may reveal a true picture of whether Chinese FDI really represent empowerment or enclavement for the continent.

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Empowerment or enclavement? Chinese investments in Africa


The challenges for democracy in Latin America in the 21st century.

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In the last twenty years Latin America has become an important centre of interest of the world public opinion. This region has amazing potential. Thanks to its cultural and ethnic diversity and mineral resources, at least some of the countries could become influential partners in international dialogue. To achieve that Latin-American countries have to cope with challenges of political and economical transition because this is what conditioned the perspectives of development of its position in 21st century. I will not include all factors regarding the topic of democratization process in Latin-America because it is like never-ending list. I will focus only on the chosen problems which are connected with political culture, the phenomenon of populism and with social movements.

According to Carlos Antonio Aguirre Rojas – a historian and economist from Mexico, and lecturer on UNAM – the reason of this world interest in Latin-American continent is due to several things but first of all because of spectacular political changes which had been taking and still are taking place on this continent, which also are connected with newly emerged social movements. Some of them are often anti-systems and have become a point of reference for world alterglobalistic movements. So the Latin-American continent is an important actor of everyday’s world’s events. But it seems that the rest of the world has to try to understand Latin America, especially in the matter of cultural legacy and, becoming of that, differences in comprehension of certain phenomenon and values. For example there are fundamental differences, connected with the images and the process of incorporating into life the concept of democracy, between the citizens of the West and Latin-Americans.

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How does the ordinary citizen in Latin America understand the term of democracy? It was the subject of investigations of the team coordinated by Roderic Ai Camp. Their results confirm the specific character of democratic evolution and the freedom in the region. How do we define what is democracy? What does it consist of? Determining if certain political system has structural components which accompanied democracy like competing elections, the alternation of government between two or more political parties, the division of powers is quite simply process. But the specialists argue about which aspects define, in the most characteristic ways, democracy and to which point they exist in reality in each individual society. They even differ in the question of preliminary conditions essentials to appearance of democracy. Through the decades authors has analyzed a lot of variables to propose the explanations of development of democracy, including structural conditions, like the level of economic development or cultural peculiarities, for example the level of interpersonal confidence or support for revolutionary changes.

From the results of investigation mentioned earlier especially important are observations concerning two countries considered as the strongest Latin-American democracy: Costa Rica and Chile.

Costa Rica is considered by specialists as the most democratic country in the region according to traditional west standards regarding the democratic institutions; and for the reason that its politic was characterized by really competing elections for more than half of the century. The evidences from the surveys of Latinobarómetro suggest that Costa Rica is clearly different case from the rest of Latin America. The general values of Costa Rican citizens are similar to Spanish general values. Costa Rica in Latin-American context can be even considered as the generator of democratic political norm. In distinction to the rest of Latin America and even to Chile in Costa Rica the more sedate division of three governmental powers exist. There was also an important political change in 1998 - the change of election law. For the first time the citizens chose the mayors so they would fulfill the duties of local government. This change in institutional structure at the local level undoubtedly stressed the pluralistic tradition both in governance as well as in electoral politics of the Costa Rica.

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4 Visiones ciudadanas de la democracia...., p. 11-12.
Chile on the other hand experienced the transition towards political
democratic model equivalent to model from 1973, but also suffered two
decades of extreme repressions after the violent military attempt. However
beyond these authoritarian experiences it seems like it reached quick
democratic transition in the 90. But still in what refers to general culture values
Chile remains within Latin-American examples of strong authoritarianism.
Because of that Chile is considered as the perfect case to study the clash of
democratic and authoritarian influences.

It descended from the generation which experienced two extreme political
circumstances. It is also connected with the level in which the democratic or
authoritarian preferences were able to survive in the changed political
environment. The legacy of militarism and authoritarianism has visibly survived
and moreover it has been institutionalized\(^6\).

Especially important here is the cultural component and democratic
behavior. This is the question of relations between the culture and politics –
how does the culture in general and more specifically political culture influence
on the orientation towards democracy? And finally is there really connection
between the culture and the form of democracy and if the culture could be an
explanation of peculiarities of democracy in the society compared with other
society?

What can we briefly say about democracy? Some of the scientists
warn us about the conceptualization of democracy as the achievement of certain
political rules and confuse its political aspects with social aspects. The most
part of the theories about defining democracy descends from postindustrial
societies. The lecture of traditional literature reveal the consensus regarding the
basics components such as constitutional regulations, the civil rights, the
freedom, the responsibility of the ruling ones. From the Latin-American
perspective there are arguments included which does not exist in the West.

However the strong influence of authoritarian traditions can be noticed
not only in the values which are important to the citizens. The menace for
democracy in Latin America consists in populist tendencies. The extremely
neoliberal economic politics may also cause social object and intensification of
earlier mentioned social movements. These movements may be considered as
the symptom of civic society and strengthening of democratic tendencies but as
long as they are anti-systems they may menace the weak democracy as well.
And such is the majority of democracies in the region.

I am leaning towards opinions that, although populism seems to be an inevitable part in electoral competition, it debilitates the democracy, and for political system in transition, for non-consolidated democracy may be an enormous danger. There are several reasons for that. The characteristic of all populist movements is discontent, which constitutes the cement for their further activity. This discontent combined with conviction of infallibility of the people is the starting point for the division between „us” – down-trodden, disregarded, who are the victims of decisions made by „others” – the elite who exercises control over politics end economy. Such situation has taken place through the centuries in Latin America and on these bases populism may develop greatly. Furthermore, the populist movements are heterogeneous; they are conglomeration of diverse powers so to survive they need a charismatic leader. In the region of strong authoritarian traditions it may become a threat for young democracies.\footnote{Cf. J. Szacki, Populizm a demokracja, [in:] Populizm na przełomie XX i XXI wieku. Panaceum czy pułapka dla współczesnych społeczeństw?, Maria Marczewska Rytko (ed.), Toruń 2006, p. 13-18.}

In Latin America strong, charismatic individuals always has played a fundamental role. Meanwhile the masses always have a reason for discontent, because the differences between the poorest and the richest ones were and still are enormous. So in Latin America the conditions for populist expansion are perfect.

The reasons of such popularity of populism have their source in politics of the decade of 80., called “the lost decade” in Latin America. The contemporary philosophy of protection of the internal markets, made impossible the adaptation to external world. The gateway of foreign capital caused the decrease of investments and the growing of external debts occurred to be impossible to pay off. Latin-Americans noticed that in form of galloping inflation, the unemployment and the decrease in the standard of living. The State was unable to cope with everyday’s problems.

The elections in the 90. were won by politicians mindful of the experiences of the „lost decade”, started to introduce neoliberal reforms. Latin-Americans were disappointed again. The general discouragement caused by high social costs of reforms, was deepened by the corruption within the political class and the increment in crime rate.
The growing activity of social groups, which until now were remaining on the margin, has been favorable to populism. These are hazardous people with claim orientation and narrow political horizons, vulnerable for populist demagogy. They chose their leaders like Hugo Chavez in Venezuela or Evo Morales in Bolivia in democratic elections\textsuperscript{8}. The challenges of contemporary world have formed receptive ground for developing new populisms, which seemingly are a great method to cope with the new tendencies resulted from technology advancement, the communication, tightening of international and intercultural cooperation – basically everything connected with globalization processes which extremely affects Latin America.

The menace for democracy regarding to populism consists, among other things, in the specific populist vision of the world: in the conviction of having a monopoly for the truth which the masses own. Even when the populist parties participates in democratic election struggle, they treat it only as a way to achieve power instead of the element of democratic state of rule – as one of the procedure to express the will of sovereign. The elections of course serve to achieve the majority and to give their governments the mandate to rule. However the consequence of mentioned earlier infallibility and the monopoly for the truth may be recognition about superfluity of functioning of the other formations. Populism strikes into the pluralism of the opinions which constitute one of the foundations of democracy. This is the danger even for stable democracies, it contests existing rules and wants to reconstruct existing order in the name of particular interests. To the systems in transition it brings disturbance and, by not respecting the institutional and constitutional order, it holds back the clotting of democratic system. The symptom of such type of practices may be for example the referendum in Venezuela, which allowed Chavez to extend the numbers of terms of office allowed for president. Thanks to that illegal referendum Chavez may govern longer.

The next challenge for the XXI century for Latin America is the creation of the civic society. How I’ve mentioned before, some of the less-populist social movements can constitute the proof for the consolidation of the civic society, like in the case of mobilizations of the citizens during the social struggles in Costa Rica. This „uprising” of Latin-American societies is visible in many countries. But in the others is much more difficult to notice any form of social activity which could constitute the foundation for the civic society.

The good example of such situation Honduras. Ismael Moreno, who works in the field of social analysis in Honduras, claims that this society arouses in masses only on the way to stadium to „watch the football game, to listen to the debate of political leaders from traditional parties, to participate in religious ceremonies full of screams, applause and noise, as well as to look for (better) life there, where the people believe they will find it: in informal economy, by emigrating from countryside to the city or from their country to the United States (…)“. The social mobilizations in the case of Honduras are big and enthusiastic, very diversified, but they are characterized by the fact that after the enthusiastic results that they produced, the people remain in the same or even worse state of mind than before. (The additional evidence of the weakness of the democracy exactly in Honduras is the coup d’état from last year which took place in that country).

In every democracy the role of the army in the state, the army subjected to civil control is important. This is the next aspect to consider in the case of the possibility of the consolidation of the democracy in Latin America and particularly in America Central. That civil control to which should be subjected the army, is indispensable factor in the democratic political system. The transformations of political systems, which were taking place in the last century, are full of examples of the ways in which the militaries were involved in these processes. In America Central the transformation from dictatorships to the societies in which democracy has being shaped in various socio-political dimensions of life, has been always entailed questions regarding the position of the military institutions of the former regime in the development of this process.

In the case of societies of Central America, apart of the traditions of caudilismo, we should remember about „the general tendency of the army to auto-governance (…), but also to expand its powers beyond its own circles“. For example in Nicaragua the army constituted the rampart of the power of the Sandinistas or even of the monopoly for their power. However, with the end of the Sandinismo, the philosophy of the army has changed and the military

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leaders behaved more like politicians than like principals of the soldiers. In some way the constant changes in the political processes always had been spreading the anxiety in the society in which, except for what has been achieved in the construction of democratic project, it is impossible to talk about consolidated democracy.\footnote{O. Moreira, Op. cit., p. 312-313.}

We can generally say that the challenges for democracy in Latin America are connected with the internal situation in these countries but there are also problems that have their international context and dimension. Such is the problem of drug trafficking which affects all continent but particularly strongly the part from Columbia up to the north across the Central America, how the main route of drugs trade passes. This brings internal problems such as extreme violence and the impunity of the bosses of mafia. It transposes to the lack of trust from for example potential foreign economic partners – recently many of companies from United States has replaced or withdrawn its offices due to persistent danger from mafia, the corruption of police forces and due to the menaces of being kidnapped in Mexico. Without stable internal situation it is impossible to develop trustworthy foreign policy on political and economical level. The Latin-American countries simply have to change this image or otherwise they will not be considered as credible partners. So as we can see the democratization process is strictly connected with the foreign policy which is a tool of creating the position of the state in the international arena.

The world interest in Latin America has increased. But it is necessary that this interest is positive. The world public opinion watches with anxiety dangerous tendencies in Latin America and Latin America has to manage with such problems in defense of democracy so it could be considered as stable and trustworthy partner. To achieve that goal, the changes in political conscience of ordinary people have to appear, so they could play the significant role within the democratic structure not only as a tool in populist’s hand. But this is very complex and for sure long-term process.

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The challenges for democracy in Latin America in the 21st century.

Cost-effective opportunities in energy productivity - Prospects for Polish deal on development and climate change

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Abstract:
The concept of this article provides an overarching framework for understanding the evolving relationship between energy demand and economic growth. Yet there is a major opportunity to abate energy demand growth in a cost-effective way that offers investors attractive returns. The article intends to show a huge opportunity to strengthen developing economies and their economic prospects by boosting their energy productivity base on scenarios for Poland in case of "Polish Energy Policy until 2030". Moreover will describe the possibilities for improving the energy efficiency from now until 2020 by investing $170 billion globally a year what could halve the projected growth in global energy demand, cut emissions of greenhouse gases, and generate attractive returns.

Keywords:
Energy efficiency, energy demand, economic growth, energy productivity, cost-effective opportunity, energy resources independence

INTRODUCTION

Energy-productivity improvements can result either from reducing the energy inputs required to produce the same level of energy services or from increasing the quantity or quality of economic output.

The article intends to show a huge opportunity to strengthen developing economies and their economic prospects by boosting their energy productivity and focuses on:

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• Assessment of key drivers and their impact: Endogenous factors (science, technology convergence), exogenous factors (economy, demography, globalization, human resources).
• Implications for institutional, legal and regulatory policy: Where do policy and regulatory frameworks appear to be adequate? Where are policies increasingly of step with technology development? What decisions are required to reduce gaps?
• Identification of the developments, opportunities and challenges.

This will include benefits to the economy as well as regulatory and other problems which inhibit innovation. The article will try to answer the following questions: how will countries, include Poland that has not developed a robust venture capital industry channel private capital in innovations? Where are policies working against each other (e.g. subsidies in one sector playing against declared goals in another?

This article will include scenarios for Poland in the case of "Polish Energy Policy until 2030". Solutions delivered in the document will help Poland meet rising energy demand and fulfill their international obligations resulting from Kyoto Protocol and EU derivatives to protect the environment. Moreover, what will ensure the independence of electricity and heat largely from raw materials imports.

Such targets as cost-effective opportunities in energy productivity could halve the growth in energy demand among developing countries, cut emissions of greenhouse gases, and generate attractive returns. Developing regions represent 65 percent of the positive-return opportunities to reduce energy demand. Energy policies, climate, and industry structure explain somewhat more than half of the energy productivity variation among developing countries.

At present, a range of market failures and information barriers discourage developing countries from increasing their energy productivity, even with high energy prices. Capital constraints, particularly for low-income households, are a major hurdle. Consumers also tend to lack the information they need to make the right choices. Many companies, insulated from the true price of energy, have relatively little incentive to identify and invest in the fragmented energy savings opportunities that are available. And today’s tighter credit markets are squeezing the financing of all investments—even such as those in energy efficiency.
Unless there is a concerted shift in energy policy and consumption, global energy demand growth is set to accelerate over the next 20 years. This will not only make efforts to combat climate change even more challenging but also impose significant costs on the world economy, businesses and consumers in the area of historically high energy prices. Yet there is a major opportunity to abate energy demand growth in a cost-effective way that offers investors attractive returns.

There are two key dimensions of new demand for energy. One it is economic development. Rapidly emerging markets will account for an overwhelming 85 percent of energy demand growth to 2020. The second is that the world economy has shifted away from industry and toward less energy-intensive service industries. As a result, sectors that have a characteristics of consumer goods such a residential and commercial buildings and road transportation will drive 57 percent of energy demand growth to 2020.

Energy demand growth could be even more rapid if robust current rates of GDP growth around the world. Energy demand is significantly more sensitive to GDP growth than to the price of oil.

Public and political discourse on the world’s energy challenge has for year centred on how to secure future supply. However, it is increasingly evident that simply building the infrastructure to ensure supply meets burgeoning demand is not optimal. Investments in energy productivity are a far more cost-effective option, delivering a significant abatement in energy demand growth.

**Energy productivity**

Any successful program needs to be able to rein in energy consumption without limiting economic growth. Higher energy productivity is the most cost-effective way to achieve this goal. Cost-effectiveness analysis (CEA) is a form of economic analysis that compares the relative costs and outcomes (effects) of two or more courses of action. Cost-effectiveness analysis is distinct from cost-benefit analysis, which assigns a monetary value to the measure of effect. Energy productivity measures the output and quality of goods and services generated with a given set of inputs, $79 billion of GDP per Quadrillion British thermal units (QBTU) of energy inputs globally. Moreover it is he inverse of the energy intensity of GDP, measured as a ratio of energy inputs to GDP (currently stands at 12,600 BTUs of energy consumed per dollar of output globally). Provides an overarching framework for understanding the evolving relationships between energy demand and economic growth. Higher
energy productivity can be achieved either by higher energy efficiency that reduces the energy consumed to produce the same level of energy services or by increasing the quantity or quality of economic output produced by the same level of energy services.\(^2\)

Investments in greater energy productivity would reduce the supply capacity needed to build to keep up with growing demand. Energy efficiency improvements require less capital than new power plants or other energy-supply investments, improving energy productivity also cuts down on energy-related capital needs.\(^3\)

The International Energy Agency (IEA) estimates that, on average, each additional $1 spent on more efficient electrical equipment, appliances, and buildings avoids more than $2 in investment in electricity supply. Developing countries could productively invest some $90 billion annually over the next 12 years on energy efficiency improvements with positive returns. It would take almost twice as much investment—$2 trillion over 12 years—to expand the supply capacity for the additional 22 percent of energy consumption that we will see if developing regions fail to improve their energy.

The most cost-effective way to address these energy supply concerns is on the demand side: through improving energy productivity—the level of output an economy can achieve from the energy it consumes. Research by the McKinsey Global Institute (MGI) finds that by adopting existing energy-efficient technologies that pay for themselves in future energy savings, developing countries could reduce their energy demand growth by more than half—from 3.4 to 1.4 percent annually in the next 12 years—and reduce their energy consumption in 2020 by 22 percent from the projected levels. Because of its positive returns, energy efficiency is the cheapest form of new energy we have.

Higher energy productivity is a win-win for developing economies and their households and businesses. By improving demand-side efficiency, countries can cut down fuel imports and scale back the expansion of the energy-supply infrastructure that will otherwise be necessary—releasing resources to spend elsewhere. Higher efficiency would also reduce energy costs to businesses and consumers: it is estimated that lower energy consumption would deliver cost savings that could reach $600 billion annually by 2020. The

\(^2\) Fueling sustainable development: The energy productivity solution, McKinsey Global Institute, October 2008
\(^3\) World Energy Outlook 2009
investment required to capture the energy productivity opportunity among end users would be some $90 billion annually for the next 12 years—only around half what these economies would otherwise need to spend on the energy infrastructure.

Public policy can play a vital enabling role, encouraging consumers and businesses to capture the benefits of higher energy productivity. The dismantling or reducing the influence of today’s disincentives to efficient energy—fuel subsidies included—is a vital first step; putting in place effective incentives is the second. With supportive public policy, companies in developing economies have a rich opportunity to innovate and create new markets for energy-efficient goods and services—with the potential to export these into the world’s rapidly growing green-solutions markets.

Time is of the essence. With many developing countries building capital stock both on a huge scale and at a rapid pace, there is a unique opportunity to ensure that this stock has an economically optimal level of energy efficiency, thereby locking in lower energy consumption for a generation. Developing countries that can pull this off will make substantial progress toward their dual aims of energy security and sustained economic growth.

The energy productivity solution

In many developing economies, energy is a growing concern among businesses, governments, and consumers alike. The main worry is that energy-supply infrastructure will not keep up with increasing demand, becoming a constraint to growth. The conditions in global energy markets are aggravating the situation, with high and volatile prices and supply risks—whether from weather-related shocks, political uncertainty, or evolving greenhouse gas (GHG) regulation. Governments and businesses are seeking ways to resolve the challenges they face and ensure that insufficient energy supplies will not halt sustained growth.

The economic case for improving demand-side efficiency is very strong. The solutions included in assessment all generate an internal rate of return (IRR) of 10 percent or more in lower energy costs. So rather than costing money, investing in energy productivity generates energy savings that could ramp up to $600 billion annually by 2020 across all developing regions. And far from compromising the legitimate aspirations of consumers in developing
countries for greater comfort and convenience, the more productive use of energy reduces their energy costs and leaves more money to spend elsewhere.\textsuperscript{4}

Perhaps most importantly, a focus on improving energy productivity sets developing economies on a more sustainable growth path that will be more cost-competitive in global markets, less dependent on imported fossil fuels, and less susceptible to future energy price or supply shocks. Reducing waste in domestic energy consumption similarly benefits energy-supplying nations by directly expanding energy-export capacity. More efficient consumption of energy also reduces local pollution, an increasing challenge particularly in growing urban areas. And by cutting down on energy-related emissions of global GHGs, developing countries reduce the impact from any GHG taxes imposed on their exports and mitigate international political pressure around the issue of climate change.\textsuperscript{5}

Many developing countries are already starting to make energy efficiency a part of their energy policy. China and Vietnam have included explicit energy productivity targets in their development plans; Russia and Ghana are building standard-setting capabilities; and Ecuador and India, among others, are making public buildings more energy efficient. And with higher energy costs, businesses are seeing the benefits of becoming energy-lean in their operations.

Yet much more remains to be done—and meeting the challenge is a matter of some urgency. Rapid growth in developing countries means that these economies are installing sizable volumes of new capital stock. Every new building or industrial plant built without the optimal level of energy efficiency is an opportunity lost to “leapfrog” to higher energy productivity and lock in lower energy consumption for decades to come. Also, the emerging global market for green products and services is still at an early stage. If their domestic markets encourage innovation in energy-efficient solutions, pioneering companies from lower-cost developing regions have a unique opportunity to grow into major global players before the market matures.\textsuperscript{6}

\textsuperscript{4} New Energy Finance Reports (NEF), www.carbon.newenergyfinance.com
\textsuperscript{5} How the energy sector can deliver on a climate agreement in Copenhagen, International Energy Agency, October 2009
\textsuperscript{6} Capturing the European energy productivity opportunity, McKinsey Global Institute, September 2008
Energy productivity is the most cost-effective way to reduce carbon emissions

Increasing energy productivity is the most cost-effective way globally to reduce GHG emissions, representing roughly 70 percent of the positive-return opportunities on the global carbon-abatement cost curve.

Developing countries account for two-thirds of the negative-cost energy productivity opportunity, for two main reasons. First, upgrading their rapidly expanding capital stock to higher energy efficiency costs less than retrofitting already existing plants or equipment. For example, increasing the efficiency of a new power plant by choosing more efficient equipment typically requires less incremental capital than replacing or retrofitting already existing equipment. And second, lower labour expenses reduce costs of installation and some other efficiency investments. As a result, boosting the energy productivity of developing countries’ economies alone has the potential to reduce global CO2 emissions by 15 percent in 2020, making it critical from the global climate-change perspective.7

7 Key world energy statistics, International Energy Agency, 2009
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Figure 1 End-use emissions abatement from higher energy productivity in 2020 by region

Source: McKinsey Global Institute analysis

Developing countries and global energy demand

Developing countries account for 51 percent of global energy demand today. China consumes 16 percent of the worldwide total while Russia and Eastern Europe account for another 9 percent. Latin America, Asia, Africa, and the Middle East collectively represent 26 percent. With the exception of Russia and Eastern Europe, per capita energy consumption in developing regions is significantly lower than in developed regions.

Compared with developed economies, the industrial sector consumes a higher share of energy in developing regions. This reflects a lower share of services—and thus commercial-sector energy consumption—as well as the fact that demand for household transportation fuels also tends to increase with income. Notable exceptions to the pattern are Africa and India, where low income levels limit energy consumption outside the residential sector, as well
as the Middle East and Latin America where subsidized fuel prices boost transportation demand.⁸

**Figure 2 Global energy consumption in 2005**

![Figure 2 Global energy consumption in 2005](image)

Source: International Energy Agency (IEA)

There are large differences in energy productivity among developing countries at similar levels of income. Three structural factors explain roughly half of the variation. In order of importance, these are energy policies, the structure of an economy, and the climate. Policy-related factors—subsidized or taxed fuel and electricity prices, and the level of corruption in a particular country or region—explain a quarter of the variance; energy subsidies tend to reduce energy productivity, and taxes increase it. The structure of an economy explains another 21 percent; countries with large manufacturing sectors tend to consume more energy and have lower energy productivity. Climate contributes another 13 percent; the more extreme the weather, the more heating and/or cooling is necessary, and the more energy is required per unit of GDP. However, the fact remains that less than 50 percent of the energy productivity differences that exist are due to these structural variations.⁹

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⁸ Promoting energy efficiency In the developing world, McKinsey Quarterly, February 2009
⁹ International Energy Agency (IEA), www.iea.org
Energy demand in developing countries will continue to increase at a rapid rate in line with fast GDP growth. Under the current policy environment, developing regions will generate 80 percent of global energy demand growth to 2020, raising their energy demand by 65 percent. By 2020, these countries will together represent 60 percent of total global energy consumption. However, measured on a per capita basis, these countries’ energy consumption will still be less than 40 percent of that of developed regions by 2020. China alone represents 34 percent of the global energy demand growth to 2020. Even with the significant energy efficiency improvements expected under current policies in China, continuing industrialization and quickly expanding demand from the country’s growing ranks of middle-class consumers will fuel rapid energy demand growth.\textsuperscript{10}

### Achieving more efficiency for less investment

Average capital requirements for energy productivity investment across all end-use sectors are some 35 percent lower in developing countries than in developed regions. This largely reflects lower labor costs, which act to lower capital requirements both directly, for example, in labor-intensive plant construction or the installation of equipment, as well as indirectly through lower costs of locally produced inputs such as commodity materials and equipment in the industrial sector, and in buildings. In areas where these cost savings are particularly important, the gap can be much larger. For example, in China the capital required per QBTU of energy abated in steel and pulp and paper is more than 50 percent lower than in the United States.\textsuperscript{11}

The benefits of lower capital costs not only reduce investments needed to reach the same level of efficiency but also expand the range of efficiency solutions that meet the 10 percent hurdle rate. Take the industrial sector where developing regions represent 80 percent of the global total energy productivity opportunity. This large share reflects:

- the fact that, with expanding industrial capacity, developing countries can upgrade more economically to higher-efficiency technologies;
- the remaining scope to increase energy productivity in low-efficiency legacy assets in a number of regions;

\textsuperscript{10} Averting the next energy crisis: The demand challenge, McKinsey Global Institute, March 2009

\textsuperscript{11} Towards a more energy efficient future, International Energy Agency, 2009
the fact that lower labour costs reduce capital requirements for many initiatives and make a broader set of actions on energy productivity economically viable. In refining, for example, lower capital costs in China make viable a number of opportunities that in the United States fail to meet the hurdle rate of 10 percent IRR, in effect tripling the pool of economically viable opportunities.\textsuperscript{12}

A program that targets cost-effective opportunities in energy productivity could halve the growth in energy demand, cut emissions of greenhouse gases, and generate attractive returns.

One hundred and seventy billion dollars a year invested in efforts to boost energy efficiency from now until 2020 could halve the projected growth in global energy demand. What’s more, these investments could also deliver up to half of the emission abatement required to cap the long-term concentration of atmospheric greenhouse gases at 450 parts per million, the level experts suggest will be needed to prevent the global mean temperature from rising by more than two degrees centigrade.

Global investments in Renewable Energy

Clean Edge, which has been tracking the growth of clean-tech markets for nearly a decade, reports that global revenues for solar photovoltaics, wind power, and biofuels expanded from $75.8 billion in 2007 to $115.9 billion in 2008. For the first time, one sector alone, wind, had revenues exceeding $50 billion. New global investments in energy technologies — including venture capital, project finance, public markets, and research and development — expanded by 4.7 percent from $148.4 billion in 2007 to $155.4 billion in 2008, according to research firm New Energy Finance.\textsuperscript{13}

\textsuperscript{12} Promoting energy efficiency In the developing world, McKinsey Quarterly, February 2009
\textsuperscript{13} Clean energy trends Report 2009, CleanEdge
While government investments and initiatives will not act as a silver bullet, they can play a critical role in moving markets in new directions. But they cannot act alone. For example, it’s great if a developer can receive up to 30 percent of the cost of a project in government grants or tax incentives, but it won’t help if they can’t line up the other 70 percent in debt equity financing. Also, the U.S. government doesn’t have the best track record when it comes to financing clean-energy technologies. Back in 2005, the Department of Energy was given authority to issue millions of dollars in clean-energy loan guarantees to companies and project developers, but it never issued a single guarantee.14

The global growth rate in clean-energy investments, across a wide range of investment categories, was much smaller than that exhibited in the U.S. venture sector. According to New Energy Finance, new global investment in clean energy increased 4.7 percent, from $148.4 billion in 2007 to $155.4 billion in 2008. This figure includes investments made by VC and private equity investors; public market activity (IPOs, etc.); project financing; asset financing; government research & development; and corporate research, development, & deployment. This is a far cry from the previous year’s growth rate: Between 2006 and 2007, global clean-energy investments expanded by approximately 60 percent. One reason: Public market investments saw a

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14 The case for investing in Energy productivity, McKinsey Global Institute, February 2008
significant decline, falling from $23.4 billion in 2007 to $11.4 billion in 2008, while other investment arenas either remained steady or increased slightly.\textsuperscript{15}

Indeed, some have called clean energy the “mother of all markets.” As the market transitions to low-carbon fuel and electricity sources, conservation and efficiency efforts, and the deployment of a smart, 21st century grid, so clean energy offers one of the greatest opportunities for both local and global economies to compete and thrive.\textsuperscript{16}

In 2008, clean energy resisted the credit crunch more successfully than many other sectors for much of the year, helped by sky-high oil prices. But it suddenly felt the impact from September onwards. Although new investment in the sector grew to $155bn last year, up modestly from $148bn in 2007, investment in the second half of the year was down 17% on the first half, and down 23% on the final six months of 2007. In first quarter 2009 third party new investment fell to $13.3bn, the lowest quarterly value since first quarter 2006.

**Figure 4** New global investments in clean energy in 2008 ($ billions)

Renewable energy industries boomed during most of 2008, with large increases in manufacturing capacity, diversification of manufacturing locations, and shifts in leadership. By August 2008, at least 160 publicly traded

\textsuperscript{15} New Energy Finance Reports (NEF), www.iea.org
\textsuperscript{16} Clean energy trends Report 2009, CleanEdge
renewable energy companies worldwide had a market capitalization greater than $100 million. The number of companies in this category expanded significantly, from around 60 in 2005. The estimated total market capitalization of these companies in August 2008, prior to the late-2008 market crash, was more than $240 billion.  

An estimated $120 billion was invested in renewable energy worldwide in 2008, including new capacity (asset finance and projects) and biofuels refineries. This is double the equivalent 2006 investment figure of $63 billion. Almost all of the increase was due to greater investment in wind power, solar PV, and biofuels. Approximate technology shares of 2008 investment were wind power (42 percent), solar PV (32 percent), biofuels (13 percent), biomass and geothermal power and heat (6 percent), solar hot water (6 percent), and small hydropower (5 percent). An additional $40–45 billion was invested in large hydropower.

The United States became the investment leader in 2008 due to record wind power installations and ethanol investments, moving ahead of long-time investment leader Germany. About $24 billion in new investment took place in the United States, or 20 percent of total global investment. Spain, China, and Germany were not far behind (in that order), all in the range of $15–19 billion. Brazil was fifth, at $5 billion, due to large investments in biofuels.

In addition to the $120 billion in renewable energy investment, the solar PV and wind industries made substantial capital investments in new manufacturing plant and equipment in 2008, and total global research and development spending likely exceeded $15 billion. Further, innovation and expansion was boosted by continuing large flows of private equity investment and venture capital, at least before the late-2008 market crash. These equity and venture flows grew to $13.5 billion in 2008, up from $9.8 billion in 2007. An emerging significant component of venture capital investment went to cellulosic ethanol, estimated at more than $350 million in 2008.

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18 Investment numbers in this 2009 Update edition are based on a different methodology from prior editions, one of which uses statistics from New Energy Finance (NEF).
19 Key world energy statistics 2009, International Energy Agency
A large number of banks continued to provide loans for renewable energy projects in 2008, although the degree to which lending tapered off in late 2008 and early 2009 is not yet known. Perhaps the largest single lender for renewable in 2008 was the European Investment Bank, which provided more than €2 billion ($2.6 billion) for renewable energy projects in the EU and worldwide. Development assistance for renewables investments in developing countries has expanded greatly in recent years and reached about $2 billion in 2008, up from $500 million in 2004. In 2008, German KfW committed €340 million ($440 million) in public budgetary funds and private market funds (excluding large hydropower).\(^{20}\)

KfW also committed €405 million ($530 million) as part of its “Special Facility for Renewable Energies and Energy Efficiency.” The World Bank Group committed $280 million (excluding Global Environment Facility funds and carbon finance), plus $1 billion for large hydropower. The Asian Development Bank and the Inter-American Development Bank both committed

\(^{20}\)KfW’s “Special Facility for Renewable Energies and Energy Efficiency” was established in 2005 to provide concessional loans as part of Germany’s international development cooperation; it was to provide a total of €1.3 billion for the period 2005–11.
about $200 million. The Global Environment Facility has committed an average of around $100 million per year in recent years.\textsuperscript{21}

The Netherlands committed €166 million ($230 million). Other official development assistance (ODA) figures from a variety of bilateral and multilateral development agencies suggest additional flows to renewables on the order of $100–200 million per year.

Although the clean energy sector initially weathered the financial crisis in late 2008 better than many other sectors, renewable investment did experience a downturn after September 2008. Total clean energy investment in the second half of 2008 was down 23 percent from the second half of 2007. Overall, renewables investments did not escape the general flight from risk and from growth sectors; however, projects have continued to progress, particularly those supported by policies such as feed-in tariffs.

At the end of 2008 and in early 2009, in part in response to the financial crisis, a number of national governments announced plans to greatly increase public finance of renewable energy and other low-carbon or clean technologies. Many of these announcements were directed at economic stimulus and job creation, with millions of new “green jobs” targeted. The United States announced a goal of $150 billion for renewables over 10 years, Japan announced 1 trillion yen ($12.2 billion) over five years, Hungary is providing €250 million ($330 million) over seven years, South Korea launched a $36 billion package over four years.\textsuperscript{22}

**Clean Energy = Jobs**

In addition to its other benefits, clean energy offers the promise of creating new jobs and rebuilding downtrodden economies. Some people refer to this as the “green jobs” dividend. The analysis shows that solar photovoltaics and wind power industries currently account for more than 190,000 and 413,000 direct and indirect jobs worldwide, respectively, a total of more than

\textsuperscript{21} Energy for development. The potential role of Renewable Energy in meeting the Millennium Development Goals, Worldwatch Institute, 2005

\textsuperscript{22} The global financial crisis and its impact on renewable energy finance, UNEP’s Division of Technology, Industry and Economics (DTIE), April 2009
600,000 jobs. By 2018, we project the number of jobs at more than 1,341,000 for solar and 1,315,000 for wind, for a total of nearly 2.7 million jobs.23

Table 1 Global clean energy jobs (direct and indirect) in Solar and Wind

<table>
<thead>
<tr>
<th></th>
<th>2008 (Current)</th>
<th>2018 (Projected)</th>
</tr>
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<tbody>
<tr>
<td>Solar Photovoltaics</td>
<td>190,819</td>
<td>1,341,968</td>
</tr>
<tr>
<td>Wind Power</td>
<td>413,522</td>
<td>1,315,324</td>
</tr>
<tr>
<td>TOTAL</td>
<td>604,341</td>
<td>2,657,292</td>
</tr>
</tbody>
</table>

Source: Clean Edge Inc, 2009

**MANY BARRIERS TO ENERGY PRODUCTIVITY REMAIN**

Despite the attractive economics of higher energy productivity, developing countries—and those in the developed world—have thus far left much of the potential on the table. The reason for this is that an array of policy distortions, market failures, and information barriers today stand in the way of consumers and businesses seizing an economically attractive course of action.

**Energy subsidies.**

Subsidies on energy in many developing regions directly discourage efficiency by shielding energy users from the true cost of the energy they consume. As we have discussed, low energy prices encourage waste among users—with large associated economic costs. Governments tend to offer energy subsidies for legitimate political reasons. For instance, the subsidized cost of cooking and heating fuels can stem from a desire to help the lowest-income segments of the population, while many oil-producing countries cap transportation fuel prices as a way to share the benefits accruing from national energy resources. Many governments consider access to electricity as a basic right and offer below-cost pricing to both consumers and industry. However, holding energy prices below a market level discourages the expansion of

http://economictimes.indiatimes.com/Features/Financial_Times/Large_allocations_for_education_and_welfare/rssarticleshow/2829944.cms

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supply, and this can lead to shortages and rationing—and rationing tends to have the most direct negative impact on the poor.

**Market failures and information barriers.**

Even in markets where energy prices broadly reflect associated costs, a number of market failures and inefficiencies restrict the adoption of energy-efficient solutions. In developing economies, capital constraints are an impediment to upgrading to more energy-efficient buildings, appliances, and equipment. Many low-income households face very high borrowing rates and simply cannot afford to invest in more efficient equipment, even with large potential savings in lower future energy costs. In many cases, an individual who will not benefit from the energy savings is the one making the investment decisions. For example, landlords are not inclined to make investments that benefit their tenants. Moreover, consumers are often unaware of ways to become more energy productive and tend to make choices based on nonfinancial factors such as convenience and comfort.  

Many companies in developing countries do not face financial or other incentives that would catalyze them into taking complete advantage of the opportunities to boost energy productivity. In some cases, government-owned businesses lack the managerial incentives to capture efficiency gains (e.g., Mexican refining sector); in others, companies enjoy high levels of other regulatory protection (e.g., until recently, the automotive industry in many regions). In the absence of the requisite market pressure, improving performance and being more energy efficient is hard work for managers, and companies simply forgo the opportunities. The small and fragmented nature of energy costs in most operations tends to deter businesses from capturing the full potential available. The absence of management incentives, capital allocation practices, and a lack of skills also explains why many industrial companies do not adopt economically viable energy-saving solutions.

Because changes in global oil prices do not typically translate into equally large swings in consumer prices, as we have discussed, escalating oil prices alone will not remove many of the barriers to higher energy productivity. In short, even with oil prices at $100 a barrel or more, consumers and

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businesses may well forgo the opportunity to boost energy productivity and reap its benefits.\(^{25}\)

**POLICY LANDSCAPE**

**Policy Targets for Renewable Energy**

Policy targets for renewable energy were added, supplemented, revised, or clarified in a large number of countries in 2008. By early 2009, policy targets for renewable energy existed in at least 73 countries. This includes state/provincial-level targets in the United States and Canada, which have no national targets. In addition, an EU-wide target was enacted in 2007.

In the EU, final confirmation was reached in 2008 on country-specific targets for shares of final energy consumption by 2020. There were no changes to any of the originally proposed targets for final energy shares, except for a small change for Latvia. Some countries adopted additional or supplementary targets, such as Germany’s 30 percent electricity and 14 percent heating targets by 2020. The confirmation process resulted in a number of special provisions, including a 2014 interim review and provisions related to greenhouse gases. The original transport-sector target (10 percent share of transport energy by 2020) was also retained but was modified to encompass biofuels, electric vehicles, and electric trains, with a credit multiplier of 2.5 for renewable electricity consumed by electric vehicles. Special provisions for biofuels sustainability were also adopted, including double crediting of second generation (i.e., cellulosic) biofuels and excluding from credit any biofuels that do not save at least 35 percent of greenhouse gas emissions compared to the equivalent fossil fuel use.\(^{26}\)

Many new national-level targets were set in 2008 and early 2009. Among these, Australia targeted 45 terawatt-hours (TWh) of electricity by 2020. Brazil’s energy plan sought to slightly increase through 2030 its existing share of primary energy from renewables (46 percent in 2007) and its electricity share (87 percent in 2007). India increased its target to 14 GW of


\(^{26}\) *The Experience of Energy Efficiency Policies and Programmes in IEA Countries: Learning from the Critics*, International Energy Agency, August 2005
new renewables capacity by 2012. Japan set new targets for 14 GW of solar PV by 2020 and 53 GW by 2030.\textsuperscript{27}

**International Renewable Energy Agency (IRENA)**

The beginning of 2009 witnessed a significant milestone in renewable energy policy and institutions. By April 2009, 78 countries had signed the statute of the International Renewable Energy Agency (IRENA). Members include most countries of the European Union and many developing countries, from Africa to Asia-Pacific to Latin America, including Argentina, Chile, Ghana, India, Morocco, the Philippines, Senegal, South Korea, and Tunisia.

IRENA will provide advice and support to governments worldwide on renewable energy policy, capacity building, and technology transfer. IRENA will also improve the flow of financing and know-how and collaborate with existing renewable energy organizations.

IRENA’s goal is ultimately to increase the share of renewable energy worldwide. Such a dedicated multilateral agency for renewables has been conspicuously absent from the international landscape, and IRENA’s founding reflects a growing consensus among governments around the world on the need to actively support the expansion of renewable energy.

**Power Generation Promotion Policies**

By early 2009, at least 64 countries had some type of policy to promote renewable power generation. This includes at least 45 countries and 18 states/provinces/territories around the world with feed-in tariffs. Feed-in tariffs were adopted at the national level in at least five countries for the first time in 2008/early 2009, including Kenya, the Philippines, Poland, South Africa, and Ukraine. Following its former feed-in policies in the 1990s, India also adopted new feed-in tariffs for solar PV and solar thermal power.

Government needs to create the right policy environment for higher energy productivity. Higher energy efficiency is becoming a policy priority. So to achieve this goal need:\textsuperscript{28}

\textsuperscript{27} *Renewables 4 global status report 2009 Update*, REN 21
Reduce energy subsidies
• Reform utility-company incentives
• Set efficiency standards for selected appliances and equipment
• Encourage public-private partnerships in energy efficiency.

Innovation in this respect is likely to gather pace in future years, but thus far three areas have yielded significant results:
• Information programs to increase awareness
• New ways of collaboration to improve building efficiency
• Public financing of private energy efficiency investments.\(^{29}\)

The Polish Energy Policy until 2030

Improving energy efficiency, increasing security of supply and developing competitive markets for fuels and energy, introducing nuclear power, increasing the use of renewable sources and reducing the impact of energy on the environment – these are the priorities of "Poland's Energy Policy until 2030" developed by the Ministry of Economy.

The strategy responds to the crucial challenges facing the Polish energy sector in the short and long terms. Its lines are interdependent. Improved energy efficiency is to reduce the impact of growth in demand for fuels and energy, which in turn will contribute to increased energy security, due to reduced dependence on imports. This also will limit the impact of energy on the environment by reducing emissions of greenhouse gases. For each of the identified lines, the Ministry has formulated general and specific targets, identified activities for their implementation, and the anticipated results.

Improved energy efficiency

This is a priority issue in the Policy, and progress in this field will be crucial for the implementation of all its objectives.

\(^{28}\) IFC, Bureau of Energy Efficiency, and Alliance to Save Energy promote municipal energy efficiency projects in India, States News Service, March 10, 2008.


What is the energy labelling scheme?, Straits Times, March 14, 2008.
The main objectives in this respect will be:

- maintain zero-energy growth,
- consistent reduction in energy intensity of the Polish economy to the EU-15 level.

The Ministry of Economy intends to stimulate pro-efficiency measures in the production, transmission and distribution, and the use of energy. One of the proposed support instruments would be a system of "white certificates", which provides financial benefits for those making the biggest energy savings.

In addition, the Ministry plans a dynamic development of production of electricity and heat in the high-efficiency cogeneration technology. Dynamic growth of electrical and thermal energy generation in high-efficiency cogeneration technology, in particular in small plants below 1 MW. Further actions include introducing minimum standards for appliances and energy-using products, and marking their energy intensity. The Ministry of Economy will also conduct information campaigns to promote the rational use of energy.\(^{30}\)

### Security of fuel and energy supplies

Poland's energy security will be based on domestic fuel and energy resources, especially hard coal and lignite. This will ensure independence from the production of electricity and, in large part, heat from external sources of supply.

In the area of oil, gas and liquid fuels the document assumes diversification, which now applies not only to supply sources, but also to production technologies. Support will be given to develop technologies whereby it will be possible to acquire liquid and gaseous fuels from domestic resources.

The current forecasts on the possibility of covering future demand for electricity in Poland indicate the need to increase capacity. Commitments for the reduction of greenhouse gas emissions force Poland to look for low-emission solutions in the production of electricity. All available technologies to produce energy from coal will be utilized, provided that they reduce air pollution (including a substantial cut in CO2 emissions).

\(^{30}\) *Energy Policy of Poland until 2030 Draft*, Polish Ministry of Economy,
Introduce nuclear power

A new field of activity is the introduction of nuclear power in Poland. In addition to the advantages in terms of zero CO2 emissions, this method of energy production will improve Poland’s energy mix, provide independence from the traditional sources of energy supply, and thus enhance Poland's energy security.

In order to create conditions for the introduction of nuclear power, the Policy sets out measures aimed at creating a legal framework and organizational structure, as well as training human resources, including scientific research personnel. It will be also necessary to carry out analysis for the location of nuclear plants and radioactive waste burial sites.

Develop RES utilization

In order to achieve the fundamental objectives of the Energy Policy, it is also vital to develop renewable energy. Energy production from renewable sources will bring positive environmental effects and contribute to the development of the regions lagging behind.

The document sets out the following targets: achieve 15-percent share of RES in final energy consumption by 2020, and 20-percent share by 2030. It is also planned to achieve, by 2020, a 10-percent share of biofuels of the market of transport fuels, and increase the use of second-generation biofuels. The basic measures provided for by the document in this area is to support the generation of electricity, heat and cooling from RES and the production of biofuels. An interesting initiative, currently being drafted by the Ministry of Economy, is the programme for the construction of agricultural biogas plants.

Develop competitive fuel and energy markets

Competitive energy markets help reduce production costs and therefore dampen fuels and energy price increases. In this area the Ministry of Economy aims to: solve the problem of dependence on supply of natural gas and crude oil from one source, abolish the barriers faced when trying to switch the provider of electricity and gas, rebuild the model for the electricity market, and introduce market methods for establishing the price of heat.
Limit environmental impact

Basic measures are aimed at reducing emissions of CO2, SO2 and NOx, in accordance with the commitments assumed by Poland. The main objective in this area is to reduce emissions of CO2 to a technically feasible size without affecting energy security. The draft document provides for establishing a system to manage national ceilings on emissions of greenhouse gases and other substances, introducing product-specific limits on CO2 emissions in electricity and heat generation, and adopting standards to reduce the emissions in these sectors.

Also planned is Poland's active part in the implementation of the European Commission's initiative to build large-scale demonstration plants utilizing the technology of carbon capture and storage (CCS). It is expected that at least two CCS demonstration plants will be located in Poland. New lines of action will also include an intensification of research into the use of CCS technology to support the extraction of crude oil and natural gas, and to use waste CO2 as a raw material in other industries.  

Renewable Energy Sources - Poland

Renewable Energy Sources have been constantly gaining importance in the Polish economy, especially in the context of energy source diversification. At the moment only 6% of electric energy in Poland is generated using renewable energy sources. However, EU directives specified in the Polish Energy Policy until 2030 assume the country will have produced 15% of energy from renewable sources by the year 2020 and 20% by 2030.

Poland has a considerable potential to obtain energy from renewable sources e.g. water power stations which have never been fully used, rich biomass resources in the form of forestry and agriculture waste and biogas. Geothermal waters can be found under round 80% of the country’s territory. Solar energy may prove very useful in the future, it was noted.

The sector is likely to experience successful development also due to its strategic location and easy access to qualified cadres. Production of the equipment and systems suitable for generating energy from renewable sources not only involves an introduction of highly advanced production processes but imposes high environment protection standards and requires highly qualified

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31 Energy Policy of Poland until 2030 Draft, Polish Ministry of Economy
32 Central and Eastern European Renewable electricity, Outlook 2008, KPMG
and trained cadres to work in the sector. That is why projects in the sector inevitably entail high investment costs.

**Potential of Renewable Energy in Polish regions**

In Poland is disparate potential in different technologies among country (each region has different optimal technology „mix”). Technical potential of wind energy, solar, geothermal, biogas and biomass. The highest potential is in north-west part of Poland, but good conditions are in the middle parts too.

**Figure 6 Renewable energy potential in region**

Source: IEO

**RE Infrastructure Development Conditionings**

Taking into account the conditions as follow:

- Place in IBnGR (the Gdansk Institute for Market Economics) ranking – general infrastructure condition in region
- Electroenergy and gas infrastructure
- Advanced level of RE in region
• RE industry

We can observe, that almost in the same parts of Poland where is high or medium potential for renewable resources, there are also good infrastructure conditions.\(^{33}\)

**Figure 7 Infrastructure conditions favour the RE development in Poland**

Source: IEO

**CONCLUSIONS**

Higher energy productivity is a substantial business opportunity for companies. Introducing public policies that incentivize and reward energy efficiency is a crucial first step. However, businesses operating in different sectors are the engine needed to exploit the full energy productivity potential—and to find ways to innovate and expand the opportunities beyond those on the scene today. Not only do companies have a substantial opportunity to secure energy savings in their own operations, but they can also seek partnerships with the public sector in their energy efficiency efforts, as well as position themselves for potentially lucrative new global markets in energy-efficient

\(^{33}\) Institute for Renewable Energy (EC BREC IEO), www.ieo.pl
technologies and green solutions. Some companies from developing regions are already proving to be pioneers in this regard, but there is potential for more players to emerge as new champions. There is need for raise corporate standards for energy efficiency. And moreover create and capitalize on new markets in energy efficiency.\(^{34}\)

At present, a range of market failures and information barriers discourage developing countries from increasing their energy productivity, even with high energy prices. Capital constraints, particularly for low-income households, are a major hurdle. Consumers also tend to lack the information they need to make the right choices. Many companies, insulated from the true price of energy, have relatively little incentive to identify and invest in the fragmented energy savings opportunities that are available. And today’s tighter credit markets are squeezing the financing of all investments—even less risky ones, such as those in energy efficiency.

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“The other” in the justification of the use of force: Medvedev’s defence doctrine

Ivars Liepnieks

Introduction

Some experts view the re-emerging and ambitious Russia as a challenge and, hence, worth of increased attention. For instance, Sergey Karaganov argues that the conflict in Georgia 2008 shows what can happen if the West neglects Russia’s concerns over, for example, NATO enlargement.¹ Clearly, this war affected Medvedev’s thinking on the justification of the use of force, but the main focus of this paper is on the justification of the use of force in Medvedev’s defence doctrine more general.

The justification of the use of force is one of elements in any state’s defence doctrine. Despite of growing focus on a changing concept of international security (new challenges, soft security, human security, etc.), the use of force remains crucial, particularly for states since it touches upon their security and survival.

The aim of this paper is to analyse if and how the approach of Medvedev widens the criteria for justification of the use of force.

In order to meet this aim, I look at the main aspects of discussion on 1) one of five principles of foreign affairs; 2) amendments in legislation on the use of national military forces abroad; 3) security strategy 2020; and 4) new military doctrine.

This paper addresses the following elements of the justification of the use of force: 1) compliance with international law; 2) protection of Russian citizens abroad and 3) the importance of “near abroad” or “sphere/zone of influence/interest”. By applying some theoretical aspects of identity formation

and the concept of “other” it is possible to analyse the above-mentioned elements and make conclusions about the impact of the US as “the other” in Medvedev’s justification of the use of force.

Certainly, discussions on the best approach to the justification of the use of force have been active in Russia. It remains to be seen if these discussions are going to influence international norms on the use of force and the conduct of Russia in a potential conflict in the future. After events of August 2008 Russia faces a challenge to accommodate its traditionally restricted approach to the use of force with some elements that emerge in Medvedev defence doctrine. This sets a good basis for analysis.

“The other” in identity formation

The main focus here is to address the importance of “the other” in identity formation. In addition, from a scientific point of view it is important to construct the link between identity formation and state behaviour, the justification of the use of force being one type of such behaviour. This allows linking the US as “the other” and justification of the use of force in Russia at a later stage.

Many constructivist thinkers associate the identity formation with the description of “the other”. For instance, C. Schmit is considered to be among the first writers who used the approach of “the other” in order to analyse any given state or collective entity. For him the distinction was mainly between collective enemies and friends.²

According to T. Hopf, Europe and the US are the main two significant others of Russia’s identity. Hopf argues that Russia’s identity is partly a product of interaction with other great powers.³ The starting point is that “the other” plays irreplaceable role in an identity formation. This can be applied also to Russia.

Meanwhile, C. Mouffe argues that collective identities always entail a we/they discrimination. The term “they” can be considered as a synonym of “the other”. For Mouffe a “we” can exist only by the demarcation of a “they”. This implies a premise that “we” is different from “they”. In addition, this distinction is “the condition of possibility of formation of political identity.”

The creation of identity requires establishing differences, which can be of different kind, for instance, differences between form and matter, black and white, man and woman, etc. These differences can be both negative and positive, but they distinguish “the self” from “the other”.

Another challenge is to link this process of identity formation with an action or behaviour of a collective entity. This link can be made through the importance of national interests. One of the founding fathers of constructivism A. Wendt claims that “identities are the basis of interests.” Meanwhile, S. Burchill argues that “the national interest is an important social construction which should be seen as a key indicator of state behaviour”.

The link between identities, national interests and state behaviour is explained in the following way. “Identities refer to who or what actors are. They designate social kinds or states of being. Interests refer to what actors want. They designate motivations that help explain behaviour. Interests presuppose identities because an actor cannot know what it wants until it knows who it is.” This is the mechanism by which the behaviour of states is decided. In other words, “identities are important because identities inform

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5 C. Mouffe, ibid., p. 15.
6 C. Mouffe, ibid., p. 16.
7 C. Mouffe, ibid., p. 15.
10 S. Burchill, ibid., p. 191.
11 S. Burchill, ibid., p. 195.
interests and, in turn, actions”. These assumptions make it possible to link the formation of identity, national interests, state behaviour and the justification of the use of force in Russia as a particular focus of this paper.

Firstly, the aim here was to show that “the other” is a crucial element of identity formation and that for Russia one of the main significant “others” is the US. Secondly, the above mentioned constructivists argue that identity can be linked to interests that, on the other hand, can be linked to state behaviour. In addition, differences that are underlined in identity formation can be used as a method to describe and analyse particularities of the justification of the use of force in Russia. Moreover, recalling the importance of the US as one of the main “others” it could be beneficial to look at the justification of the use of force in Russia through these differences.

However, before turning to analysing these interactions I will look at the main elements of the justification of the use of force in Medvedev defence doctrine.

The use of force in Medvedev defence doctrine – an overview of official documents

In order to identify some dominant trends it is crucial to provide a short description of the main documents that illustrate the current official Russian approach towards the justification of the use of force. Since Medvedev came to power the following official documents, which include provisions for the use of force, have come to force: 1) Medvedev five foreign policy points (31.02.2008); 2) Russia’s security strategy 2020 (13.05.2009); 3) legislation amendments on the use of Russia’s troops abroad (09.11.2009); 4) Russia’s military doctrine (04.02.2010).

This paper focuses on three aspects in these four documents: 1) compliance with international law; 2) protection of Russia’s citizens abroad; and 3) “near abroad” or “zone/sphere of interest/influence”.

In general, the use of force can be mainly considered as a concept of international law. Russian officials often refer to international law and, as other
countries, almost always claim that Russia uses force strictly in accordance of international law.

So, one question to be answered is whether Medvedev’s justification of the use of force is strictly traditional in terms of international law, i.e. referring to the UN Charter, the use of force is prohibited\textsuperscript{13} and is allowed only in two exceptions: defence against an armed attack and decision of UN Security Council\textsuperscript{14}. The aim is to discover if Russia is moving away from this restricted or traditional approach of interpreting international law. It is not only crucial to analyse this approach as such, but also to observe the two other aspects mentioned above, which are complementary to the analysis.

**Compliance with international law**

Defence against an armed attack is widely accepted exception of the use of force. The question is if Russia believes to be legal to defend not only it itself, but other countries. Legislation amendments of November 9, 2009 say that one of the tasks of Russian troops is to defend another country if it has asked Russia for help.\textsuperscript{15} This document does not provide more details of what is meant by “another country”. However, other documents make the picture clearer but not entirely.

Military Doctrine elaborates this aspect. It is said there that the aggression against a Collective Security Treaty Organisation (CSTO) country (or Union State, i.e. Belarus) should be considered as an aggression against Russia.\textsuperscript{16} On the one hand this provision widens the scope of the use of force, on the other – it is more restricted than the provision of “another country”. In

\begin{itemize}
  \item[13] Evans, Malcolm D. (ed.), *Blackstone’s International Law Documents* (8th ed., Oxford: Oxford University Press, 2007), p. 10; Article 2.4: *All Members shall refrain in their international relations from the threat or use of force against the territorial integrity or political independence of any State, or in any other manner inconsistent with the Purposes of the United Nations.*
  \item[16] Voennaya doktrina Rossiyskoy Federacii, February 5 2010, [https://news.kremlin.ru/ref_notes/461/print](https://news.kremlin.ru/ref_notes/461/print) (08.02.2010)
\end{itemize}
any case, this document stipulates that Russia would use force not only to defend itself, but also would help other countries.

As mentioned above, a decision of the UN SC is one way of making the use of force legal. Military Doctrine states that Russia has a right to use force not only on the basis of UN SC decision, but also on a decision of other collective security structures. Another provision that widens the mandate for the use of force is that participation in peace-keeping missions can be based not only on a UN, but also on a CSTO or Commonwealth of Independent States (CIS) mandate. At the same time, Military Doctrine underlines that it is a dangerous tendency to use force without a UN SC mandate and based on interference in internal affairs.  

Certainly, interference in internal affairs is not legal and this has also been widely accepted. However, we can see a contradiction on the question of the mandate for the use of force not only in Medvedev’s doctrine. This can be regarded as one of challenges Russia might have to meet in its justification of the use of force.

**Protection of Russia’s citizens abroad**

The fourth Medvedev’s foreign policy point talks about the protection of lives and dignity of Russian people. The word “life” in this sentence allows, at least to some extent, referring this point to the concept of the use of force.

If not for other documents, this fourth point would be left unnoticed. However, legislation amendments already mentioned above make this link between the use of force and Russia’s citizens abroad stronger and more concrete. It states that force can be used outside the territory of Russia in order to protect Russia’s citizens from an armed attack. The term “armed attack” is mostly used in debates on the use of force within international law. This provision can be related to the legality or even legitimacy of the use of force.

17 Voennaya doktrina Rossiyskoy Federacii, 2010, ibid.
19 Prezident podpisal zakon opredeljajushiy porjadok operativnogo ispolzovania Vooruzenih Sil za rubezom, op.cit.
Hence, from Russia’s point of view defending Russia’s citizens abroad from an armed attack would be completely legal.

In addition, the military doctrine underlines that one of the reasons for the use of force abroad is to protect Russia’s citizens abroad (in another chapter this is one of the main peace-time armed attack, then Russia’s citizens should be protected against an armed attack not only by missions of the military). If to combine this statement with the above mentioned defence against an armed attack, then Russia’s citizens abroad would have to be protected not only by all other means except military, but also the by use of force, i.e. military means.

The restricted approach of international law does not imply using force to protect citizens abroad. Hence, provisions of this kind in Russia’s official documents can be seen as deviation from this traditional approach. It could be stated that Russia believes its citizens abroad is like an extension of its territory abroad, which is not only contradictory statement within the Russia’s justification of the use of force in particular, but also a complicated issue in international law debate in general.

“Near abroad” or “the zone/sphere of interest/influence”

As any country, Russia does not treat all other countries in the same manner. There are regions or countries that are more important to Russia than others. Nevertheless, despite of the fact that the scope of this paper does not allow addressing broader issues, an interesting question to ask would be whether towards these countries the provisions of the use of force would be implemented differently. Meanwhile, there are some trends in official documents that suggest the importance of some countries over other regarding a possibility of using force.

The fifth foreign policy point says that, as other countries, Russia also has regions of privileged interests. The aim here is not to analyse the meaning of the phrase “privileged interests”, but this gives the overall context to the argument made above.

When talking about certain military activities, the military doctrine uses the term “close to our/Russia’s borders”. This document mentions the term six times (in Putin’s Military doctrine of 2000 the term “close to Russia’s borders”...
“The other” in the justification of the use of force: Medvedev’s defence doctrine

“borders” is used three times\textsuperscript{22} and describes these activities as a danger or threat. It is explained later on that a danger can lead to a threat and the threat can lead to military action.\textsuperscript{23}

Security strategy 2020 also touches upon this “geographic term” and ads Russia’s allies. It stresses the disruption of balance of power as a dangerous tendency (especially attempts to locate military infrastructure near Russia’s borders) and escalation of military conflicts as a threat.\textsuperscript{24} It should be underlined that the term “the use of force” is not mentioned in the context of this “geographic term”. Moreover, no legal term in official documents is related to “near abroad or the zone/sphere of interest/influence”.

All these three elements illustrate some dominant trends in the justification of the use of force. Firstly, there are certain contradictions between restricted and wider interpretation of two exceptions of the use of force in Russia. Secondly, Russia believes it is legal to defend its citizens abroad from an armed attack. Thirdly, it remains uncertain if the use of force in “near abroad” would be approved and considered legal.

The role of the US as “the other” in Medvedev’s justification of the use of force

Despite of large criticism on efforts to reach rational consensus in international relations, traditional interpretation of the use of force in international law, in general, can be regarded as a proof that rational consensus is possible. However, this suggests that it is possible only to some degree since a lot of interpretations are above the threshold of rational consensus. The most popular would be interpretations about cases of Kosovo (1999) and Iraq war (2003) when force was used without a UN SC mandate.\textsuperscript{25} Hence, international law as a tool has its own limits. There are grey zones or gaps in international law that can be and are filled by politics or even identity formation.

\begin{itemize}
\item \textsuperscript{22} Voennaya doktrina Rossiyskoy Federacii, April 21, 2000, \url{http://www.ng.ru/printed/7088} (16.03.2010)
\item \textsuperscript{23} Voennaya doktrina Rossiyskoy Federacii, 2010, op.cit
\item \textsuperscript{24} Strategiya nacionalnoy bezopasnosti Rossiyskoy Federacii do 2020 goda, May 13 2009, \url{https://news.kremlin.ru/ref_notes/424/print} (16.03.2010)
\end{itemize}
C. Moffe suggests that there is a lack of capacity to think in a political way.\textsuperscript{26} “The political” here can be viewed as opposite to rational consensus. “The political” should come into play. One of arguments is that it is not entirely possible to analyse Russia’s approach towards the use of force only within efforts of seeking rational consensus.

In order to reach the aim of this paper, the assumption is that identity formation plays crucial role in “the political” and “the other” is important element of identity formation. It was already mentioned above that identity formation is linked to interests and interests are linked to behaviour, the justification of the use of force being as one type of such behaviour. This offers some scientific basis for linking “the other” with the justification of the use of force. Consequently, the main focus of this paper is the link between the US as “the other” and the justification of the use of force in Russia as some type of product of the product of the process of identity formation.

Compliance with international law

There are two trends that are characteristic to Medvedev’s doctrine: 1) Russia can defend also other countries against an armed and 2) the UN SC is not the only body which can give the mandate for the use of force. This interpretation is very similar to the US approach. This shows the existence of the US as “the other”. Firstly, Article 5 of the Washington Treaty says that an armed attack against one Ally shall be considered an armed attack against them all.\textsuperscript{27} Secondly, Kosovo events of 1999 showed that NATO as a collective structure can mandate the use of force\textsuperscript{28} and group of countries lead by the US mandated using force in Iraq in 2003. Therefore, it can be argued that those two provisions of Medvedev’s doctrine is a reflection of NATO Article 5 and Iraq and Kosovo cases.

On the one hand it shows that Russia believes it can justify the use of force in the same way as the US does (Russia is as great power\textsuperscript{29} as the US is,

\textsuperscript{26} C. Mouffe, op.cit., p. 9.
\textsuperscript{28} A.D. Sofaer, op.cit., p. 114.
\textsuperscript{29} F. Lukyanov claims that Russia’s policies over the last 15 years were driven by a desire to restore the status of a great power capable of conducting an independent policy – F. Lukynov (March 2009) “Putin’s Russia: the quest for a new place”, 338
hence Russia can do the same), on the other hand Russia’s sees these deviations from restricted approach of international law as dangerous. I suggest that this mixed picture can be explained only by the process of identity formation which is contradictory by definition. However, compliance with international law shows that Medvedev’s doctrine refers to the justification of the use of force and to the force used by the US.

Protection of Russia’s citizens abroad

The influence of great power thinking is evident also regarding the protection of Russia’s citizens abroad. Official documents suggest that Russia believes that if the US can use force for humanitarian reasons, including protection of its citizens abroad by any means, then Russia also can. On the other hand the documents underline interference in internal affairs (and humanitarian intervention can be regarded as one type of such interference) as a dangerous to Russia’s security. These two can be characterised as competing trends.

Under traditional interpretation of international law humanitarian intervention can be legal if the violation of human rights is massive (*jus cogens* rule – for example genocide and slave trade)\(^30\). From international law point of view this threshold is very high and in most cases would not be applicable to the protection of Russia’s citizens abroad by military means.

However, from the point of view of “the other” Russia believes that Kosovo 1999 and Georgia 2008 do not differ in terms of humanitarian intervention. “The other” is one aspect that determines normality of the use of force for protection of Russian citizens abroad. In other words, Russian citizens in South Osetia are seen in the same way as Albanians in Kosovo in this regard.

\(^30\) N. Wild (August 2008) “Does a State Have the Right to Protect Its Citizens Abroad?”

http://www.rferl.org/content/Does_A_State_Have_The_Right_To_Protect_Its_Citizens_Abroad/1193050.html  (16.03.2010) For such intervention to be legitimate, however, certain conditions need to be met. These include the existence of undisputed evidence of crimes committed against the civilian population; international authorization for the use of multilateral force; the objective must be limited to preventing human suffering and protecting the population; and the use of force should not exceed that required to achieve the humanitarian objective.
“Near abroad” or the zone/sphere of influence/interest

When talking about a possibility of further NATO’s enlargement to Ukraine and Georgia, S. Karaganov claims that the West’s geopolitical expansion (including NATO’s) to countries bordering on Russia is a short sighted policy and should be stopped, since it entrenches into “Russia’s most sensitive military-political sphere”.31 This illustrates that there is something particular, at least, about the territories bordering Russia.

Continuing the main argument of this paper, the specialty of the term mentioned in the subtitle is linked to the US as “the other”. It is a widely accepted belief in Russia that the US still has its own “spheres of influence” (Monroe doctrine is not a thing of the past) and NATO’s enlargement is clear evidence of this fact.32 The US as “the other” is crucial not because it is present close to Russia’s borders, but because Russia does not want its presence at its borders. Official documents illustrate that Russia does not welcome this presence. Therefore, the particularity of “near abroad” in Russia’s identity formation and the impact of the US as “the other” leads to thinking of particularities regarding the justification of the use of force.

A question can be raised – does this suggest that Russia would be inclined to using force more against “near abroad”, i.e. in its zone/sphere of influence/interest? The answer is that official documents do not go that far. Certainly, the US presence in these countries is regarded as a danger or threat, but Russia is not ready to officially declare readiness and ability to use force in these territories more than in others, which would be against international law. On the other hand it can be claimed that two elements – the protection of Russia’s citizens abroad and territories at Russia’s borders – can overlap, and another question is if a cumulative effect of combining these two elements would distinguish these territories from others in terms of using force. The answer is not clear yet.

31 S. Karaganov “Why Europe needs a new security pact”, http://www.karaganov.ru
32 D. Trenin (October 2009) “Russia’s Spheres of Interest, not Influence” The Washington Quarterly, 32:4, pp. 3-22: whereas the Kremlin fear about the Orange revolution in Ukraine was that the US would not only project its sphere of influence all the way to Russia’s borders, but by helping establish a local democracy, would undermine the Russian political system.
Conclusions

In relations to all the three elements – compliance with international law, protection of Russia’s citizens abroad and “near abroad” or the zone/sphere of interest/influence - the impact of the US as “the other” can be identified. Hence, it is possible to argue that the US plays role not only in Russia’s identity formation (T.Hopf), but also in Russia’s justification of the use of force. It is evident that Russia includes some US or Western elements in its justification of the use of force.

As a result of the combination of elements of traditional and modern justification of the use of force, it becomes more contradictory. This contradiction may suit Russia’s interests and therefore should not be solved, but there are some signs that debates on these matters still continue in Russia. For instance, Russia’s Ambassador to NATO D. Rogozin in a radio interview laid out three criteria for the use of force to be in compliance with international law: 1) if it is not possible to save lives by other means; 2) it cannot be used as a pretext for interference in internal affairs; 3) it has to be local both in terms of time and space. In general, the criteria for the use of force is widening in Russia, since it deviates from the traditional interpretation of international law and norms governing the use of force. The analysis showed that criteria are widening regarding all three elements of justification of the use of force I looked at more closely here. This also suggests that Russia is still looking for the justification of the use of force that would best serve its national interests.

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“The other” in the justification of the use of force: Medvedev’s defence doctrine

Commercialising Values. Critical Remarks on the Corporate Social Responsibility

BARTOSZ MICHALSKI

Key words: corporate social responsibility, competitiveness of a company, business ethics, moral and consumption dilemmas

Abstract

The problem of growing moral relativism is often regarded as a symbol of the future clash or final countdown of Western civilisation. It could be argued that the situation in which different forms of hypocrisy become both a virtue and a new source of market advantage are an unavoidable result of a falsely defined tolerance and increasing secularisation, which, in the long run, enables the commercialisation of values to appear out of reach. Encouraging certain social groups to speak their mind and express more or less radical disagreement or protest also became a factor. Therefore a new, specific market space for companies has been created that helps develop the concept of corporate social responsibility more intensively. Businesses involved in such activities started to change their strategies of competition in order to invent a suitable image of reliable companies.

On the other hand, there are some interesting opportunities in how to withstand this negative pressure of commercialising values more efficiently and turn back to the roots of the Smithian concept of competition. However, this may require raising the level of the awareness through intensive consumer education and to counterbalance, to some extent, the ideological, consumption-supporting mainstream in the media.

The paper is an attempt to discuss the issues outlined above. It is supplemented with related short case studies.
1. Introduction

The intensification of competition pressure in the global economy implies for a good deal of challenges within multinational/transnational companies (TNCs). Whereas every business strategy aims at finding, defining and making effective use of measures which have to shape a company’s environment and bring about substantial benefits, it is advisable to remember that there are numerous issues which cannot be influenced and commercialised so easily. In this context one could mention various socio-political actors (e.g. churches, religious associations, consumer organisations, trade unions) because their activities also determine and modify perceptions of facts and decision making processes. These actors often present consumers with different alternative lifestyles, models of consumption or leisure time.

This contributes to a level of communication between potential clients and companies. There emerges a specific form of rivalry induced by the necessity to decide about morally correct actions. Consequently, there appears a kind of psychological tension between deeply internalised values and beliefs and simple egoism demanding to satisfy all individual needs. Therefore an acceptable solution has to be found.

It is easy to identify the increase of ethical awareness and sensitivity among global tendencies. This became an issue for TNCs who could not be seen as contributors to this moral shift. Competition strategies loom over TNCs, making it necessary to arrange a sequence of processes that are part of a so-called corporate social responsibility (CSR) and focus on the possibility of finding a compromise. It creates a specific marketplace where money spent on goods and services does not only imply the act of purchasing, but simultaneously relates to the acquisition of a specific mindset. This may influence the satisfaction of personal needs that are coherent in this particular situation with moral and social expectations. Therefore this specific mental need to be fair on oneself and members of society makes companies act in a way whereby they must be distinguishable from other competitors. It enables them to shape social behaviour and to persuade (or even to brainwash) those groups of consumers who are partly aware of the issue, but not fully able to recognise the premises and motives of their acting. This act may also enforce a judgement of possible consequences for specific consumer decisions.

The dispute focuses on a question as to whether this strategic business activity implies a fair treatment policy with the human being at the centre or a new kind of soft market indoctrination based on the assumption that formal, ethical acting is worth while (according to the primitive understanding of Biblical phrases such as ‘for whatever a man sows, so he will also reap’; Gal 6,
It is also assumed that acting in this way is usually limited to charities, which play a very important role in creating an ethical image of particular company. This is therefore a problem worth considering and determines the main aim of the paper.

The author focuses on the selected theoretical deliberations related to the genesis and multi-aspect character of CSR together with an attempt to determine factors of its effectiveness and significance for improving companies’ competitiveness. Some issues are supported with short studies on recent cases in Poland. The pivotal motive in considering this problem is the need to provide a critical judgment of the above mentioned tendencies. Not less important is that contemporary media present a very selective approach to these issues, which shallow the depth and scope of intellectual deliberations in the long run.

2. The genesis of corporate social responsibility

Ethical and religious reflections on wealth and welfare are at the heart of the matter concerning the genesis of CSR. The problem of a proper attitude towards material goods is related to the awareness that what one has is not only the matter of his or her contribution. This issue is constantly being raised by all religions and philosophical systems (Judaism, Christianity, Islam or Buddhism). Therefore the process of decision making and how to maximise total utility by using scarce means, which have alternative uses, becomes a moral obligation. This is because behaviours, which are not consistent with accepted canons (standards), are regarded as ‘sins’ and judged negatively. Wealth, which is often accompanied by power, imposes taking on ethical responsibility because of greater opportunities to implement good deeds.

Being devoted to these fundamental principles of every religion or belief system does not support in the long run the development of capitalism. The increase and fostering of sales in order to maximise profit could be described as an ‘orgy of consumption’. If this is the case, then we need to be able to transform these strict rules. If, according to Max Weber [1994], the protestant revolution became one of the key factors for capitalist development, so economic systems turned with time thanks to this secularisation power into a new post-Christian religion parasitically sucking on Christianity [see: Krasnodebski 2007 and Bell 1994]. In this new social and economic order, the accent is being laid on the abandonment of various forms of moral limitations in order to achieve material fulfilment as a primitive equivalent of happiness, substituting religious experience and elation. Capitalism, through its full inclusion, followed by the trivialisation of human subjectivity, according to the
rule that everyone can be a consumer, means that every portion of income spent on goods is precious. This provides the opportunity for the explicit and implicit costs of obtaining a state of satisfaction (from both economic and psychological perspective) to be minimised, whereas exclusive religious systems, which are demanding to obey other sets of rules, do not.

Consequently, it may be suggested that, because of ethical underdevelopment and/or unwillingness to take full moral responsibility at the individual level, this vacuum will be filled with the activities of companies which are expected to do it. This refers to the concept of a social contract assuming the provision of a neural judge. In this legal framework every actor (individual and company) is expected to behave in a predictable and useful way (minimising costs of enforcing contracts, more general transaction costs). However, the problem is that abstract constructs of legal personality, on the one hand, attribute to the same features that physical persons have (legal capacity and capacity for legal actions), but on the other hand, split the issues related to business activity (aimed at a particular goal) from the moral concerns.

Economy should not be regarded as a separated area, ruled by totally different moral norms because personality and moral convictions are also developed and adapted in this dimension of human activity. If one could assume that capitalism remains a system that atomises communities and imposes a certain type of behaviour, lowering moral standards (inducing a kind of social mimicry), there emerges naturally a counterbalance stressing the necessity of activities aimed not at individuals but at existing communities, even if they tend to define themselves as discriminated minorities.

If the assumption referring to capitalism was recognised as true, one would be able to argue that within the contemporary concept of the CSR ethical reason derived from religious systems should not be raised. Stronger emphasis is put on issues of social consent or, in extreme cases, gullible indulgence for certain types of human behaviour promoting socio-cultural permissivism. This can be observed when one tries to define what the corporate social responsibility is, and in what areas of human and business activity is enforced.

The term ‘corporate social responsibility’ is not perfect and raises heated discussions as to its proper meaning. Firstly, they are based on the fact that the CSR concept often refers to corporations, instead of to the whole business environment. Secondly, to soften the meaning and moral clarity of the English word ‘responsibility’, there are proposals to replace it with slightly different words such a ‘responsiveness’, ‘rectitude’, ‘involvement’ or simply ‘performance’. Nevertheless, these are more or less successful attempts to
change the emphasis from the issues of heteronomic ethics deducing that moral obligations are determined be the system of norms and values external to of individuals (given by God or other supreme beings) towards autonomic ethics (e.g. Kantian ethics), which are usually created by human intellect. This assumption that proposes moral rules are lodged deep inside every person who is judicious, rational and free to choose being. These rules are established and then respected [see: Klimczak 2003, 41]. As a consequence it may refer to the legal system, which is no more a protectionist or educative tool, a set of institutional solutions playing a supportive role towards social needs and compelling desired reactions and behaviours, but this then becomes an absolute. When criticising this way of understanding ethics, one has to emphasise the fact that the privilege how legal rules are provided and interpreted is usually restricted by a sparse group of arbiters (e.g. constitutional lawyers, politicians) who would not necessarily deserve this role from a heteronomic ethical standpoint.

The slight semantic differences mentioned above are the reasons why the definitions of corporate social responsibility fall between two extremes. The minimalist (passive) approach, puts emphasis on the necessity to refrain from harmful actions, whilst in the active scenario, the main aim is to fulfil the expectations of stakeholders; groups of people directly or indirectly connected to and affected by the business activities of a company. This includes owners, employees, local communities, consumers and public administration [see: Besser 2002, 13–33].

The area in which the CSR concept finds its most effective enforcement is labour conditions and environment. Undertaken activities are based on corporate ethical codes, which form an integral part of business strategy [see: Žemigala 2007, 198–200]. The natural environment and promoting the corporate image are of no less importance. These dimensions pervade one another, so it is impossible to classify them clearly. However, the benefits gained in this way may strengthen the competitive potential of a company (its multi-factor competitiveness). These issues will be discussed in a further part of this paper presenting practical aspects of the CSR concept.

From a microeconomic perspective, this idea is most certainly open to criticism. Due to the fact that the main goal of a company is to maximise its profits, which in order to be fully operationalised and understood clearly is defined here only as a financial category, indicates non-economic obligations of companies. The major reason is that CSR activities diminish profits which the owners are interested in. Furthermore only the owners, as opposed to the
managers, are allowed to make decisions as to how these financial benefits might be made by taking into account their own moral obligations.

Provided that owners are usually interested in satisfying profits because they are not keen enough to manage the whole company, it gives a certain scope of freedom to the managers who make decisions concerning business strategy policy and thus also to the CSR activities. If the managers’ aims are achieved, there is also the possibility to satisfy the needs of other stakeholders. Therefore a company (corporation), through its participation in particular social projects, can influence social attitudes, which in the long run may help strengthen the legitimacy of its market position and future activities. This will also affect positively the core knowledge resources accumulated during the years of operation.

Critics might indicate that an enterprise is not a moral institution. However, they would have therefore failed to notice that a company would not be able to operate without the people it employs. What is more, co-workers are insisted on remaining cool, politically correct professionals, which implies that they should, but may not be able to, separate their religious and ethical beliefs from their professional careers. It is worth remembering that employees often express particular expectations and demonstrate their ability to act, so if they identified correctly, it could serve both their needs as well as enhancing the competitive potential of their company.

3. The impact of the CSR on the competitiveness of a company. Selected cases studies on Dr. Jekyll-Mr. Hyde-policy

A key assumption in analysing the impact of CSR on the competitiveness of a company is the issue focusing on the fact that people are the most important and valuable asset when it comes to business creation. Without adequate co-workers every material or financial asset remains useless and lifeless. Thus, in order to make an organisation work properly, attention should be drawn towards identifying the needs and personal motivation of employees. These activities aim at enhancing their involvement through the participation of discussing, setting and enforcing the business strategy and improving the working environment. This should not only be understood as a place where a particular person spends his/her time, but as a space supporting facilities. By doing a job a person does not only earn financial means securing the material existence, but it affects also the intellectual, cultural, social and professional aspects of the worker’s life [Korus 2006, 109].
It has to be stressed that there is quite a simple reason for this kind of management orientation in the company. Highly developed economic systems are founded mainly on efficient use of knowledge resources, which are accumulated and stored in human brains. The challenge is thus how to find a good way of activating them. However, there exist many obstacles of cultural or social nature. For instance, the Asian model of capitalism requires the willingness to cooperate and undertake collective actions, in which the transfer of knowledge plays a role of invisible adhesive (master/trainee-apprentice relationship), whereas the Western model prefers more individualistic approach based on competition in the workplace, which might be the explanation as to why it is impossible to generate sufficient amount of social capital and to build trustworthiness in personal and business relations. This knowledge is regarded as a strategic asset providing an advantage to possible rivals competing for a limited number of better positions in the organisational structure of a company. This is the reason why the speed of knowledge transfer does not meet the managers’ expectations. Moreover, employment security often results from possessing or even controlling unique and highly specialised competences, necessary for operational proficiency.

Corporations are aware of the fact that the essence of competitive advantage rests on making use of employees’ knowledge and experience as well as attracting and managing talented individuals [Oberli 2007, 38–40]. Traditional head-hunting is being faced with moral disapproval, because it helps externalise the responsibility. As a consequence, the rivalry is being shifted to an area where intelligent and loyal workers can be found more easily – through employer branding. Referring to this method, a new responsible image of a company is created, which becomes a key factor for members of an identified target group (students, young talented and ambitious managers) while making decisions about sending applications. One could focus for instance on the contents of press announcements, in which companies usually stress the process of building young, dynamic and successful teams, internships and/or training, which offers the participation in business cases. As another example may be to serve numerous rankings of the most desired employers arranged under auspices of well-known figures, organisations or particular companies. The group of corporations that usually win such classifications has remained stable for years. Branches mostly represented with relatively better prospects for an international business career are consulting, telecommunications, financial services or FMCG (fast moving consumer goods). What may seem interesting is that revealed scandals or serious swindles usually do not hamper their image. It means that young graduates present a very pragmatic approach towards job seeking process and are not discouraged by such claims.
To support this opinion, it is worth recalling the most spectacular case of Arthur Andersen, who for years was one of the most desired employers in student rankings but was also involved in the widely commented scandal of Enron. This was a contribution to start discussing the problem of abuse by consulting companies emerging in the area of strategic management, tax planning and/or financial auditing.

Many doubts were raised about the credibility, objectivism, professional ethics or alleged lack of interest in political actions. For instance, reports, recommendations or even comments may affect the position of a country in the negotiation process or worsen its image as a place where business projects can be successful. One well-known consulting company released a report suggesting that over 6 million people (about 40% of Polish workforce) were considering the possibility of looking for a job in ‘older’ EU-member states. It resulted in new unjustified phobias in Western-European countries and substantially weakened the credibility of alternative studies. All in all, a selective transition period in the area of free movement of people was put into practice of European integration process.

Among numerous initiatives that started within the framework of CSR, special attention should be paid to those activities which help coordinate private lives and professional careers. Leaving the political dimension of the problem of equality to one side, companies would like young mothers to increase their efficiency in the workplace because they strive to be able to leave on time in picking up their children from kindergarten or school. Both sides can benefit from this solution, because a women’s personal and professional fulfilment improves their motivation and loyalty, which play (especially the latter) a very important role every when a company has to be up to the challenge of dynamic growth and intense competition in the international environment. When an experienced worker quits, then there appears a serious risk of losing in an uncontrolled way his or her knowledge resources or even key competences essential for organisational success.

In response to this trend, some public campaigns were launched. One of them, carried out in Poland recently by St. Nicolaus Foundation (Fundacja św. Mikołaja), focused on the complex research diagnosing the perception and employers’ attitudes towards hiring young women who are significantly likely to bear a child in the near future and issues related such as: job conditions, maternity benefits and maternity/parental leave, facilities for working mothers. The results turned out to be surprising because of the fact that the award of ‘mother-friendly company’ was given to Tesco chain store, which is neither commonly nor stereotypically regarded as a particularly respected employer.
The company were also involved in other public campaigns supporting modernisation of computer equipment in Polish schools, cooperating with charity organisations (Food Banks Federation, Catholic Church Initiative called Caritas) or locating and finding long-lost people.

It is also worth mentioning in this context that ‘Biedronka’, another popular chain store in Poland, implemented a new strategy in order to change its social perception, negatively affected by the widely commented refusal of complaints of former workers about not having been paid overtime. The company decided to publish a brochure entitled ‘We are not indifferent’ which was presenting a new image emphasising its social responsibility, especially the issues of co-workers’ education and satisfaction (internal professional trainings, integration meetings), their families (medical care, sponsoring of holidays for children), quality of goods (tested in independent laboratories), care about natural environment (ecological initiatives, selective garbage collection) or charities [see: http://www.biedronka.pl/str/2/i/171.php, accessed 06.04.2010].

The subject of strong ideologisation also remains the issue of natural environment affected by human economic activity. One could argue that nature is being given personal features, that are accompanied by the belief that intense atmospheric phenomena and climate change are a kind of revenge on humanity for all the consequential harms of the industrial revolution and extensive, unsustainable, feckless use of resources. Social awareness, as well as exaggerated, deliberately incited fears referring to the scale of environmental transformations and their possible repercussions, have become a fundamental motivation in undertaking actions by consumers in their households. This includes the rational use of electric energy, water, garbage segregation. This also applies to companies, for which this is an excellent opportunity to promote their environmentally responsible image convincing groups of ecologically aware and involved to choose their products and services.

Another example of ethical-ecological paradox in this context is a new specific kind of tourism which makes it possible to visit threatened places like tropical rainforests, glaciers or coral reefs, as long as they exist, whereas arranging such trips increase risk because of transport pollution [see: Salkin 2007]. Ethical doubts are also raised regarding tourism, which generates incomes for political regimes or pushing out local communities from areas needed for hotel infrastructure or other holiday facilities. The process of globalisation is also responsible for another trend known as ‘poverty tourism’ (also known as poorism) which allows for extreme experiences whereby tourists can take photos or shoot films in poverty stricken areas while
simultaneously easing their guilty consciences through buying products from local people and therefore supporting them directly.

4. Looking for solutions of moral and consumption dilemmas

The list of examples may easily be extended, without asking what incomes were generated by ethically or socially responsible activities and were spent on reasonable solutions. Considering this issue from the point of view that the only goal of a company is to maximise its profits, one can confirm that the market mechanism is an impulsion which through commercialisation is able to trivialise even the most laudable ideas. That is why the essence of the concept of CSR does not concentrate on various assistance projects and/or social actions, but remains only a tool to improve the company’s image and competitiveness. It may also be the answer as to why the issue of ethical, economic behaviour raises so much interest.

It seems however, that there is strong potential in a great deal of consumer movements, whose members are aware of their moral obligations. They also know that their disposable income and the possibility to launch negative, ‘word-of-mouth marketing’/’buzz-marketing’ (supported by revealing hidden facts), may induce a company to change the business strategy, or particular decisions.

Consumer boycotts play a strong and affirmative role in this situation. From the point of view of the pseudoliberal consumerist mainstream they appear as a notably awkward adversary. However, the most serious barrier, especially in developing countries or transition economies, is the social desire fed by sophisticated advertising campaigns to fill the subjectively regarded welfare gap (Pusca 2009 provides an interesting study). The simple, yet, extremely difficult way to increase the effectiveness of such social, unconstrained initiatives of many individuals is to make consumers sensitive towards checking the labels of purchased products or countries of origin. It is all about activating thinking process while shopping, and this is something that most consumers avoid or rarely take the trouble to do.

The mechanism of consumer boycott is not complicated. The only problem remains however in achieving real support confirmed by the loss of a part of effective demand. This is caused by restricted possibilities of spreading such information through official channels of public communication that could be regarded harmful for the socio-cultural status quo. Emphatic linguistic exaggerations are even used in this situation, i.e. remembering that citizens of Hitler’s Germany used to insist on not acknowledging that cheap furs or
furniture they bought during World War II were delivered from occupied territories [see: Miłosz 2007]. Another case are social actions pleading to respect someone else’s religious beliefs and feelings.

A good exemplification of the latter is the recent boycott of Polish music magazine ‘Machina’ together with companies which inserted their advertisements there. An entire protest was launched when ‘Machina’ released an issue with a provocative cover featuring the pop-singer Madonna, posing as the Black Madonna of Częstochowa. Both the Black Madonna and Częstochowa are extremely important for many Roman Catholics in Poland. This was of course the ‘shockvertising’ action intended by the publisher, but the strong polarisation of opinions prevailed the discussion on the limits for so called artistic provocation and had to stimulate particular social circles to express their protest or support. Ethical sensitiveness was instrumentally exploited according to an old, well-known keyword of scandalising advertising campaign of Benetton: ‘Whether good or bad, is not intent…’

Other social initiatives, which generally support the idea of protesting against excessive consumerism are ‘Slow-Food-Movements’, whose aims are to preserve the heritage of local cuisine through taking culture jamming action designed to act against the most recognisable symbols of companies’ activities. This is achieved through subverting their logos, making fun of them and unveiling the essence of their marketing strategies [see: Wiśniewski 2005]. As an another example may also serve an action against TNCs in the form of written protest informing the Office of Competition and Consumer Protection that some of multinationals discriminate Polish clients by selling goods which differ in their contents and quality comparing with those offered for customers in Western countries [http://akcje-interwencje.netbird.pl/widgets_area/index/3?app_type=petition, 16.02.2010].

Special attention among initiatives contesting culture of consumptionism should also be given to the Fair Trade movement. The implementation of its projects is not accompanied by the demonstration of political beliefs, although they usually focus on the same type of social and environmental challenges. The activity does not have commercial character, even if it requires enforcing solutions typical for the business world. The most supported organisations are producers of certain goods (less-processed agriculture products, local handicraft), whose negotiation position confronted with the economic interests of middlemen and powerful corporations in the food sector is evidently weaker. Certification of goods being traded within the Fair Trade framework allows consumers to recognise them from a wide array of others available on the market, whereas importers are obliged to pay fair
prices not only covering production costs. It also enables the use of production methods consistent with the sense of responsibility for local communities and the natural environment. The conductive idea of Fair Trade emphasises the necessity for changing lifestyles, consumer schemes and habits as well as the manner of spending money in order to combat famine and/or many different types of social exclusion.

This kind of ecological-friendly approach may also serve to fulfil other noble-minded intentions, which prove the case for Polish Benedictine monks from Tyniec near Kraków. They established a company called ‘Benedicte’, which earns money for renovating their monumental priory [see Garski 2007, 44–47]. Their offer is targeted rather at wealthy consumers looking for an authentic, non-processed food. The Polish market provides the opportunity for dynamically increasing sales, both within their own franchise stores as well as cooperating retailers. Monks, by a part-commercialisation of their image, guarantee the quality standards (following old recipes) and strengthen the credibility of the goods in the eyes of buyers.

5. Conclusions

Debating the consumers’ ethical awareness and sensitiveness in the context of CSR leaves many questions unanswered. This is because deep scepticism and criticism is overseen when investigating particular details of companies’ activities, which are often judged from the point of view of expected benefits. New challenges relate to the fact that these activities become more and more widespread. This makes it difficult for a firm to remain distinguishable for its consumers. The kind of corporate fashion to award prizes, certificates or to publish rankings of the most socially responsible companies is raising every now and then the interests of public opinion and willingness to scrutiny, but in fact this is one of several external factors which has to justify and improve the effectiveness of business strategy in the long run.

A matter of some concern also lies in the dilemmas whether informing the public about CSR activities should be on the whole a part of marketing communication (see the Bible: ‘But when you give to the needy, do not let your left hand know what your right hand is doing, so that your giving may be in secret. Then your Father, who sees what is done in secret, will reward you’; Mt 6, 3–4) creating the company’s image and strengthening consumers’ attitudes. These circles, which are involved in numerous activities that sceptically contest the ‘consumptionist order of today’s world’, quite frequently suffer from the lack of cool professionalism in their actions and are seen as a bunch of idealistic amateurs. They also suffer from the lack of financial sources
to enhance social responsiveness, sympathy and support. Furthermore, they have to face difficulties regarding access to the mainstream media channels used by intellectual opponents (due to the problem well-known in the theory of mass communication – ‘spiral of silence’). The risk of losing the main essence of an alternative narrative has also to be taken into account. All these barriers may be frustrating.

The threat of growing relativism in everyday life puts pressure on asking about the sense of ethics in education programmes within companies [see: Bleisch 2007, 47–48]. Provided that firms declare their ethical sensitiveness and establish within their HR departments the ethical standpoints of their managers, they could create a new market for education services at the same time. Courses on business ethics and psychology are more frequently offered within postgraduate programmes, which seems morally questionable, especially if they are regarded as a form of personal investment to gain new abilities and skills, which should bring higher incomes in the future to compensate the time and money spent on them.

All these reflections are certainly far from being optimistic for those who would like to increase levels of sensibility within consumers through using economic tools. The market mechanism pursuing the equilibrium, which is coincidentally impossible to achieve in practice because of the competition processes, also seeks for the minimisation of transaction costs. So if particular physical states (i.e. the consumer’s awareness that the producer of his or her favourite good has been connected with child labour) induce discomfort of consumption, which imposes less personal satisfaction and utility of a given good. Most consumers would rather use a natural self-defence mechanism (disavowal, repression, regression, rationalisation and/or projection) [see: http://www.britannica.com/EBchecked/topic/155704/defense-mechanism, accessed 09.04.2010]. This may serve as a base to define new marketing activities which would be able to fulfil not complicate consumers’ expectations not being a consequence of deeper reasons.

I would like to conclude by asserting that the concept of corporate social responsibility, together with its justification and practice, was established solely for the use of companies aiming at the maximisation of their profits (which, in this context, should be defined broadly, not only understood as a financial category). An essential advantage of a company is the loyalty of its clients, who through their reliable attitude ensure certain level of sales and incomes and, simultaneously, through their expressed satisfaction, provide a new opportunity of transferring the consumption schemes and convincing those who hold back.
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The Bible, Old and New Testament.


Critical Evaluation of the Natural Resources Curse Hypothesis as a New Paradigm in African Studies

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Abstract

The aim of this paper is to critically examine the role of the Natural Resources Curse (NRC) hypothesis in African Studies. According to the Natural Resources Curse hypothesis' core assessment, mineral revenues do not improve the economy of poor countries; instead they lead to the poverty spreading and often to the establishment/empowerment of authoritarian, neopartimonial and cleptocratic regimes.

The paper argues that in terms of theoretical reflection in the subfield of International Relations (IR), NRC has all the “features” of a paradigm, and it is acting as such in African Studies. This relatively new development in African Studies provides an example of a lacking coherent epistemological project in IR, and simultaneously it structures the perception of socio-political phenomenon in Subsaharan Africa. The central argument is that NRC may act as a useful theoretical guidance during various African research, but because of the lack of methodological rigor in IR, it might be transformed into a doctrine, and potentially play a similar role as structural realism played in IR in the 1980’s, and the “end of history” argument at the beginning of the 1990’s in political science.

Africa is one of the richest places on the Earth in terms of non-renewable natural resources, however, empirical evidences shows that African states rich in natural resources suffer from a lack of economic growth, or even experience economic decline. We intuitively assume that the discovery of natural resources deposits should be beneficial for the economy, while in Africa natural resource wealth on average reduces growth, and what is more, African extractive economies are among world’s poorest states. The negative correlation between state’s richness in natural resources and poverty of its citizens is being called natural resources curse (NRC) thesis. This article aims to contribute to the ongoing debate about the natural resources curse thesis by considering the correlations between the core features of the theoretical
reflection in International Relations (IR) and the concept of NRC. The article is divided into four parts. In the first I briefly discuss the idea and features of interparadigm debates in IR. In the second part, the issue of definitional problems connected with NRC is raised. The third part presents the problem of the non-paradigmatic features of the natural resources curse thesis. Conclusions are presented in the last part of the paper.

I Interparadigm debates in IR and its features

The interlinks between theoretical reflections and research procedures have not escaped careful analytical scrutiny in the academic subfield (not science!) of International Relations. Actually, one of the most often stressed features of IR is a constant interparadigm debate between various sets of approaches¹. There is an established conviction that the debate is catalyzing intellectual advances within the discipline, however the current crisis of IR is caused by a lack of the structural inability to create a coherent epistemological project in this very field. The idea of interparadigm debates was coined by Thomas S. Kuhn, and according to Kuhn it was applicable to the natural sciences, however it seems that IR is a field where Kuhn’s concept gained the most credit². The perception and description of IR through the idea of interparadigm debates have serious implications for self-definition of the discipline, developments of the research programs, and the lack of abilities for building a wide comparative perspective. The additional feature of interparadigm debates is their exclusiveness – the discourse is limited to the ‘schools of thought’ originated either in the USA or in the United Kingdom³.

² Kuhn did not perceive concept of “paradigm” as appropriate for social sciences, because he doubted if natural sciences paradigms can be equalized with social sciences, M. Griffiths, Worldviews and IR theory: Conquest or coexistence?, in: “International Relations Theory for the Twenty-First Century An introduction”, ed. M. Griffiths, Routledge, Oxon, New York 2007, pp. 3-4.
Significantly, in terms of this paper, the end of the Cold War in Sub-Saharan Africa posed a challenge to international relations theories. During the Cold War, Africa was perceived as a periphery of the bipolar world, and it was marginalized by the dominant Anglo-American IR theories⁴. This relative lack of theoretical perspectives for African affairs may partly explain the recognition of the NRC thesis as an interesting framework for research among scholars doing African studies in the post-Cold War period.

The idea of interparadigm nature of theoretical reflection in the field of IR was widely accepted in the mid 1980’s, and this issue is of crucial relevance for the understanding of not only the evolution of the discipline, but of the possible future developments in this field. There are at least five major features of the interparadigm debates that have an influence on the current discourse in IR:

1. The expression “theory” means different things to different researchers in IR⁵. On a very general level one may expect a theory to be a tool for description, explanation, and predictions about a subject of the theory; in other words a theory should provide a researcher with guidelines which of the phenomenon’s are important and should be taken into account during analysis, how to proceed with the analyzes and how various features of reality are interconnected. In international relations, we should rather speak about “perspectives”, “worldviews” “approaches” or “schools of thought” than about “theories” in the strict sense. Sometimes, a hypothesis about a certain political process has a status of “theory” in the discourse. The “perspectives”, “approaches”, “schools of thought”, and “theories” are also commonly being called paradigms in IR, which is actually quite different from Kuhn’s definition of a paradigm⁶;

2. There is no logical explanation for the supremacy of one paradigm over the other because each of them creates its own categories, assumptions, narrations and assessment criteria. All of which shall be correlated with the idea that the interparadigm debate can not be resolved because there are no common /intersubjective descriptions or analytical categories that are accepted in social sciences that would allow the comparisons between various approaches. This

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issue is strictly connected with the impossibility of creation of the value-free statements in IR, because the researcher can not be separated from the environment he/she is conducting research on, what imply the impossibility of the value free experiments in IR and simultaneously the lack of reference points during comparative research. In other words, one of the core features of the theoretical reflection in IR is the incommensurability of the findings generated by researchers who are operating within different theoretical approaches. In extreme cases it might take the form that will prevent a dialogue between social researchers on the basis of impassable lingual and notional differences, that make any dialog unprofitable and useless;

3. International Relations theories have largely been influenced by socio-political ideologies, and the researchers are dependent on the resources (quite often) provided by governmental circles, what enforce constant desire of relevance, however paraphrasing what was stated in the previous point – a researcher may influence the environment he is conducting the research about. However, in recent years there are strong voices that the discipline is in crisis not only because it barely predicted the major event in post-1945 history - the collapse of the Soviet Union - but because the gap between practitioners and academics has widened. In other words, IR scholars are constantly under the threat of influences on their research, they have at least a hypothetical possibility of influencing the subjects of their research, and simultaneously, IR as a dispense, is losing its praxiological aspects;

4. The idea of a permanent interparadigm debate is structuring the discourse. If we once found ourselves in the debate that can not be resolved, there is a huge “moral hazard” that may lead to the conclusion that we do not have to be precise and strict during the research process, because at the end of the day no one will be in position to criticize us;

5. The biggest difference between “scientific revolutions” in natural sciences and IR lies in the possibility of hybridization of different approaches in IR. It must be said, that the formation of a hybrid

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8 This potential process might be correlated with a visible decline of ‘positivism’ in IR theory and noticeable “post-positivist” turn in the discipline in the last decade of the 20th century.
theory is always a compromise that must be proceeded by “relaxation” of the axiom of the “approaches” that are going to be mixed, so that each is not negated.

I argue, that the current crisis of international relations theory is rooted in the history of theoretical reflection in IR, and a new approaches such as natural resources curse are from the one hand “naturally” accepted by scholars as legitimized new ideas about relations in international environment, from the other there is a lot of doubts about the status of those ideas and relations between them and already established IR theories.

II Definitional problems: various approaches to the resource curse thesis.

Researchers working with the NRC are claiming that since Adam Smith’s time, economists have warned of the perils of mineral rents. Some of them are arguing that Thomas Malthus established the link between natural resources and conflicts. Those references to the texts of reputable scientists may produce a feeling that researchers working with NRC are continuing trustworthy works of past. However, there are few concepts that are commonly being called “natural resources curse”, and the ideas behind them vary. As with many concepts in IR, there exists no single official definition for NRC, the term is used by different authors with quite different meanings, depending on the context. Richard Auty used the expression “resource curse” for the first time in 1993, yet the idea that mineral rich economies are developing slower than resource-scarce countries can be traced to the 1980’s. There are at least three terms connected with NRC, and all of them are said to be either a ‘version’ of NRC, or sometimes they are used as synonyms of natural resources curse. Those terms are: Dutch Disease, “rentier” states and the Thomas Friedman’s First Law of Petropolitics.

• Dutch Disease

The term Dutch Disease was coined in order to describe situation in Holland after discovery and rapid exploitation of gas deposit in the North Sea in the 1960’s. The huge investments in the gas sector together with the gas export boom, led to the appreciation of national currency and consequently to

serious repercussions and breakdowns in other sectors of the Dutch economy. We tend to think that inflows of foreign exchange should be beneficial for an economy, however when the revenues are invested in one sector only, at the expense of the other export sectors, and national currency is getting stronger, the consumers will rather buy cheaper goods from abroad, what may leave the country with monocultural economy (because the other, underinvested sectors of economy will fall) dependent on the world prices on primary commodity the country is exporting. Shifts of workers from one sector to another are also usually associated with social and political costs, and what is more, social and intellectual capitals in certain non-mining industries might be irretrievably lost.

It is questionable, if the Dutch disease in its pure form may affect African states while their economic profiles were created in the colonial period however, it definitely may prevent governments from investing in non-mining sectors.

• **Friedman’s the First Law of Petropolitics and the rentier states**

Thomas Friedman is widely perceived as one the greatest enthusiasts of globalization, free trade, and neoliberal approaches to economic governance. In 2006 on the pages of “Foreign Policy”, Friedman has announced his “First Law of Petropolitics”. The “Law” posits the following – “the price of oil and the pace of freedom always move in opposite directions in oil-rich petrolist states”\(^{12}\). Friedman seems to be aware of the difference between the meaning of the term “law” in social sciences and in natural sciences, nevertheless he presents his law in terms of natural sciences, and he “empowers” it with a predictive power.

In terms of Sub-Saharan Africa, the government’s reliance on the natural resources is usually associated with the corruption, misgovernance, instability, authoritarian tendencies, and week institutional structures. A concept that is used to describe the political situation in natural resources rich

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states is “rent seeking”. Pius V. Fisher defines the rent seeking situation in a state as “the opportunity to earn non-productive income and stands in sharp contrast to profit-seeking activities. The more the rules in a society reflect the situation that income can be earned without making a productive contribution, the more a society will fail to capture gains from the division of labour and trade and the less it will achieve sustainable growth and development”\(^{13}\). In other words, the rent seeking state might be equalized with a government that can finance its functioning because of profits made of control over the natural resources deposits, without taking actual responsibility for its citizens. The government does not have to be efficient in tax collection, or improvements of overall economic performance, because its rent is provided by corporations that are willing to exploit the natural resources. This concept is closely associated with the idea of a “crude democracy”\(^{14}\). Rent seeking behaviour can also be seen as a social construct – an intersubjective perception of reality, according to which one does not have to earn profit through production or new investments, because there is always a danger of losses, while exploitation of existing resources is far safer and efficient for the ruling class.

### III The non-paradigmatic features of natural resources curse thesis

The term “natural resources curse” is semantically controversial. The expression “curse” suggests occurrence of harm resulting from an appeal to a supernatural power. No phenomenon in a socially constructed environment is automatic and inevitable, nor are Dutch disease and NRC.

One fourth of the developing states are defined as “mineral economies”. According to Auty, a state can be called a mineral economy when it generates at least 8 per cent of their GDP and 40 per cent of their export earnings from the mineral sector\(^ {15}\). Conversely, the common usage of the word “curse” may create a feeling that the link between poverty and natural resources is inevitable. NRC functioning in the literature is twofold – it functions as a description of a situation in a certain space-time and as a framework within which theories of socio-political situation/developments in Africa are

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formulated. Astushi Iimi stated that it is commonly accepted that natural-resource-abundant economies tend to grow less rapidly than resource-scarce economies. This “common acceptance” of NRC gives it the feature a paradigm in terms of the social sciences. On the other hand, NRC is applicable to the vast majority Subsaharan African states, with the notable exception of Botswana. This means that contradictory to such an IR theories like liberalism, realism, neo-Marxism or social constructivism, NRC is not generally applicable to Subsaharan Africa, even if we define this region as a specific sub-system of international relations with its own characteristic and specific dynamic, which will authorize the creation of a specific paradigm for this very region only. Moreover, different mineral economies are affected by the NRC in different ways. Furthermore, a paradigm is a framework of scientific school or discipline within which theories, approaches, and generalizations are formulated. In other words, a paradigm is an intersubjectively accepted “pattern” of how ideas about the reality and phenomenon relate to one another; paradigms are forming a conceptual framework within which scientific research is carried out. According to Kuhn the paradigms are incommensurable, however during the developments of theoretical debates in the field of IR various synthesis of approaches were taking place. As it was mentioned above, the Kuhnian understanding of paradigm is not applicable to IR where a paradigm is most often associated with a particular theory with a clear ontological stance. If one wishes to consider the natural resources curse as a paradigm in IR, then the core question he/she shall ask would be whether there are any statements about the nature of reality in the NRC thesis? The closest ontological feature of NRC is the existence of the suggested inevitable relation between natural resources occurrence in Africa and poor governance, however it is more than doubtful whether there is a definite link between resource abundance and poor institutions. Nevertheless, there are narrations that take this link for granted, and various authors ask arranged questions as to how natural resources generate conflicts in African states, or why are oil and diamonds more trouble than

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17 Botswana has experienced both remarkable economic growth and democratic stability during the last four decades.

18 The best known is the synthesis/converge of the neorealist and the neoliberal approaches in the 1980’s.

they are worth? I argue, that the resources themselves can not produce negative or positive effects on states functioning, that is why the perception of the resources and contexts in which they operated are far more important than the resources as such. If we agree on that, then it is noticeable, that NRC is not a paradigm and even not a theory but a phenomenon/observable feature of sub-Saharan African IR that can be considered within the social constructivist ontology. If we can connect NRC with social constructivism, then it might be possible to connect it with the other ontological stances that exist in IR.

In my opinion the NRC thesis can be sustained when connected with both neo-Marxists’ and social-constructivist ontologies. The Neo-Marxist explanation for the under-performance of the resource-rich countries would stress the peripheral position of African states in the world-system, as well as the exploitive role of multinational corporations as agents of the new “Empire”. In this synthesis, NRC is a consequence of the existence of the world-system “mechanisms”, which redistributes resources from the peripheries to the centre/core. Neo-Marxists may even claim, that they discovered the NRC (however not under this term) decades ago, when they stated that African states are structurally bounded in its place in world economy; its terms of trade were set during colonial times when a current world-system was created, and a need of raw materials was ranked very high among major reasons for colonial expansion, while decolonisation processes resulted in creation of extractive economies dependent on primary commodities. Either in terms of social constructivism or neo-Marxism, the NRC may be successfully hybridized with core ontological stances of those theories, however it is always subordinated to them (neo-Marxisst or social constructivists ontologies). It doesn’t seem as though formation of hybrid theories must be proceeded by relaxation of the axioms of social constructivism and neo-Marxism. The possibilities of NRC hybridization with other IR theories needs further studies, however it might be assumed that NRC will be rather subordinated to the established paradigms in IR, than superior over them.

The NRC thesis is rooted in economy, and it has disseminated into International Relations. Beside the fact that NRC in IR is rather a lose concept and it is often connected with various other ideas (such as Dutch disease, rentier states, or the First Law of Petropolitics) the empirical evidences produced by economists may strengthen its popular perception as a new paradigm in African Studies, even though it does not contain the features of a paradigm according to the loose criteria of theoretical debates in IR.

IV Conclusions

The natural resources curse thesis is sometimes used by political scientist as paradigm during their research. This situation is primarily caused by the lack of a commonly accepted definitions of “theories” and “paradigms” in IR. It is necessary to discover core ontological stances in approaches to IR if one is going to compare them. The broadest claims about the nature of relations in the international environment are the social constructivists’ one. No phenomenon in a socially constructed environment is automatic and inevitable, nor are Dutch disease and NRC. Deposits of minerals in themselves can not destroy a country’s economy, or lead to political instability. The perception of them is crucial, and the popular perception of the role of natural resources and their place in African politics may structure the way of thinking of African affairs if the idea of NRC will be perceived as a paradigm. The suggestion that the natural resources may be the major source of socio-political instability in Sub-Saharan Africa has disseminated into popular culture, and was publicized in Hollywood productions such as Blood Diamond, or Lord of War. After the recent discovery of oil in Ghana, a lot of journalists unconsciously started to assume that one of the best-governed and stable states in Africa may fall victim to “the curse of black gold”\(^{23}\). The common acceptance of NRC thesis as a framework for ruminations about socio-political situation in Africa is potentially dangerous, because besides being a useful theoretical guidance during various African research, the NRC might be transformed into a doctrine and start to play a similar role as structural realism played in IR in the 1980’s, and the “end of history” argument at the beginning of the 1990’s in political science. This confusion of a paradigm with a feature of African politics can be potentially misleading during debates about the new role of China in Africa. The Chinese engagement in Africa is usually presented as a one-track policy aimed at gaining control over access to Africa’s raw materials\(^{24}\). China’s


activity and presence in Africa’s resource-rich areas is seen a threat for local communities. Western interest, and a term “sinocolonialism” was coined in order to describe Beijing’s African politics. This narration together with a NRC may effect in an unintentional positioning China as an “enemy of the West” in Africa, and structure the future relations. Theoretical ideas about international relations are deeply connected with changes in the international environment, but the new theoretical frameworks for analysis may influence the political reality and NRC can be transformed into a doctrine, and potentially play a similar roles as structural realism played in IR in the 1980’s, and the “end of history” argument at the beginning of the 1990’s in political science.

Bibliography


Abstract:

Energy is the primary concern of economic growth and sustainable development. A promising energy mix up is looked-for to meet energy demand which is determined by factors such as rising trends in population and consumption. The ability to meet the energy demand basically depends on price instability, supply availability, and efficiency of energy usage.

The world’s energy challenges will require a continued international effort over many decades. These challenges are numerous, and hence there is need for a suitable macroeconomic strategy outline that focuses on extensive plans to moderate energy supply risks. According to the International Energy Agency (IEA), in the developing Asia context 5.8 billion tons of oil equivalent (btoe) primary energy demands will grow up by 2030 and in 2004 it was 2.9 btoe. The problem of Energy Security and Climate Change became dramatically enforced with qualitative changes in the global economy, which require much more attention for now. India’s energy policy plays a prominent role in maintaining energy security. The production of primary sources of Conventional Energy in India is projected with energy demand. Technology – driven strategy for India’s energy security would be a possible portfolio comprises of low carbon emission, economic viability, social acceptability and ecological sustainability.

This paper analyses the current situation of different international cooperation’s for Energy Security in India and also examines that what could have missed in the Energy Challenges, highlighted the important policies and measures in the schemes of Energy Efficiency Strategy, etc and how these could be implemented to the Indian context.

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Introduction

‘Energy Independence’ is one of the essential areas to make India a developed nation. India is the biggest democracy on earth. The engineering revolution has been characterized by huge increase in the quantity of energy & power accessible to individual societies compared to their ancestors. In preindustrial economies, barely incredibly inadequate amounts of nonhuman automatic influence were offered, such as that of household animals, the use of wind power to drive boats and pump water and the use of water control to grind grain. Firewood was the main fuel to cook foodstuff, and to warm up dwellings.

Today, in industrialized nation, or in the urban-industrial areas of developing nations, the availability of fossil and nuclear fuels has immensely enlarged the amount of energy & power that can be exhausted on monetary creation and individual utilization, serving to formulate potential standard of living to facilitate greatly and exceeds the continuation rank of preindustrial times. In addition, the residents of the planet improved numerous folds over since the preindustrial era, consequently requiring the recovery of ever increasing amounts of energy resources. Though, these resources are not equally disseminated among the countries of the world, and they are fixed [1].

In present, the major sources of energy are fossil energy (coal, petroleum, and natural gas), nuclear energy and hydro energy. Further energy sources, the so-called renewables, are right now supplying a very small portion of the total energy consumption of the world. The renewables include solar, wind, geothermal, biomass, ocean-thermal, and ocean-mechanical energy. Here, the actual fact is hydro energy which may also be called a renewable energy source, even though regularly it is not classified together with solar, wind, or biomass. Enlarged use of renewable energy sources is attractive because they are deemed to make and cause less ecological harm and their utilization would broaden the existing resources of fossil and nuclear energy.

In recent years the effects of the comprehensive consumption of fossil fuels on the raise of atmospheric absorption of CO$_2$ has become a global concern. In testing the universal energy use, it is very useful to monitor CO$_2$ emissions to give a viewpoint on the crisis of running the probable menace of global climate change due to these emissions [2]. Faster growing developing countries like China, India, some countries of South East Asia, would become
large importers of natural gas, although coal reserves, where present (e.g. in China and India), would still be used to satisfy a large part of domestic demand especially for power generation. In coal-producing countries new generating capacity would still to a great extent be coal-fired but use cleaner technologies.

At the beginning they would build pulverised coal plants then fluidised bed combustion plants or supercritical plants with pulverised fuel; later on they will move to pressurised-fluidised bed combustion plants, coal gasification and combined cycles or to ultra-supercritical plants which developing countries would then start to adapt to their own needs and later improve and develop themselves. Gas-based generation would develop in parallel, showing rapid increases especially in the first 20 years. As a result of better stress on the local and global environment, demand for natural gas would grow very quickly in developing countries as well, straining existing resources.

China and India will try to ensure long-term supply contracts from gas exporting countries like Iran, Russia and Central Asian Republics, by forging strategic partnerships with those countries [3]. The joint economic interest in doing so might help stabilize politically the supply areas. Some of the largest and most populous developing countries would follow, in parallel, the nuclear option, initially with technology supplied by developed countries, but increasing also developing their own design. Some nuclear plants would be built in China, India, Brazil, South Africa and a few other countries, although structure programmes would not be massive.

New gas exploration activities would have to be undertaken. Huge financial resources would be needed, particularly to build new gas transportation networks (pipelines and LNG terminals). By 2020 the geopolitics of gas will become as central to world growth as the geopolitics of oil was in the last 30 years of the previous century. Prices will have increased considerably even in the absence of conflicts.
Renewables like solar PV, wind and biomass, do not see dramatic technological improvements or cost reductions from accelerated adoption measures in developed countries. But due to environmental preferences of developed countries and positive financing terms offered by them, renewables are pushed through the market and start to expand rather fast in developing countries too, where the renewable resource potential is much larger [4]. More conventional renewables, such as hydro, will be also exploited to close up to their maximum potential, even amid increasing opposition by displaced populations and environmentalists. Solar PV technology only slowly will improve its conversion efficiency, and thus costs will decrease equally slowly.

However, wind power, already competitive, will take a considerable share of the electric market wherever wind conditions are good and conflicts with other land uses do not arise. Commercial biomass use for energy production will also expand, favoured by improvements in agricultural practices and in biotechnologies. Bio fuels, free from the intermittence problems that characterise other renewables, will be increasingly used for power generation, but their use will also be prolonged as fuel additives to power vehicles.

**Power Sector in India**

The Indian power sector is characterized by shortage and supply constraints. Total installed capacity is around 100,000 MW, excluding captive
generation. It consists of about 23,000 MW hydro, 70,000 MW thermal (conventional plus Gas Turbine Combustion Cycle (GTCC)), 2200 MW nuclear and the rest non-conventional including wind. Energy generation from thermal power plants has been 386 TWh, forming over 80 per cent of the total annual electricity generation in 1999-2000 [5].

In 1999-2000, 6.3% and 12.5% were the monitored values for energy and peak load shortages respectively. An industrial sector is the uppermost buyer of electricity (33.9 %) followed by domestic (15.9 %) and agricultural (32.9%) sector. The contribution of electricity utilization by the industrialized sector has been diminishing significantly due to privileged power tax and insecurity in supply delivery.

The manufacturing sector is gradually more and fetching reliant on captive power generation (CPG). Nevertheless, in the recent past the household sector has shown the utmost expansion speed in power use. Even in the agricultural sector power utilization has been increasing at a rate of 7% to 8 % due to the government’s guidelines of supplying greatly subsidized power to rural community, farmers and huge rural electrification. The financial support for the agriculture and domestic sectors by the government has risen in 1991-92 of Rs$^2$. 7248 crore to Rs. 29807 crore$^3$ in 1998-99. Lower power tariffs in these sectors give confidence to the consumers to be inefficient in the use of electricity [6].

Energy is the essential building block for socio-economic development. The expectations in trade and industrial growth significantly depend on the long-term accessibility of power from energy sources that are reliable, protected and eco-friendly. Currently, no single energy source or mix of energy sources is at hand to meet the challenges and requirements for fulfillment of power applications.

Even though India is prosperous in coal and plentifully capable with new & renewable energy sources in the form of bio-energy, hydro, solar and wind, its hydrocarbon reserve is truly little (0.4 % of world’s reserve). According to latest news, reserve-to-production ratio for coal, oil and natural gas are 235, 23 and 35 years respectively [7]. India is a high importer of energy and 20% of main energy requirements being met through imports primarily in the form of crude oil and natural gas, comparable to other developing nations.

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$^2$ Rs = rupees
$^3$ Crore = 10 million
The growing oil import statement has been the center of attention of severe worry due to the stress it positioned on inadequate overseas trade resources and moreover because it is mainly accountable for power delivery shortages. Nearly all favourable utilization of profitable energy or power unfavorably affects the prolific sectors, which revolve in slow down trade and industrial development.

The manufacturing sector in India is a major energy user, accounting for about 52% of commercial energy consumption. Per capita energy consumption in India is only 277 Kg of oil equivalent (Koe) which is just 3.5% of that in the USA, 6.8% of Japan, 37% of Asia and 18.7% of the world average. But energy concentration, which is energy consumption per unit of GDP, is one of the top in comparison to other developed and developing nations.

For example, it is 3.7 times that of Japan, 1.55 times of the USA, 1.47 times of Asia and 1.5 times of the World average. Thus, there is enormous scope for energy conservation and protection in the country. According to pre-reform period, the profitable energy sector was totally regulated by the government. The trade and industry reform and liberalization in the post 90’s, has progressively welcomed private sector participation in the coal, oil & gas and electricity sectors in India [8], [14].

**Investment in Developing India**

In 2008, India approximately added 3GW renewable energy through grid-connected networks in which 2GW joined only from the wind energy sector. The administration is below stress to boost energy production and has inclination towards some incentives from both household and overseas investors to encourage investment into renewable energy.

According to Government of India, it has set targets for all clean energy sectors in its 11th Five Year Plan, to be met by 2012. Wind energy sector will require growing by 2.5GW in each of the next three years to meet the goal of 17.5GW by 2012. In 2008, Small hydro energy sector grew by 300MW and has an added 1.1GW to be commissioned to meet the 3.4GW target. As there were no grid-connected solar power projects commissioned in 2008, but a pipeline of 222MW of solar projects was announced in 2008. Correspondingly, in 2008 biomass grew only by 400MW and needs to double to reach the 3.5GW target for 2012 [14].
In 2008, India generated 813 TWh of electricity, 5.2% of which came from new renewables compared to 66% from coal, 14% from large hydro, and 3% from nuclear. However, the country faces an electricity shortfall of 16% at peak demand and the grid infrastructure is unhappily overloaded [9]. The power sector is faced with increasing demand from both growing industry and the rapidly developing middle class, as well as trying to connect several hundred million Indians who do not have access to electricity.

India’s rural electrification scheme was launched in 2005 and has seen some initial success with the installation of nearly four million small biogas plants, over 70,000 solar street lights and 435,000 solar home lighting systems installed to date. Solar lanterns made the biggest leap forward in 2008 with 112,000 sold or distributed to rural areas during the year to bring the total to nearly 700,000. (Source: Ministry of New and Renewable Energy). Wind power continues to dominate renewable energy, both in installed capacity and manufacturing. However, installations are fragmented with 40% of 9.8GW installed capacity from projects that are less that 5MW.

<table>
<thead>
<tr>
<th>Table-1: Installed Renewable Energy Capacity and Targets in India</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2007 Capacity</strong></td>
</tr>
<tr>
<td>Large Hydro</td>
</tr>
<tr>
<td>Small Hydro</td>
</tr>
<tr>
<td>Wind</td>
</tr>
<tr>
<td>Solar PV</td>
</tr>
<tr>
<td>Solar Water Heating</td>
</tr>
<tr>
<td>Biomass Power</td>
</tr>
</tbody>
</table>

*Source: New Energy Finance, MNRE, New Delhi, 2009.*

Many of these small projects are owned by corporate who are seeking tax benefits and an additional power source for their operations [9]. The government announced an optional Generation Based Incentive (GBI) for wind power in 2008 to take the place of tax benefits, which aims to give a boost to larger projects developed by independent power producers.
Energy Independence – A perspective

As far as electrical power is concerned, based on the progress visualized for the nation during the next two decades, the power generating capacity has to increase to 4,00,000 MW by the year 2030 from the current 1,57,229.48 MW in India by 28/02/2010. This takes into consideration of energy economies planned and the design and production of energy efficient equipments and the systems. Energy independence has got to be achieved through three different sources namely renewable energy (Solar, Wind apart from hydro power), electrical power from nuclear energy and bio-fuel for the transportation sector.

The hydel capacity generated through normal water sources and inter-linking of rivers is expected to contribute an additional 50,000 MW. Large scale solar energy farms of hundreds of megawatts capacity in certain number could contribute around 55,000 MW. The nuclear power plants should have a target of 50,000 MW of power. At least 64,000 MW of electrical power should come from wind energy.

The balance 51,000 MW has to be generated through the conventional thermal plants through clean coal and gas and other renewable energy sources of energy such as Biomass, Power through municipal waste and solar thermal power. The most significant aspect, however would be that the power generated through Renewable Energy Technologies (RETs) has to be increased to 28% against the present 5%.

Indian Energy Scenario

The crude oil used by India during the year 2008-2009 was over 120 MMT (Million Metric Tonnes) which is likely to go up to 140 MMT in the last year of the 11\(^{th}\) Plan. Out of the present consumption of 120 MMT, the indigenous availability is nearly 30 MMT and the rest is being met through imports. With the oil findings by Reliance Industries Limited (RIL) and CAIRN the indigenous availability of crude will go up, still we have to import. How do we handle this situation? Our aim should be to reduce the overall import by 2011-2012; this can be achieved through multi pronged strategies:

- Work on alternative fuels and realize at least 10% blending before 2011-2012.
- Work on emulsification of diesel with water and realize reduced dependence on crude for generating diesel.
- Work on power plant for vehicles which will accept emulsified fuel and 100% bio fuel for its operation.
**Generation**

The total electricity generation in the country increased from 420.6 Billion Unit (BU) during 1997-98 to 638.1 BU during (April-January, 2009-10). The overall electricity generation in power utilities in the country as well as import from Bhutan since the beginning of 9th Plan was as under:

<table>
<thead>
<tr>
<th>Year</th>
<th>Generation (BUs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1997-98</td>
<td>420.6</td>
</tr>
<tr>
<td>1998-99</td>
<td>448.4</td>
</tr>
<tr>
<td>1999-00</td>
<td>480.7</td>
</tr>
<tr>
<td>2000-01</td>
<td>499.5</td>
</tr>
<tr>
<td>2001-02</td>
<td>515.2</td>
</tr>
<tr>
<td>2002-03</td>
<td>531.6</td>
</tr>
<tr>
<td>2003-04</td>
<td>558.3</td>
</tr>
<tr>
<td>2004-05</td>
<td>587.4</td>
</tr>
<tr>
<td>2005-06</td>
<td>617.5</td>
</tr>
<tr>
<td>2006-07</td>
<td>662.4</td>
</tr>
<tr>
<td>2007-08</td>
<td>704.4</td>
</tr>
<tr>
<td>2008-09</td>
<td>723.8</td>
</tr>
<tr>
<td>2009-10 *</td>
<td>638.1</td>
</tr>
</tbody>
</table>

* Upto January, 2010

Source: Ministry of Power, New Delhi, January, 2010

**Power Supply Position**

**Energy:** The power supply position since beginning of 9th Plan given in Table-3 and Table-4 as follows:
### Table-3

<table>
<thead>
<tr>
<th>Year</th>
<th>Requirement (MU)</th>
<th>Availability (MU)</th>
<th>Shortage (MU)</th>
<th>Shortage %</th>
</tr>
</thead>
<tbody>
<tr>
<td>1997-98</td>
<td>424505</td>
<td>390330</td>
<td>34175</td>
<td>8.1</td>
</tr>
<tr>
<td>1998-99</td>
<td>446584</td>
<td>420235</td>
<td>26349</td>
<td>5.9</td>
</tr>
<tr>
<td>1999-00</td>
<td>490430</td>
<td>450594</td>
<td>29836</td>
<td>6.2</td>
</tr>
<tr>
<td>2000-01</td>
<td>507216</td>
<td>467400</td>
<td>39816</td>
<td>7.8</td>
</tr>
<tr>
<td>2001-02</td>
<td>522537</td>
<td>483350</td>
<td>39187</td>
<td>7.5</td>
</tr>
<tr>
<td>2002-03</td>
<td>545983</td>
<td>497890</td>
<td>48093</td>
<td>8.8</td>
</tr>
<tr>
<td>2003-04</td>
<td>559264</td>
<td>519398</td>
<td>39866</td>
<td>7.1</td>
</tr>
<tr>
<td>2004-05</td>
<td>591373</td>
<td>548115</td>
<td>43258</td>
<td>7.3</td>
</tr>
<tr>
<td>2005-06</td>
<td>631554</td>
<td>578819</td>
<td>52735</td>
<td>8.4</td>
</tr>
<tr>
<td>2006-07</td>
<td>690587</td>
<td>624495</td>
<td>66092</td>
<td>9.6</td>
</tr>
<tr>
<td>2007-08</td>
<td>737052</td>
<td>664660</td>
<td>72392</td>
<td>9.8</td>
</tr>
<tr>
<td>2008-09</td>
<td>777039</td>
<td>691038</td>
<td>86001</td>
<td>11.1</td>
</tr>
<tr>
<td>2009-10*</td>
<td>688171</td>
<td>620003</td>
<td>68168</td>
<td>9.9</td>
</tr>
</tbody>
</table>

* Up to January, 2010 (Data provisional)

Source: Ministry of Power, New Delhi, January, 2010

### Table-4

**Peak:**

<table>
<thead>
<tr>
<th>Year</th>
<th>Demand (MW)</th>
<th>Met (MW)</th>
<th>Shortage (MW)</th>
<th>Shortage (%)</th>
</tr>
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* Up to January, 2010 (Data provisional)

Source: Ministry of Power, New Delhi, January, 2010

MU: Million Unit    MW: Mega Watt

### Private Sector Participation in Power Sector

According to private sector participation, the Ministry of Power recognizes the truth that private investors have significant task to engage in
recreation of the power sector expansion map of India. The requirement mentioned under section 63 of Electricity Act 2003 has provided thrust to the contribution of private sector in Generation and Transmission. Condition of open access and excise structure under Tariff Policy has been put in position to generate enabling surroundings for the private investors. To speed up capacity addition more than a few policy initiatives have been undertaken by Ministry of Power (MoP), Government of India.

A number of well-known policies which have boosted the private player’s self-confidence in the sectors are: National Electricity Policy, Ultra Mega Power Project Policy, Mega Power Policy, Tariff Policy and New Hydro Policy 2008. Regular approval through Reserve Bank of India (RBI) direction for 100% foreign equity is allowed in generation, transmission, and distribution and trading in power sector without any upper limit on actual investment by investors.

The private investors have responded to the strategy initiatives very optimistically. As a consequence, out of 19797 MW envisaged in private sector during 11\textsuperscript{th} Plan, a capacity of 4990 MW has already been commissioned and capacity of 14807MW is likely to be commissioned with a elevated height of confidence all through the residual plan period.

**Indo-US: An International Cooperation**

Ministry of Power has been involved with various activities relating to cooperation with US in energy sector. India is participating in many partnerships/ initiatives which are being led by US. Under the India-US Energy dialogue, five working groups have been constituted. Out of these, Working Group on Power and Energy Efficiency is led by Ministry of Power from Indian side.

The first gathering of the operational group was held through video conferencing. The next convention of operational group on Power & Energy Efficiency was held on both sides decided and ready to work in the areas of Clean Coal Power, IGCC Technology, Electric Power Distribution, Cooperation and Coordination in coal bed methane, exchange of best practices between Federal Energy Management Programme (FEMP) and Indian ESCOS and public building users. Under the electric power distribution, DRUM programme is productively ongoing by providing training and guidance to 17,000 power utilities' human resources and huge benefit has been gained from the programme and shall remain continued up to 2009-10.
Under the different areas of Building and Energy Efficiency, US Aid Eco-III Project is contemplating an offer to exchange most excellent practices from FEMP, USA to Indian ESCOS and Building and Public Building Users. Under the operational group Smart grid, Clean Coal Technology, IGCC, Sustainable Building, Decentralized Distributed Generation, have been identified as priority area for cooperation.

A MOU on Energy Security, Energy Efficiency, Clean Energy and Climate Change was signed with US in November, 2009. The MOU envisages cooperation in five priority areas:

a) An Indo-US Clean Energy Research and Deployment Initiative
b) Increased cooperation on scaling up solar energy and energy efficient buildings and advanced battery technologies
c) Increased cooperation on unconventional natural gas source including cooperation on coal bed methane, natural gas hydrates and shale gas.
d) Reducing emission from land use including deforestation and management of forests
e) Strengthening cooperation on adaptation and climate science including through improved ocean, weather and climate observation and prediction capabilities, enhanced monsoon forecasts for the agricultural community, flood control and water supply monitoring.

Indo-German Cooperation

In the year 2006, India and Germany launched the Indo-German Energy dialogue as compared to other developed nations. The years have seen an escalating interest on both sides to improve mutual aid. Five different batches of engineers from CEA and State utilities have been deputed to Germany for training and guidance in Power Plant Efficiency (PPE) advances. The 3rd meeting of the Indo-German Energy Forum was held in Berlin in November, 2009. A number of new issues for joint cooperation were discussed and identified work proposal for next years. The three ad-hoc subgroup, specifically, on power plant efficiency, CDM projects in Energy and Renewable which were set up to provide constant support to the process and its stakeholders.

Indo-Canada MOU on Cooperation in Energy

Indo-Canada bilateral collaboration in the power sector has taken off in an important way through the signing of an MOU on collaboration in Energy
for the period of the visit of the Canadian Prime Minister in November, 2009. The MOU envisages improved collaboration with assistance in energy matters, renewable energy and energy efficiency, power generation, transmission and distribution, etc.

The MOU aims to build up an open discussion in energy & power in view to encourage energy security and steady energy markets, improving joint trade and investment opportunities in the sustainable growth of the energy sectors of both the nations, including through the use of market mechanisms such as the Clean Development Mechanism (CDM), etc.

**Indo-Japan Energy Dialogue**

An Indo-Japan Energy discussion to encourage collaboration with assistance in energy sector was set up in 2007. The Deputy Chairman, Planning Commission was the co-Chair from India. The Ministry of Power (MoP) was heading the operational group on 'Energy Efficiency' and 'Power Generation and Electricity'. Enhanced Indo-Japan bilateral cooperation in the power sector is the focus of this high dialogue. The fourth Ministerial level meeting is scheduled to be held in the year.

**Indo-EU Cooperation**

At the 5th India-EU Summit held in November, 04, 2010 India and EU decided to set up a Joint Energy Panel with a vision to organize their events in the field of energy and all related fuel chains. The Panel is co-chaired by the Foreign Secretary from India side. The Energy Panel met for the first time in Brussels. The panel had decided to set up 3 Working Groups:

(a) **Clean and Clean Coal conversion Technologies**
(b) **Energy Efficiency and Renewable Energies**
(c) **Fusion Energy including India's participation in ITER**

Subsequently in the year of 2003, operational group on Petroleum & Natural Gas was constituted in 2007. The last convention of operational group on energy efficiency was held in January, 2007 at Brussels. During the gathering participating experts made presentations on Energy Efficiency of end use appliances, Cogeneration and Bio-fuels. The subsequent areas of joint interest were recognized for further improved work: *Energy efficiency, notably labeling; co-generation also in view of district cooling; bio-fuels first generation.* Nodal persons have been identified for this purpose. Superior EU-
India collaboration including industry cooperation was envisaged by both the Chairs.

On the demand of Ministry of Coal and Ministry of Power deal has been signed with operational group on Clean Coal Technology (CCT) for joint cooperation. The first meeting of Indo-EU operational group on Clean Technology was held in January, 2008 at Capital of India, New Delhi. The operational group decided to take up additional cooperation activities in the following two areas:

i) A joint study on feasibility of introducing advanced supercritical technology in India.

ii) Participation by India in ZEP demonstration plant(s).

iii) Subsequently, the Working Group met in June '08 at Brussels.

A gathering on India-EU Joint Action Plan was held on October 6, 2009 at Brussels. The convention was attended by the delegate of Ministry of Power. It was determined to hold the next meeting of operational group on Energy Efficiency and Clean Coal Technology (CCT) in the first quarter of 2010. A delegation from EU attended the convention along with delegates of Government of India, academia and industries.

Conclusion

Global warming is caused by rising concentrations of far-infrared absorbing gases, called greenhouse gases (GHG), including CO₂, CH₄, CFCs, N₂O, and O₃. Nearly all of these gases are of anthropogenic origin, primarily associated with fossil fuel usage. Water vapor is also a greenhouse gas, but of course it is of natural origin, even though the global hydro geologic cycle may be changed to some extent by anthropogenic activities.

Demand-side protection and efficiency improvements, together with less space heating and better insulation, less air conditioning, fluorescent lighting, more energy-efficient equipments & appliances, process modification in industry and fuel-efficient automobiles. Such actions may even acquire a negative cost (i.e., consumer savings by using less energy) or at least a quick payback period for the investment in energy-saving policy and plans with shift to non-fossil energy sources. Apart from for a few progressive units that have incrementally enhanced their performance over the year’s time, most of them can be outlined and classified as “passive users of technology”.
Hence, Energy Security is important to save the superior choices and options for the sustainable expansion as adjacent to here are unbearable for the reason that the major crash could be made by changing to nuclear energy and hydro energy, both at present extremely not accepted and burdened with ecological and wellbeing concerns. The transfer to geothermal, ocean, solar and wind energy are well accepted but due to their limited availability and since of their larger cost compared to fossil energy, a considerable move to these energy sources can not be predictable in the near future.

Here, mainly growing the efficiency of Coal fired power plants in which Coal gasification combined-cycle power plants have a thermal efficiency in the range of 45% to 50%, as compared with single-cycle pulverized-coal plants in the range of 35% to 40%. Nevertheless, coal gasification power plants are more costly than single-cycle plants.

Finally, the nation had three dreams as far as energy and power is concerned that have taken shape as progressive vision and transformed as missions. Space programme of ISRO (Indian Space Research Organization), AGNI programme of DRDO (Defence Research and Development Organization) have been fully realized, and PURA (Providing Urban Amenities in Rural Areas) is being realized in many places.

Acknowledgement

The authors acknowledge and extend thanks to the Ministry of Power (MoP), Central Electricity Authority (CEA), National Power Training Institute (NPTI), etc. for their continuous help in all aspect for providing power data, was particularly helpful in the development of the work. Special gratitude is also expressed to Head of the Department and Supervisor for their efforts, valuable comments and suggestions.

References

Sustainable Strategy towards Energy Security: An Indian Perspective


More than 200 years ago, Napoleon Bonaparte said on China: "Let her sleep, for when she wakes, she will shake the world." For the last few decades China has been waking up and has become one of the most significant countries in the world, strongly influencing global economy and politics.

It is now an important competitor for the world’s biggest economies like the USA, Japan or Germany. It is caring to secure not only its economic position but also the political one. Doing it, it is taking advantage of the enormous pace of Chinese economic growth and process of globalization.

The following article is going to take up the topic of rising China’s challenges and means of solving its problems, concerning mainly the Chinese economics. The article is to be concentrated mainly on securing the natural resources for the Chinese economy and taking advantages from the international financial crisis to go global. It also concerns the influence of Chinese policies on the global politics and economy.

1. Role of China in the international system

China is one of the biggest countries of the world (9.6 million square kilometers) and it is geographically differentiated, taking into consideration land relief as well as climate. Population of China is 1.3 billion; the highest population density takes place in the South-East, where the half of the whole China’s population live within 200 kilometres from the seaside.

Taking into account GDP per capita, China is still chasing the richest, most developed countries. However, the distance is getting smaller and smaller. Thanks to the fast economic development and growing international cooperation, China is now seen as an economic power. The changes leading to such situation have been taking place for about three decades – since the beginning of the economic transition (1978) which is also called “China’s second birth”.

Rising China

MAGDALENA SENDEROWSKA

Rising China
The reforms started in the end of the 1970s, from gradually tracking back from the collective farming. Then gradual freeing prices, household decentralization and giving more autonomy to the government-owned corporations took place. Also the banking sector and stock exchange were developing. The private sector was growing fast and the economy was opened to international trade and foreign investment. Foreign direct investment have risen to USD 84 billion in 2007. As a high-potential market China has become an attractive place to invest. All the reforms have been introduced gradually; in the recent years China ensured greater assistance for the leading management of government-owned companies which are important to the national security (especially the energy companies).

Restructuring the economy made the GDP rise more than 10 times from 1978, when the reforms began. In 2008 China’s GDP was USD 4.6 trillion and the GDP growth was 9.6%. In the very same year Japan’s GDP was USD 4.9 billion, GDP grew by about 1%. The GDP of the USA fell down that year. In the developed countries GDP measured with the use of purchasing power parity (PPP) was USD 6.5 trillion then. Concerning this, China took the second position in the world, after the USA, but before Japan or Germany. However, although the GDP (PPP) rose more than thirty times from 1980, China is still a medium-income country. During these thirty years the GDP structure has changed. Now almost 11% of the China’s GDP comes from agriculture (fall from 28% when the reforms began), about 47% from industry.

4 China’s 2008 GDP growth revised to 9.6%, http://news.xinhuanet.com/english/2009-12/25/content_12703228.htm, access on 5 January 2010. Also further information concerning the GDP structure comes from this website.
(fall from 48% to 41.6% in 1990 and then rise took place) and about 42% from services\(^6\).

The opening of the economy enabled China to make use of its competitiveness in the global market, which influenced exports and was possible thanks to the low cost of labor and its relatively high productivity as well as friendly policy of the Chinese government and yuan’s low exchange rate. At the moment China’s exports are about USD 1.4 trillion and the country itself is the third biggest world’s exporter\(^7\). It is thanks to the international trade that China has a balance of payments’ surplus and has gathered currency reserves of more than USD 2.2 trillion\(^8\). China is holding American bonds worth about USD 800 billion, which makes it the biggest lender of the USA\(^9\), before Japan and the United Kingdom.

China is seen as an important element of the international political and economic system – it makes one of its poles, along with the USA, the European Union, Japan and Russia, which enables the country to build its own influence zone. Worth mentioning is its membership in many international organizations, concerning international cooperation, security and trade, especially the World Trade Organization.

### 2. Challenges of the future

China is meeting many challenges as a country willing to play an important role in the future world. First and foremost they are barriers of social and economic development.

Firstly, China should rise labor productivity, emphasizing the role of new technologies and services where human capital is needed. This is the only way to enable citizens of the Middle Kingdom to make use of the economic

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development. Now its growth is so impressive thanks to the low cost of labor. Thanks to this, China can be competitive, exporting labor-intensive products. However, after having satisfied most of the domestic demand and demand of the global markets for such goods, a new way to sustain growth will be needed and developing services or human-capital-intensive products can be a way to do it.

Also income disparities are a vital problem. Economic development was and still is more intensive at the seaside than in China’s interior. In search for a job more than 230 million workers moved to the cities from the countryside and then came back. In the future creating new jobs will be necessary.

Next, dynamically developing processing industry and urbanization are the reasons for which the use of the natural resources (especially fuels) has grown significantly, especially in the recent years as they are the most important inputs in these sectors. China has become a net importer of many raw materials. It is because of growing needs for raw materials together with the strategy of meeting the rising domestic demand with the help of imports. China’s rising demand for the raw materials caused price rises on the international markets and rising prices of raw materials and energy will finally make Chinese products more expensive and less competitive which will negatively influence Chinese exports. For further economic development China has to secure supplies of raw materials - China’s resources are large, however, limited.

Also other kinds of natural resources should be secured – on the one hand, fast development has ruined many of them. Developing cities and industries are not only occupying place, also the former arable land, but they are also polluting land, air and water, reducing the resources. The environment pollution is estimated to be worth about 9% of the yearly China’s GDP. In future it may cause alimentation problems as there are 1.3 billion citizens in China and the number is still growing. At the moment the country must feed 22% of the world’s population with only 10% of global arable land. Currently,

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10 In case of China their share in the whole population is not too high but the number itself equals almost a half of the European Union’s population and in case of tough situation in the country those people may be willing to go abroad to the developed countries in search for jobs.
there are only slightly more than 900 square meters of arable land per inhabitant, which is less than 40% of the global average\textsuperscript{11}.

Finally, some important challenges are connected with the country’s demography – its population is getting older before the economy has got rich – therefore, to ensure the social security, China will not only have to ensure a well-functioning security system, which is not easy at such a huge population, but also sustain the economic growth pace at a high rate to be able to finance it.

3. Means taken to secure China’s future

To secure the social and economic development of the country, China uses mainly the financial means it has worked out up till now. High reserves are used to invest in raw materials’ mining and buying out foreign companies. What is more, the government makes investments in social and technical infrastructure in the country. An interesting kind of Chinese activities to ensure its position in the international system is lending money unconditionally to other countries, enabling them to fight the present crisis and the trials to introduce yuan into the international currency system. All the actions are assisted by promoting Chinese culture and language all over the world.

In this paperwork I am going to concentrate on China going abroad by making significant investments there. Actions taken in this field should enable China to secure supplies of raw materials and food in the future as well as to strengthen its international economic and political position. As China cannot stop globalization, the country is making use of it.

According to the People Republic of China’s (PRC) Ministry of Commerce (MOFCOM) the overseas direct investment (ODI) till 2009 was USD 83.97 billion of which about 2/3 in the non-financial sector. Chinese investors had set up about 12,000 enterprises overseas in 174 countries or regions. About 71% of the enterprises were in Asia and Europe. Employment of Chinese overseas companies amounted to 1.03 million workers of which

455,000 were overseas employees\textsuperscript{12}. Around USD 60 billion are to be invested in the ODI this year\textsuperscript{13}. It is worth mentioning that while most of other countries’ ODI was falling down during the crisis, Chinese ODI was growing.

China’s overseas investment is largely concentrated in such areas as trade, natural resources exploration, industrial processing, transportation, engineering contracting and labour services, research and development and agriculture\textsuperscript{14}.

For a dozen or so years the Middle Kingdom has been looking for opportunities to invest in natural resources seeking and mining abroad. China is searching for natural resources all over the world.

Many of these investments are placed in the developing countries, of which the most popular cases are African countries. In exchange for rights to the Chinese companies (which are often companies with a high share of government-ownership, willing to take higher risk investment than the most of private-owned mining companies from other countries) to mine raw materials there, China offers significant help like huge (as for those countries) investments in technical infrastructure. The investments are sometimes worth more than developing countries’ households and usually also more than help offered by the other countries and international organizations like the International Monetary Fund. For example, in 2007 China offered to build and repair roads and railways as well as mines in Congo\textsuperscript{15}, altogether worth USD 12 billion (in exchange for the right to mine copper ore of the same value), 3 times an annual household and 10 times more than the international help offered to Congo\textsuperscript{16}. The Middle Kingdom is also investing in mining and processing raw materials in such countries as Algeria, Equatorial Guinea, Liberia, Libia, Nigeria, Tanzania, Zambia or Cape Verde. To do so, it is


\textsuperscript{15} In Congo there are also significant resources of cobalt and tantalum, diamonds, gold, manganese, uranium an zinc. A tropical forrest, taking most of the country, can be a potential source of timber.

\textsuperscript{16} A ravenous dragon, „The Economist”, 13 March 2008.
establishing Special Economic Zones in these areas\(^{17}\). It is said that there exists the “New Silk Road”, connecting China and African countries which are becoming a Chinese resources supply base\(^{18}\).

Some international NGOs are afraid that in so intensive search for raw materials the Chinese companies will ignore standards concerning environment protection, working conditions or legal rules\(^{19}\). Western companies are afraid that help of Chinese government to the companies in form of help packages for the developing countries will make the West loosing the competition for resources which will result in high inflation\(^{20}\).

Europe still is the most important continent being in relations (political, economic and military as well) with the African countries, however, China is coming into power. Trade between Africa and Europe has been rising by 6% a year recently while between Africa and China by 33%. Because of government’s support Chinese companies (with the high level of public share) can make investments in the countries of high risk which is not affordable for the private-owned Western companies. What is more, when investing, Chinese government does not make any requirements from the recipients as the Western donors do. China does not make the huge help conditional on fulfilling international norms and also gives money to the countries under regimes. Thus, the recipients are nohow motivated to make any changes (on which the previous help was conditional). For instance, help given to Angola was to such extent that in 2006 it decided to give up the International Monetary Fund’s help (IMF required transparency and stable management over the economy). Sudan, where China wanted to make investments in oil mining, ignored Western threats and sanctions\(^{21}\).

Aid offered to Africa by America and Europe for the last 50 years didn’t help this continent to fight poverty. Chinese aid may prove a better way to improve situation. For sure it will force the western countries to look for more effective ways of helping developing countries. Congolese leaders make

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\(^{19}\) It is also worth mentioning that also Western companies are searching for and mining raw materials in the developing countries and they also there also can be such abusesments from their side.

\(^{20}\) *A ravenous dragon, ibidem.*

\(^{21}\) *Ibidem.*
notice that Chinese aid is immediate and concrete – infrastructure is built and jobs for the citizens created, independent from fulfilling lots of conditions first. Western aid is given to health service and education which are important, however, they do not stimulate the economy in the short term\textsuperscript{22}. It is worth noticing that by increasing Chinese involvement in the countries to whom aid is offered, China not only strengthens its international position (as far mainly political) but also takes more responsibility for them. For example it promised to cooperate with the World Bank when it comes to Africa’s development\textsuperscript{23}.

Developing countries in Africa are not the only ones with whom China is cooperating to secure natural resources supplies.

An important role in China’s resources policy is played by Russia, which is the fourth biggest source of energy for China. In the recent years China has launched a campaign aiming to increase supplies of oil and natural gas from Russia. It resulted in making agreements to build a 1030-km long pipeline from Siberia (city of Skovorodino) to China (terminal in the northeastern city of Daqing, via the border county of Mohe). Works on it started in April 2009. Under the loan-for-oil deal signed between the two nations, China would offer Russian firms 25 billion U.S. dollars of long-term loans while Russia would supply 300 million tonnes of crude through the pipeline to China from 2011 to 2030\textsuperscript{24}. The Chinese have also shown active interest in purchasing shares and rights in Russia oil and gas-fields and companies\textsuperscript{25}. The Russians have been very reluctant to sell any strategic parts of their national reserves to the Chinese. However, together with agreement on building the pipeline, in February 2009, China and Russia signed in Beijing seven agreements on a package of energy cooperation deals, including details worked out for the further agreements on the pipeline.

On the other hand, China also wants to diversify its energy sources by cooperating with the countries of Central Asia. An example of this can be a pipeline transporting natural gas built from Turkmenistan, exploited by the China National Petroleum Corporation. It covers a half of China’s demand for

\textsuperscript{22} Mutual convenience, “The Economist”, 13\textsuperscript{th} March 2008.

\textsuperscript{23} A ravenous dragon, ibidem.


natural gas but also has broken the monopole of Russian demand from Turkmenistan\textsuperscript{26}.

At present, also a next pipeline to transport oil from Kazakhstan is being built\textsuperscript{27}. In June 2009 China lent USD 4 million to help Kazakhstan to develop its largest gas field (South Yolotan). This was part of a 30-year deal that should eventually bring China 40 billion cubic meters of gas each year. Worth mentioning is also the will of China to lease 1m hectares (2.5m acres) of farmland in Kazakhstan which brought about Kazakh citizens’ protests\textsuperscript{28}.

Also the developed countries cooperate with China in the field of natural resources. For instance, in 2007 Australian merchandise exports were dominated by raw materials from mining and exports, to the great extent – to China. Chinese companies were working on over 15 projects in Australia, concerning minerals and energy. Mineral exploration and development and resources processing have been one of the two most important sectors where Chinese investment in Australia is concentrated since the beginning of 1990s. The biggest Chinese foreign direct investors hold significant stakes in Australian enterprises mining and processing coal, aluminium, uranium and gold\textsuperscript{29}.

China is caring for country’s food security as well. When it comes to the actions taken in the country, it is increasing domestic investments in agriculture, spending money on infrastructure, agricultural science and technology and encourage modern farming techniques. For instance, safe drinking water projects are implemented, roads in rural areas or electricity network are built in the rural areas. For the year 2010 also a rise in minimal prices: from 0.06 yuan to 0.2 yuan in the minimum price of rice per kilogram and a 0.06 yuan rise for wheat is planned\textsuperscript{30}. Thus, cultivation should become more profitable for the farmers. An important part of the strategy, however, is investing in agricultural sector and food processing abroad. It involves buying and leasing arable land as well as establishing companies and other forms of...

\textsuperscript{26} M. Janik, \textit{Turkmeński gaz popłynął rurociągiem do Chin}, Dziennik Gazeta Prawna, 15 December 2009.
\textsuperscript{27} Chińczykom wraca apetyt na ropę, „Gazeta Wyborcza”, 16 November 2009.
\textsuperscript{28} Riches in the near abroad, „The Economist”, 28 January 2010.
\textsuperscript{30} China to invest 818.3b yuan in agriculture in 2010, „Global Times”, access on 5 March 2010.
cooperation. Also here Africa seems to be the most important (or worldwide noticed) place of investments, alike as in the case of mining resources.

On the website promoting Chinese-African cooperation\(^{31}\), it is stated that China has already acquired vast amounts of arable land overseas including countries like Zimbabwe and Algeria. According to the same website, estimates made by researchers reveal that over 1 million ethnic Chinese farmers will be working and living in Africa by the end of the current year. The land investments (leasing or buying) were made e. g. in Kenya, Tanzania or Uganda. This year, China will be starting the world’s largest palm oil plantation in Congo. Covering an area of 2.8 million hectares, the palm oil plantation would be used for bio-fuels. Next in line for China is Zambia which is in the process of finalizing a deal to grow bio-fuels on 2 million hectares of land\(^ {32}\). China has also invested millions in improving the system of agriculture in Mozambique which should enable this country to increase rice production from 100,000 to 500,000 tonnes a year. China has invested in an Advanced Crop Research Institute and agricultural schools, and at least 100 Chinese agricultural specialists are working in Africa to improve agricultural conditions. Works also involve the development of canals and other methods of irrigation\(^ {33}\).

On the one hand, such practice is often called “a farm-grab”, on the other, poverty and hunger are the two greatest Africa’s challenges and China is one of the countries helping to solve these problems by introducing there agricultural innovations and modern technology. At present, most products of the farms owned by the Chinese companies are marketed locally. By investing in Africa, it is meeting its food domestic demand as well as increasing incomes in the host countries and providing them with a source of foreign currency.

The Chinese are also willing to invest in the developed countries like Canada (for instance in the Ontario Province). There are some potential investors from China, including people interested in making substantial investments in dairy and pork production and vegetable processing. There are also Chinese people living in Canada wanting to buy a piece of their own land. There are voices of introducing a bitter melon cultivation to Canada and exporting it to China. Among the more obvious opportunities are ginseng, 

\(^{31}\) http://www.chinafrica.asia/
soybeans and ice wine. Many other opportunities exist, including Chinese interest in animal feed technologies and may and pasture seed genetics.\(^{34}\)

Another way of securing growth of China are foreign direct investments in the field of processing industries and high technologies, those made mainly in the developed countries. In the time of crisis especially growing number of investments made by Chinese in the form of mergers and acquisitions could be noticed. They are an important part of the know-how based investment strategy, enabling the Chinese to learn new technologies of production and methods of management.

Within this investment pattern two different practices can be seen. The first one is that Chinese investors identify Western companies that are in financial problems, acquire them and keep running the business within the country of origin. The Chinese are also acquiring healthy high-tech companies that provide them access to technology, patents and educated specialists. So far, Sweden, Denmark and Germany have been active in attracting Chinese investments in ICT, renewable energy and life sciences sectors. As these sectors are also at the top of the Chinese governments’ wish-to-develop list, it is likely that these countries will get important advantages over other countries in this region.\(^{35}\)

At the crisis time they can buy companies with a strong market position at relatively low prices which is good investment for the future. For the countries, where they invest, it is a chance to keep the jobs in the overtaken companies on the one hand, and a threat for further development of such companies and devaluation of national brands on the other. Present situation is similar to the situation of the slowdown in the global economy after 11 September 2001.\(^{36}\)

In March 2010 a factory belonging to Ogihara, a Japanese diemaker, was sold to the BYD, a Chinese carmaker. Because the matter was sensitive as Japan used to resist foreigners willing to buy their way into the country, the Japanese firm tried to keep the transaction quiet, never issuing a press release and refusing all interview requests. Deals with Chinese concerning mergers used to be especially unwelcome, however, already in 2007 there were more of them


\(^{35}\) M. Nojonen, *China’s ‘Go-abroad’ strategy..., ibidem.*

\(^{36}\) TCL is a publicly traded, Chinese electronics manufacturer headquartered in Huizhou, Guangdong Province.
than those concerning the USA. Since that time the number of purchases of Japanese firms by the Chinese ones almost doubled. The deals usually involve small firms with specialist technology, which sell a stake or a subsidiary rather than the whole company, typically for a few million dollars\(^{37}\). Thus, the Chinese gain new technologies and the Japanese – possibly new management ideas and in the future also access to the Chinese markets as their own market is getting stagnant.

Another Japanese company, Laox, in which China now holds a 51% stake, may teach Chinese high standards of customer service. Japanese workers are happy to hold their jobs, however, voices can be heard that recruiting new workers for the factory can be difficult as Japanese do not like to work for foreigners. Also problems concerning business culture, connected with products’ quality standards or environmental issues can occur.

4. Conclusion

China is a country of high potential to develop but it is also to cope with many problems. No matter what the opinions on China’s economics and policies, often seen as a mixed blessing, the Middle Kingdom is making wise investments for the future.

It is making use of its position, financial means and political and economic system to expand to the international markets and invest abroad. It is caring for securing the supplies of mineral resources and food as well as improving its human capital and searching for new technologies which should enable further economic development. Chinese investments are seen as a chance to change the dramatic situation of the developing countries or at least a chance that China joins the international organizations helping them on the one hand and a threat of resources-grab, dishonest competition or even backing the political regimes on the other. When it comes to the companies in the well developed countries Chinese investments help to save jobs or supply capital for development but also are seen as a threat to national brands or quality of products in the well developed ones.

Although there are some critical voices on Chinese investments made abroad and opinions that the scale of those investments and their economic results are not too high, the Middle Kingdom is becoming visible in the international political system and strengthening its position.

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Almost 20 years have passed since the Soviet Union’s collapse that marked the end of the Yalta-Potsdam international order and the beginning of a new geopolitical era. As it turned out, Western politicians and political analysts were not prepared for such an unexpected end of bipolarity. And to this day the question of the contemporary world order configuration is very ambiguous and affects not only Russia and the Western countries, but also various political actors. Moreover, Russia, in addition to the problems of its political system transformation, is defining today its own foreign and domestic priorities and naturally is concerned with the shaping of a new political culture, as well as with developing of a balanced approach to the politics of the Euro-Atlantic region. At the same time for the entire Western world the question: what role of Russia in the new system of international relations is, and among what countries - with democratic, undemocratic or transit political culture - it can be reckoned, is of no less importance. Today some researchers quite explicitly rate Russia as an authoritarian state, noting that the democratic reforms initiated by Gorbachev and Yeltsin, were completely stalled by Putin, and seeing it as a threat to the interests of the Western society. \(^1\) Russia, in its turn, also has a number of the most serious complaints against the West, related to NATO eastward expansion, the bombing of Serbia, the emergence of the U.S. military bases in Central Asia, the tendency to promote the anti-Russian political vector in the CIS and the Baltic States. Thus there is no doubt, that relations between the countries of the Euro-Atlantic area and Russia can only be described as highly contradictory and complex.

But what is the reason why the Cold War transformed into the Cold Piece, and not into the effective cooperation? Why did it happen inspite of the challenges of globalization and the emergence of new security threats, which should have moved the question of mutual resentments to the background?

\(^1\) Goldgeier, J., McFaul, M. “Russia’s no democracy. So what?”, Washington Post (April 9, 2006) Taken from Web site: http://www.washingtonpost.com/wp-dyn/content/article/2006/04/07/AR2006040701972.html
We suppose that in order to analyze the current state of relations between Russia and the Euro-Atlantic region and to explain why these relations are making such difficult progress, it is necessary, first of all, to examine how they evolved after the collapse of the Soviet Union, and how the mutual perception of these two centers of geopolitical power modified, and then to characterize the features of their political culture development.

In his article “Russia, Europe and “Euroatlanticism”: Triangular Relationships in Transition”, Hannes Adomeit, an outstanding expert on Russia at the Berlin Foundation for Science and Policy, points out that the popularity of the idea that Russia is a part of the Euro-Atlantic community (“from Vancouver to Vladivostok”) reached a peak in 1991-93. Most of Russians, enthusiastic about the prospects of joining the “community of civilized nations”, defined themselves as Europeans. During this period the unity with the West should have lain not only and not so much in establishing a common foreign policy, as in promoting the shared values and in shaping of new Russian - democratic - political culture. For Russia this naturally meant the transition to the market economy and the rule of law, civil society making, etc.

But very quickly a fairly significant change occurred in Russian attitudes, and then in Russian policy. The reason of such a "reorientation" lay not only in the Russia-NATO unresolved contradictions, in this Cold War legacy, and in the conviction of the part of Russian society that the Alliance’s policy is aggressive (for a number of reasons already mentioned), but principally in the opinion that the Western way of development is not suitable for Russia. What is more important here is that the first of these shifts in the consciousness of Russians had the character of internal self-affirmation and did not imply distinct anti-Western orientation. The level of positive feelings towards the U.S. and Europe remained high until the late 90's, exceeding the level of antipathy in 7-9 times.

The representatives of the Euro-Atlantic region also began gradually to shape more watchful attitude to Russia, its foreign policy and domestic political

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situation. It was connected, as in Russian, with “the deceived hopes”. Indeed, contrary to the Euro-Atlantic expectations, Russia during the transition period did not follow the Western model and failed to form the basis of a new - democratic - political culture. And Putin’s accession to power, according to political analysts, marked the emergence of a new authoritarian - hybrid – regime. Thus, gradually but steadily rating of Russia as a democratic state - in the estimation of such organizations as Freedom House, Transparency International, Reporters without Borders - started to decline.

The geopolitical situation changed a little after the tragic events of September 11, 2001. “Euro-Atlantic” countries were forced to recognize that to combat qualitatively new transnational security challenges effectively, they needed not just cooperation, but a strategic partnership with Russia, which soon started to be being built in two directions: Russia-NATO, Russia-EU. This cooperation proceeds today within the framework of NATO-Russia Council and the EU-Russian Federation Cooperation Council, where the range of military, political, economic and scientific problems is being discussed. It can not be said that this interaction goes absolutely smoothly. The periods of mutual cooling occur from time to time. We can say, however, that the question of what modern Russian political culture is, and whether the Russian regime is in transition from authoritarianism to democracy or from authoritarianism to a new type of authoritarianism, has moved to the background. But while cooperating with Russia, recognizing its right to self-determination and preferring to see it sooner a stable than necessarily a democratic state, the West still continues to sharply criticize the political situation in the country.

In this connection the question arises: what is the reason why Russia and the Euro-Atlantic region could not speak the same “political language”, and have made mutual concessions rather forced than gladly to continue the cooperation?

We believe that it is not the foreign policy sphere where the main reason for the misunderstanding and mistrust between Russia and the West lies, although undoubtedly the problems of foreign policy play not the least role here. It lies in the sphere of internal political structure, political traditions, and above all, political culture features of those geopolitical actors. In order to understand these features, to characterize the current situation and to outline the prospects of relations between Russia and the Euro-Atlantic area we must first examine the very notion of political culture.

Today we can find the plenty of different approaches to the definition of this notion. But in our opinion, the classic approach, proposed by G. Almond and S. Verba, still can be considered as one of the best approaches to “political culture”. According to it the structure of political culture consists of three levels of orientation towards the political system: cognitive, affective and evaluative. In other words, these orientations reflect the political knowledge, feelings and judgements. We think that this structural scheme of political culture can embrace the whole range of aims, norms, orientations, behavior patterns with respect to the political system. At the same time we believe that we should not reduce the concept of political culture only to the mechanical set of orientations and attitudes. It is also important to remember that the political culture reflects the specific mode of political action, which is determined by the certain system of values inherent within this society.

As to the “Euro-Atlantic” political culture, we can say that through the activities of two organizations, NATO and the EU, it has been formed during the last 60 years. This is a new kind political culture, the culture that is based on a system of certain democratic values. This system, in addition to the fundamental values, includes the so-called “political” values, such as freedom of thought, human rights protection and protection of national minorities, the principle of separation of powers, the existence of civil society, that is able to influence the decision-making process, democratic and civilian control over armed forces and special services, renouncement of the use of military force in dealing with internal disputes. According to some researchers, the use of compromise for resolving both domestic and foreign conflicts is the characteristic feature of the entire Euro-Atlantic political culture. But in the

light of recent events the United States more often neglect this foreign policy tool, acting in some cases absolutely unilaterally, while Europe still adheres to the certain rules and standards of conduct. But despite this fact, it can be said that the whole Euro-Atlantic region possesses a common and quite stable system of political values.

And what can be said about Russia in this context? The Russian history shows, that Russian people have never voted consciously for changes, which were imposed on them by various regimes. And the very approval of these regimes existence can hardly be defined as conscious. It is true that throughout the development of Russian political culture and political tradition the dominant values were statism, collectivism, social justice, personal sacrifice for the public. And in the forefront the ideal of equality was always placed, and not of freedom. That is why it is not surprising that the these values got at their height during the Soviet period, where the collectivist principles, promoted by the Soviet regime, defined not only the nature of the interaction between the individual and the state, but also the nature of the whole social life.

When the USSR collapsed, Russians found themselves at the epicenter of political chaos. In the first half of the 90's there was not the question of choice: whether to take the democratic or undemocratic way, there was the only question – to preserve the integrity of the state. The depth, duration and impact of the economic crisis of 1992-1996, and then of 1998 (that was caused by the Asian financial crisis) on the society could be compared only with the Great depression - the crisis of 1929-1933 in the U.S.. At that time, in the first place for Russians was the question, how to survive and to maintain their children, and that task was extremely difficult in those circumstances. And so if we take into account Maslow’s hierarchy of needs, the fact that the questions of policy and political values were moved to the background is not at all strange. In that period the government tried to carry out some democratic reforms. But sometimes these reforms, as is well-known, took the shape the “shock therapy” and did not lead to immediate positive results and stabilization of the situation in the country. That is why, it is not surprising that at that time it was more and more often possible to observe the display of negative attitudes towards the concept of “democracy” and simultaneously the display of nostalgia for the Soviet times, which associated with stability, order and confidence in the future.9

But can we here say that Russians deliberately reject democratic values? In Russian political history, in contrast, for example, to the Czech history, we can not name any democratic period. This means that because of the absence of any democratic experience, Russians after the collapse of the Soviet Union began to perceive democratic values only through the prism of reform process and the political system democratization. Democratization was conducted solely from above, and in the conditions of a serious systemic crisis. In addition to this, due to the fact that Russian political tradition was always dominated by the paternalistic type of relations between the state and the individual, Russians did not consider it possible and necessary to take any steps to democratize the political system from below.

As a result of the above-mentioned political features of Russian society and the steps of Russian government, today many Russians show negative attitude to the concept of "democracy" and "democratic values". This idea can also be supported by the fact that the society has not got the proper and clear understanding of what democracy is about. The opinion polls show that only 12-15% of Russians are able give the definition of democracy that is close or identical to the European definition. Giving this definition, 54% of respondents chose the following: “a fair system of governance with equal participation of all citizens” and “authorities’ respect and observance of the rights and freedoms of citizens”. And only 9% chose such fundamental democratic principles as “free competition of political parties” and “separation of powers and government accountability to citizens”.\textsuperscript{10} So we can say that the concept of “democracy” is chiefly associated with indirect signs or consequences of democratic system, and not with the essence of democratic state structure and the tradition of the decision-making process.

In support of our words we could have used far more results of different sociological studies, but we would like to draw your attention only to the most important points: to Russians’ attitude to the president and the party system, which most clearly illustrates the particular features of the Russian type of political culture. Answering the question: “What do you think would be better for Russia - the separation of powers or the joint activities of all branches of power, coordinated by the president of Russia”, absolute majority (62%) chose the second option. First option was chosen only by 18% of respondents and 20% failed to answer this question at all.\textsuperscript{11} Other indicators also show that the president’s role in Russia, despite all the domestic and foreign policy
problems, is very important. To the question: “Which state and public institutions do you trust” 86% of respondents replied that they trust the president, and only 16% - the political parties. In the framework of the other sociological analysis of the modern Russian society there was a multiple choice question about the important elements of the political system. One of the positions was a “multi-party system”. The results are significant. Just one third of respondents (36%) consider it important, while 43% believe that they can do without it.

This percentage ratio confirms the fact that Russians do not quite well understand, on what basis a democratic system should be built. They trust only the head of the state, believe that he could and should act as a guarantor of rights, freedoms, stability and prosperity of the country. If you look however at the history of the Russian state, this approach does not seem strange. Positive orientation towards strong centralized power represented by the emperor, the general secretary – in the past, and by the president – in the present has always been the main element of Russian political culture.

The problem in the relations between Russia and the West lies therefore in the fact that the countries of the Euro-Atlantic region do not understand the true causes of the political behavior of the majority of Russians against the matchless popularity of the regime. They suppose that the beliefs, aspirations, preferences and values of Russians are the same as in the West. No, throughout the whole Russian history the particular political tradition was being formed, a special type of political culture was being developed, which of course can not be eradicated all of a sudden and replaced with a new - democratic, or to be more exact, the Western type.

So, there are two possible scenarios of the development of the relations between Russia and the Euro-Atlantic area: the negative one and positive one. In the case of relations deterioration, the reluctance to understand each other and to build a constructive dialogue, the cooperation, of course, will not deepen. The nature of the relations will only be declaratory, affecting not only Russia but the West itself, because it will be deprived of a reliable partner in the east. In the case of the positive scenario, if Russia and the countries of the Euro-Atlantic region attempt to come to mutual understanding, they will

have a chance to strengthen the relations and to establish a mechanism for effective interaction, from which they will only benefit.

But which of these scenarios will become a reality entirely depends on the ability of the representatives of the “Euro-Atlantic” political culture to recognize the right of another – Russian – type of political culture to exist.

**Literature and sources**


Military Cooperation in Latin America in 21st Century: continuity or change?

MICHAŁ STELMACH

Introduction

The beginnings of military cooperation in Latin America date back to nineteenth-century wars of independence. At that time the armies have taken a coordinated fight against the common enemy leading to the liberation of the lands of the New World from Spanish rule. Andean Army (Ejercito de Los Andes) established in 1815 by the Chilean and Argentinean under the command of generals Bernardo O'Higgins and Jose de San Martin can be considered as a first step towards political - military cooperation in the region within the organization which today is called mixed forces (fuerza combinada). What also is worth to be mentioned is the the campaign organized and conducted by Simon Bolivar and Antonio Jose de Sucre which led to the liberation of Venezuela, Colombia and Ecuador.

During the period of first republics there were attempts to institutionalize military cooperation. Simon Bolivar introduced the concept of creation of joint armed forces, which are supposed not only too provide collective defense but also participate in offensive actions against the common enemy, carried out outside the territory of allied states. Among the documents prepared and adopted at the Congress of Panama (1826) were the Convention on the national contingent in the joint army and navy, and additionally, secret agreement on procedures for creating a common army and navy. The growing antagonism and the growing conflicts between states as well as the strong nationalism of the newly created entities prevented from the realization of this project.

The 20th century brought new forms of cooperation. In the first half of the 20th century, Latin American countries developed military cooperation within the framework of military missions and exchange of personnel. For instance, cooperation between the armies of Chile and Ecuador, Colombia, El Salvador consisted of the periodic presence of the Chilean military missions in mentioned countries and of the participation of Ecuatorian, Colombian and Salvadoran officers in courses organized by the Chilean Military Academy and
the Academy of War and training in the Chilean army. The main objective of these initiatives was the professionalization of the armed forces. In the second half of the 20th century, military cooperation has been dominated by the Cold War. The first phase consisted mainly of the reorganization and modernization of the Latin American army and implementation of security doctrines (Doctrine of National Security) and Strategy for Combating Subversive. In the second phase, the right-wing military dictatorships, which seized power in many countries of Latin America, coordinated and developed measures to eliminate the leftist opposition in the country and abroad. The best example is the Operation Condor which was carried out from 1975 to 1983. According to the governments participating in the operation, it was an operation against terrorism. This operation was carried out by the intelligence and security services of Argentina, Bolivia, Brazil, Chile, Paraguay and Uruguay. It based on sending special teams to countries in Latin America and also to Europe (France, Portugal, Spain and Italy) and to the United States, in order to locate, observe, and then murder the political oppositionists and their families.¹

In the 80s and 90s, after decades of military domination, in many Latin American countries they made efforts to subordinate the armed forces to civilian institutions and to redefine functions and the role of the army in terms of peace and democracy.

The purpose of this paper is to examine the evolution of the military cooperation of Latin American countries during the first decade of 21st century. Author tries to respond to questions related to the determinants, forms and levels, real dimension, the range and effectiveness of the military cooperation in the region and as the last but not least, fact if and how the establishment of South American Defense Council will influence on the strengthening the position of the region on the international scene and on creation of collective security system in Latin America.

**Determinants of military cooperation in the twentieth century**

Security and defense system established in Latin America after 1945, for decades focused exclusively on establishing and improving mechanisms for the peaceful settlement of disputes, marginalizing the military cooperation and integration in the region. Treaties and agreements assumed cooperation of the armed forces only in a situation of collective defense against the attack

¹ According to the "Archives of Terror" as a result of Operation Condor at least 50 000 people were killed and 30 000 “disappeared”.

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initiated by a third country and within the framework of mutual assistance (Dobrzycki 2000: 89-104, Dobrzycki 2002: 80–111, Gawrycki 2005: 111-127). Only in the early 21st century both military and civilian acknowledged that full integration in the region cannot be done without the participation of the military and began emphasizing the need for closer cooperation and even military integration. Currently, we can notice the evolution of the relationship among the armed forces which is characterized by a progressive increase in bilateral cooperation, and what is more, inclusion the armed forces into the activities of multilateral cooperation.

Several factors influenced on these changes. First of all, the Latin American countries have gained more space for the unfettered action due to U.S. involvement in the war on terrorism in Afghanistan and Iraq. The region of Latin America has ceased to be a priority for Washington. Besides this, the war led to a deterioration of the U.S. position in the world, which were no longer able to dictate policy to Latin American countries.

Secondly, the balance of power has changed in Latin America. In most countries of the region the power was taken over by new - leftist movements, parties and their leaders which started to pursue a policy independent from the United States (Velasquez 2008: 84). Although an emergence of leftist governments in many countries at the same time did not lead to the expected convergence of views and consequently to the adoption and implementation of common defense doctrine and a common military policy, it had a positive influence on the cooperation of armed forces in the social and development mission (Hirst 2008: 426 – 427).

Thirdly, increased spending on defense and military forces. After 2001 many governments have changed their approach to the armed forces and to the problem of national defense. The policy to reduce spending on these objectives, which was typical for the period of democratic transitions in 90s, has been replaced by a policy to raise military spending. Defense spendings in South America rose from 19,9 billion US dollars in 1995 to 24 billion US dollars in 2004 and and from 39 billion US dollars in 2007 to 51 billion US dollars in 2008 (Manaut and Sotomayor 2008: 403). Only in Central America we can observe a decline in defense expenditure from 3,7 billion US dollars in 2001 to 3,2 billion US dollars in 2005. The reduction of spendings stemmed from the crisis of public finance in countries of the region and the need of reduction of expenditures for various purposes, including defense and military. (Manaut and Sotomayor 2008: 402-403).
What should be emphasized is that all countries in South America have increased their budgets of national defense. According to International Monetary Fund (IMF) data, while in 1996 the Latin American countries spend on defense only 1.2% of Gross Domestic Product (GDP) in 2008 they spent 1.77% of GDP (Nueva Mayoria 2008: 3). Generally, Latin American countries can be divided into two groups. The first spends on defense between 2% and 7% of the national budget, the second devotes to the defense around 7% - 12%. We have to be aware of the different scale of the budget such as Brazil and Bolivia. Brazil covers up to 50% of spending on the military and regional defense system. The second contributor Colombia - 14%, which results from the ongoing armed conflict in that country. At a similar level of expenditure is Chile. It is the result of the willingness to maintain the operational capabilities and started all kinds of technological modernization of the armed forces. Venezuela pays the expenses of 6.5% and higher than the expenditure of Argentina which currently is slowly losing its strong position in the region (Nueva Mayoria 2008: 4-5).

The increase in spending on military matters can also be observed within each sub-regional organizations in South America. In the period 2007 – 2008 Andean Community budget increased from the level of 2.20% to 2.66% of GDP and MERCOSUR slightly increased its military expenditure in the same period from 1.48% to 1.56 % GDP (Nueva Mayoria 2008: 2 –5).

Manaut and Sotomayor stress that the upward trend in spending on defense is not a homogenous process, but rather occurs in different variants of the policies pursued by individual countries. Generally, most of the funds is spent on technological modernization of the armed forces but we should be aware that each country has its own priorities. Chile and Peru are concentrated their efforts on the equipment of the Navy, Colombia emphasizes the efficiency of the army, Venezuela is strengthening its air force. The differences are also related to the sources of supply. While Chile buys equipment from NATO countries, Venezuela buys it from Russia, China and Iran (Hirst 2008: 423). During the last decade it can be also observed an increase in investment in the development of defense industries. The good example can be Brazil, Chile and Venezuela (Nueva Mayoria 2008). Increased funding in the army resulted in the more intensive cooperation in joint maneuvers and military operations.

Fourthly and finally, a positive impact on the whole process of strengthening military cooperation had a competition for leadership in the region between Brazil and Venezuela. Hugo Chavez and Luis Ignacio Lula da Silva after gaining power led to reforms of national security and defense doctrines and also to the redefinition of foreign policy. While Venezuela
aspired to the role of a new regional leader, Brazil wished to reaffirm its leadership in Latin America and strengthen its position in the world. Both countries ascribed their chance in strengthening and institutionalization of military cooperation in the region.

**Forms and surfaces of military cooperation in Latin America**

Military cooperation in Latin America mainly bases on bilateral and multilateral agreements, meetings of army chiefs of staff, meetings of ministers of national defense and foreign affairs, information and staff exchanges, joint exercises and the creation of a peacekeeping force composed of soldiers from different countries.

Because of the serious divergence of interests and consequently different orientations and policies, military cooperation develops the most effectively at the level of sub-regions, especially in the Southern Cone. Within last years, we can point out several important joint actions carried out within the framework of military cooperation in the subregion. Firstly, the Chilean initiative to disarm mines on it’s border with Argentina and proposal for the resumption of the 2+2 mechanism with Peru which consists of bilateral meetings of defense and foreign ministers from two interested countries to discuss the problems of security and defense. Secondly, in organizing and conducting joint exercises of different kinds of armed forces of Argentina, Chile, Uruguay and Brazil (Hirst 2008:425). Thirdly, the strengthening and institutionalization of cooperation in peacekeeping operations by setting up joint branches of the armed forces. Argentina and Chile have established Binational Peacekeeping Forces, "Southern Cross" which became a part of the UN stabilization forces (Faundes 2009: 62 – 65). Argentina and Peru have created Binational Company "General Jose San Martin," which is dedicated to operate on the peace mission in Haiti. The intention is to be a company made up of engineers who specialize in the development of infrastructure to facilitate public access to drinking water (Villada 2008).

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2 The cooperation in this region is based primarily on bilateral agreements, such as: 1. Permanent Committee on Argentina - Chile's Security (1995); 2. Argentina - Brazil Agreement on Consultation and Coordination Mechanisms in the Field of Defence and Security (1997), 3. Paraguay – Argentina Permanent Committee, acting to strengthen the defense and international security (1997); 4. Bilateral agreement between Argentina and Bolivia on strengthening mutual relations in issues of defense and international security (1997), 5. Argentina – Brazil Permanent Committee on Nuclear Policy.
Analyzing the cooperation of the armed forces in Latin America we should pay attention to their co-operation in peacekeeping missions conducted under the banner of the United Nations (UN). The 21st century brought some changes. According to Hirst, in the 90s this activity was determined by the need of redefinition of the role and function of the armed forces in the process of democratization. During transitions the concept of "internal enemy" was removed from the military doctrines. What is more, civilian governments tried to establish democratic control over armed forces and to convert armies into an instrument of their foreign policy. Since the beginning of the transformation in Chile, Argentina and Uruguay we can witness the process of “internationalisation” of armed forces, understood as a reorientation of their activity outside the state. In each case, it stemmed from internal needs. In Argentina, from the validity of the subordination of the armed forces to civilian state institutions, and Uruguay from the possibility of raising funds and soldiers training.\(^3\) In the course of time, this solution was adopted in Brazil, Central American and Andean countries. Currently external factors play more important role. Military activity is generally identified with the exportation of democracy and stability. Hirst claims that while in the 20th century peacekeeping missions were seen as an instrument for consolidating the rule of law and as a way to change the mentality of the military, in the first decade of 21st century the participation in such operations result from recognition by the state maintaining and promoting peace as one of the main objectives foreign policy and to appreciate the new role of the armed forces as a way to strengthen the position of state in the international arena (Hirst 2008: 425 – 426, Manaut 2008: 8 - 10).

For the last six years we have seen 7% increase in the share of Latin American troops in peacekeeping missions around the world (Nueva Mayoria 2008: 25) . Currently, UN peacekeeping missions involved 6 440 Latin American soldiers (Gutierrez 2009: 3). South American military contingent is dominated by Uruguayan, Brazilian and Argentinan\(^4\). In total, the combined

\(^3\) The participation in the mission for serial soldiers means an increase in salary from 65 US dollar to 1,000 US dollar per month, and for an officer the increase from 300 US dollars to 2,700 US dollars per month. Besides this, the "internationalization" of the armed forces allows them to rebuild public confidence which was lost due to fraud and committed human rights violations during the dictatorship and also increases in their operational capabilities. See more in Manaut 2008 and Zubriggen 2005

\(^4\) Uruguay destined to participate in peacekeeping missions nearly 30% of its soldiers. See more in Zubriggen 2005
forces of these three countries represent about 75% of the MEROCUR peacekeeping force (Zurbriggen 2005: 93). Central American countries have lower activity in the area. Guatemala with 204 soldiers occupies 64 place, Honduras – 74 with 72 soldiers, and El Salvador – 82 with 37 soldiers in the ranking of countries participating in peacekeeping operations (Sotomayor 2006: 12). This is because of lack of a strong and effective control over the army and the inability to impose its new roles and tasks. What should be emphasized, only four countries with a respected military potential do not participate in peacekeeping missions. It is a consequence of the involvement of armed forces in the internal affairs: Mexico (fight against crime and drug traffic), Cuba (internal development missions), Colombia (civil war), Venezuela (social mission, participation in the development of the country) (Manaut 2008: 8).

The armed forces of Latin American countries are now present in 14 countries around the world (Ibidem: 9). In many cases, their participation is purely symbolic, because it is limited to dispatch a dozen (like in Afghanistan, Cyprus, Georgia), and sometimes even to a single soldier (Lebanon). However, there are missions where the component of national Latin American armies is important (Congo - MONUC). From the perspective of the cooperation of the armed forces in Latin America the high importance is concentrated on peacekeeping mission in Haiti (MINUSTAH), which comprises 60% of all Latin American soldiers (Gutierrez 2009: 3). From 30 April 2004, governments of Argentina, Brazil and Chile have taken over responsibility for the process of rebuilding the failed state. For the first time in the UN peacekeeping mission history the leadership was taken over by the Latin American diplomats. The first civilian commander of the mission was Chilean, and his successor was Guatemalan. Brazil took over a command of the military mission. The mission in Haiti is important for several reasons. First of all, it shows that common action of American countries is possible. What is more, it presents a new model of cooperation. This model known as 7x2 means that the activities of the seven countries (Brazil, Chile, Argentina, Ecuador, Peru, Guatemala and Uruguay) are coordinated by the defense and foreign affairs ministries. This helps to establish a balance in the civil - military relationship. Furthermore, it shows the potential of military cooperation under civilian command. Finally, the effect of strengthening ties, increase in mutual trust and stronger cooperation on security and defense (Hirst 2008: 425, Manaut 2008: 17 – 18).
Attempts to institutionalize military cooperation: South American Defence Council

In the first years of 21st century Latin American countries, especially Venezuela and Brazil have insisted on rebuilding the security system and on the institutionalization of military cooperation in the region. Hugo Chavez has repeatedly and strongly stressed the need to develop own alternative military thought, strategy and doctrine in Latin America and the Caribbean and called to replace North American military doctrine by "Bolivarian doctrine" and to take actions supporting the military integration. Venezuelan president undertook efforts to intensive regional integration process, not only in economic but also in political and military issues. Hugo Chavez exhorted for a complete overhaul of the security system in the Western Hemisphere, by creating a new defense mechanism, which could replace the inefficient TIARA system and rely exclusively on the cooperation of Latin American countries, without the participation of the United States and would also lead to the unity of the continent's military in order to effectively counter the potential threats by military operations. Hugo Chavez talked even about gaining the "second independence" and called for the creation of South American Treaty Organization (OTAS) (Velasquez 2008: 86 – 88).

The proposal for establishment of military organizations with characteristics similar to NATO, presented by Hugo Chavez in 2003, met with a favorable reception in Brazil. President Luis Ignacio Lula da Silva declared that Brazil is interested in developing, improving and strengthening defense policy. He added that thanks to the creation of a new collective defense system, without the participation of the United States, Brazil will be able to effectively counter new threats and challenges, to protect its own territory and resources and strengthen international position. In the project of the military integration Brazilian politicians noticed an opportunity to reaffirm and strengthen its leadership in the region and to obtain a permanent seat on UN Security Council. Preliminary draft assumed the establishment of military force with characteristics similar to NATO. This new political institution, called Confederation of South American Nations was dedicated to command the common Latin America Armed Forces and to take command of the peacekeeping mission in Haiti. (Garcia 2008: 165 – 166, Vera 2009: 1 – 2).

5 Lula’s government highlighted also the need to develop nuclear programs (increased spendings on a program created in 1979), as well as the need to strengthen the navy and the army which would be able to operate outside of the continent.
Military Cooperation in Latin America in 21st Century: continuity or change?

We should clearly distinguish two projects of reorganization of the security system and the development of military cooperation in Latin America which appeared in 21st century. The differences are fundamental. While the Brazilian project based on regional integration processes and professional armed forces, that Venezuelan defends the bolivarian values and treats it as yet another confrontation with the United States. Chavez’s draft has been severely criticized. It emphasizes the dangerous trends that lead directly to the militarization of security and society, a real risk of politicizing of the military and the obligation to defend a particular political project, a Bolivarian Revolution.

The creation of joint forces and effective military cooperation became a topic of conversations during the numerous official state visits. After meetings politicians submitted ambitious declarations and presented a vision of unity of the armed forces of Latin American countries (BBC Mundo 2007 and 2008). In 2007 President Chavez proposed the integration of the Venezuelan, Brazilian and Cuban army, which would be the future backbone of the South American Army. In January 2008, on the South American Community of Nations summit, President Lula proposed the establishment of the South American Defence Council. The project was discussed in terms of acute diplomatic conflict between Colombia and Ecuador. Military attack conducted by the Colombian army in Ecuadorian territory in order to eliminate one of the FARC leader Raul Reyes had highlighted the need of creation a common security and defense authority in the Western Hemisphere. Promoting the project, Brazil stressed the need of establishing new mechanisms and forms of cooperation in order to effectively oppose the expansion of the Colombian conflict, which was perceived as a real threat to the stability of the region and to the need of coordination the defense and protection of natural resources (Gratius 2008: 1). Brazil attributed the new institution the features consistent with the priorities of foreign policy.  

6 1. to fill the vacuum in the Latin American defense issues; 2. to confirm and to legitimize collective aspirations of Brazil becoming a permanent member of the Security Council; 3. to create a South American defense system and in the future lead to the establishment of South Atlantic Treaty Organization its own structure and military capabilities, 4. to prevent from conflicts in the region and to extend the measures of mutual trust and strengthen the role of mediation; 5. to promote technological cooperation; 6. to improve border security; 7. to conduct joint exercises and to coordinate the participation in peacekeeping and humanitarian missions; 8. to reduce of US military influence in the region.
The initiative of Brazilian President gained the support of the President of Chile. Bachalet expressed a willingness to step forward towards integration into the military issues. Bachalet and Defence Minister Jose Goni expressed that the establishment of the South American Defense Council would create opportunity for a dialogue between the authorities and military specialists in matters of defense, for development and integration of defense industries. There could be also a possibility to intensity exchanges of military staff and cooperation between the armed forces of individual countries in the framework of peacekeeping missions and in the defense of the natural resources, for strengthen the position of the region in the international arena as well as for the creation of effective system of collective security in the near future.

Discussion on the project also revealed strong differences and even conflicts of interest. Uruguay rejected the leadership of former Argentine president, Nestor Kirchner. Colombia expressed its willingness to accept the proposal provided for inclusion in its fight against terrorism. Peru was looking for more closer cooperation with the United States than with the countries of the region. Chile saw an opportunity in a project which assumed stabilization in relations with its neighbors. Venezuela, Bolivia and Ecuador had hope for creation a new military structure of a hard character. Brazil managed to marginalize the idea of the establishment of a hard alliance in the region and impose their leadership (Vera 2009: 3 – 4).

Despite these discrepancies states managed to reach agreement. On 9 – 10 March 2009 at the UNASUR summit constituted South American Defence Council as a mechanism of integration, dialogue and collaboration on matters of defense. The group entered into 12 countries, members of UNASUR: Argentina, Brazil, Bolivia, Colombia, Chile, Ecuador, Guyana, Suriname, Paraguay, Peru, Uruguay and Venezuela. The agreement stated an annual summit meeting of foreign ministers and defense ministers and making decisions on the basis of consensus. According to the defense minister of Chile, the appointment of Council marks the end of the bilateral negotiation and beginning of multilateral cooperation in the military (BBC Mundo 2009).

The agreement highlights three main objectives of the Council. First of them, stresses the development of consensus for strengthening regional cooperation on security issues. Second, says about the consolidation of South America as an area of peace and democracy. Last but not least assumed the establishment of the Latin American security identity which would consider the specific features of the region and individual countries and would contribute to strengthening the unity of Latin America and the Caribbean. Among the principles included also: respect for sovereignty and territorial integrity of
Military Cooperation in Latin America in 21st Century: continuity or change?


The adopted "Action Plan 2009 - 2010" strongly underlines the need for technological cooperation. The project involves the integration of national defense industries in order to gain independence from United States. Countries committed themselves to an analysis of national defense industries and the definition of "areas of strategic capabilities" and the promotion of bilateral and multilateral cooperation in investment and flow of military technology. As one of the basic principles has been recognized as a transparency of spendings on defense and armed forces, which was previously applied only by Chile and Argentina. In this context, an attempt to standardize the expenditure on the army, which in the region increased by 25% (BBC Mundo 2009, Gutierrez 2009: 1 – 2). In addition, states confirmed their willingness to strengthen and intensify direct military cooperation within the framework of peacekeeping missions and humanitarian operations and the appointment of South American Defense Institute. What is more, they proposed a mechanism for consultation in crisis situations. What is worth to be mentioned, among the joint initiatives which should be developed under the Action Plan there is no fight against drug trafficking. Commenting on this fact, the Minister Goni said:

"We are looking for convergence of interests. For some countries, this is a police problem, not military. We do not want to interfere in the method of solving this problem" (BBC Mundo 2009).

The agreement does not mention the appointment of joint military force similar to NATO or the European Union. Brazilian Defence Minister has explicitly stated that there is no question of South Atlantic Treaty Organization. Chilean Defence Minister added that the primary purpose is not to establish a hard military alliance, but rather an alliance that will strengthen mutual confidence, dialogue, integration and cooperation on defense as well (Gutierrez 2009: 1).

Conclusions

In summary, 21st century has brought some changes in the way of defining and perceiving security in the Western Hemisphere. Consequently military cooperation which was marginalized in the process of building security system after Second World War, currently is considered as one of the basic
conditions of effective defense against real and potential threats. The crisis in the United States, changing the balance of power, increasing expenditure on armed forces and the fact of adoption by Brazil the role of regional leader encourages the development of military cooperation in the region.

Despite visible progress, expressed in the partialy institutionalization of joint action, development and adoption of the "road map", military cooperation in Latin America is still unsatisfactory. Military cooperation and integration in the region is superficial. Ambitious declarations and programs from 2002 - 2003, providing the establishment of a united armed forces have been severely limited and reduced to the South American Defense Council. On the one hand, appointment of the South American Defence Council means a breakthrough with the existing security model, based on asymmetric relations with the United States and the adoption of institutionalized mechanisms for multilateral military cooperation. On the other hand, the necessity of reconciliation of many conflicting interests and trends caused that the new institution took only the form of a mechanism of integration, cooperation and dialogue rather than military institutions as it was expected. Taking into account that the principle of consensus decision-making we should have seriously doubt to its effectiveness. It is questionable if a creation of South Atlantic Treaty Organization will happen in near future. The greatest chance of success would be the integration of national defense industries.

As we could see, Latin America is equipped with appropriate mechanisms and institutions and agreements both continental and regional, which may serve as an effective tool in the process of institutionalization of military cooperation. The problem is in the disability of Latin American countries to implement the signed agreements. It stems from instability of states, weakness of its key institutions and a serious divergence of interests and lack of confidence, even in sub-scale. Consequently a failure to create and develop a common security and defense policy. In this context, it is difficult to expect that military cooperation, at least in the near term, has gone beyond political declarations, meetings at a different level, maneuvers, exchange of information and personnel, joint peacekeeping and humanitarian missions. It seems that South American Defense Council instead of being a new security organization and an instrument of effective military cooperation will become a tool for strengthening Brazilian hegemony in region and its position in the world.
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Rebalancing of economic power after financial and economic crisis

LENKA SVOBODOVÁ

Introduction

The financial and economic crisis of 2007-2009 has brought the shift in economic power to the agenda of many think-tanks, universities and media. There is a main hypothesis that the financial and economic crisis has accelerated the shift of economic power from West to East and thus reshaping the map of economic governance globally. Let’s look at this presumption more closely and discuss all arguments that might confirm or overcome this hypothesis. Furthermore, the aim of this paper is also to map the status of key global imbalances between developed and developing countries and their expected development in the future.

Impact of financial crisis on developed and developing countries

There are many consequences of the financial crisis for the whole global economy. However, it seems that the developing countries as a group were not affected so intensively by the crisis as everyone previously had expected. This fact has fostered the shift of economic power from developed to developing countries in the global economy according to many economists.

Under the common rules, economists usually expect that when developed countries sneeze, developing countries get swine flu. It was also the case in the dreadful last quarter of 2008, when developed economies were contracting by 5% to 10% per year on average, while the GDP of developing countries fell by 15% per year on average. In 2008 the financial crisis thus fully
hit the developing countries, but very disproportionately depending on their links with rich west economies.¹

Furthermore, the gloomy predictions for 2009 of social and political unrest in developing countries fortunately have not come true. There has been no trade or political isolation even though the protectionist pressure was quite strong at the beginning of the crisis. Neither there was a triumph of populist governments. Reversely, the resilience was the order of the day.

The main reason for this is that the big Asian developing countries such as China, India and Indonesia have not suffered from economic recession. The Asian tigers and Brazil fell into recession in 2007 and 2008 but were able to retrieve the economic growth in the first quarter of 2010.

Developing countries also benefited from national economic stimulus and monetary loosening in developed countries which helped to divert financial panic and stimulated demand for exports from emerging countries. It means that the crisis management in developing countries was more successful than in previous financial turmoil, such as after Asian financial crisis in the 90’s. The reputation and credibility of developing countries suffered less than in rich west countries, which brings about many conveniences for emerging markets to come.

Between 2000 to 2007 emerging economies, most notably China, widened their investment base. Although the global economic recovery at the end of 2009 was modest, China’s exports rose by 17.7 per cent, overtaking Germany as the world's largest exporter of goods and generally reinforced their position as global exporters. On one measure it now looks likely to become the world’s biggest economy within ten years.

Furthermore, the Chinese government had responded to the crisis by introducing a fiscal injection which pumped $580 billion into the economy, enabling them to emerge from recession first. Emerging Asia as a whole rebounded from recession much faster than the developed world. Additionally, their banking systems and debt dynamics are much healthier.

Since 1995 Asia’s real GDP (including Japan) has grown more than twice as fast as that of America or Western Europe. Morgan Stanley forecasts that it will grow by an average of 7% this year and next, compared with 3% for America and 1.2% for Western Europe.²

Developing countries are now recovering faster which is called by IMF a “multi-speed recovery”. This has significantly affected the sources of global growth. Measured on a purchasing-power basis, virtually all of world GDP growth last year came from developing countries. In 2010 advanced economies outside America will be a drag on global growth. The IMF reckons that even in 2015, almost three-quarters of global growth will come from China and other developing countries. During the 1990s the contribution of the emerging economies averaged 40%, rising to 58% for the years between 2000 and 2007.

Arguments evaluating the extension of shift in power

It is necessary to point out that this general idea of long-term shift of power from west to east is challenged by couple of factors which might lead us to rethinking of this hypothesis. First, we have to look at total share of developing countries on world’s GDP. Mainly because of depreciation of Asian currencies in the long run, the share of Asian countries on the world’s GDP has actually decreased from 29% in 1995 to 27% in 2007 in nominal terms. The GDP of Asia in 2009 slightly exceeded the U.S. GDP, however was still a little bit lower that the GDP of western Europe. Consequently, the GDP of Asia is still almost twice as smaller as the total GDP of rich west economies. However, in terms of purchasing power parity, the share of Asia on world’s GDP has been increasing more continually from 18% in 1980 to 27% in 1995 and 34% in 2009. Many Asian currencies have strongly depreciated in value after Asian financial crisis in 1997-98, which accounts for the difference of share in nominal value and purchasing power parity.

The similar prospect is found out when evaluating the share of Asia on global exports. The actual share of 31% is only slightly higher than in 1995 (28%) and has not exceeded the share of Europe on global exports yet.

Nevertheless, the share on global GDP and exports has developed disproportionally; it has increased substantially in case of China and decreased in case of Japan. It is also necessary to add that the share of east on global exports and GDP slowed in last ten years in comparison to the 80’s and the beginning of 90’s.

The economic power can be also judged from the financial perspective. Asian stock markets account for 34% of global market capitalization, ahead of both America (33%) and Europe (27%). Asian central banks also hold two-thirds of all foreign-exchange reserves, but the share of these reserves on total financial assets is only 5%, therefore this factor should not be exaggerated as the private-sector wealth still lies in the West. The fact that Asian currencies make up only 3% of total foreign-exchange reserves indicates how far Asia still lags in financial matters.

Another factor that can show us more about the economic power of east is the share on global private consumption. It is true that the official statistics estimates the Asian share only around 20% (in comparison with the U.S. share of 30%) even though Asia has more than 60% of world population. The official statistics however underestimate the level of consumer spending in Asia because of lack of statistical data regarding the spending on services. Nevertheless taking into consideration the share of world’s sales of many products, it is indisputable that Asia is a big consumer with the raising prospects. For example, the sales of cars in Asia in 2009 amounted to 35% of global sales of this product and even higher share was measured in case of mobile phones (43%). Asia has also accounted for two-thirds of the increase in world energy demand since 2000 and currently consumes more than 35% of global energy, which represents almost 10% increase in this share since 1995.

Asia is definitely global leader number one in capital spending, with the share on global investments of 40%. This share equals the combined share of the Unites States and Europe together. If we look at the European and American multinational companies, Asian markets usually create around 20-25% of their sales and profits. However, the perspective is very positive in these terms, especially for emerging Asian countries. This share will therefore definitely rise in this and next decade which is also reflected by multinationals by strong investments in these markets.

Perspectives of economic growth in emerging Asia are much better than in rich west countries. Their economies have severe structural problems with high level of unemployment rates and indebted households and
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governments. Furthermore, there is a constant fear that a too early removal of fiscal stimulus can strongly deteriorate the growth path of developed countries.

In contrast, growth in emerging Asia is likely to remain strong which should also give governments the confidence to let their currencies appreciate. This would further boost the relative size of their economies in dollar terms.

The role of global imbalances

The main sources of the economic crisis of last three years were especially the global economic imbalances which must be solved in aftermath of the crisis. The world has become divided into the group of surplus and deficit countries as the capital has flown from countries with high level of savings to ones with high level of consumption. In the long run the system led to the prominence of particular industries and sectors in both groups of countries. The surplus countries have developed their exporting industries which also reallocated resources from their domestic consumption and non-tradables (services). The income from their exports created financial resources for financing of debt in rich west countries. With a closer look on China, we can find out that its success of last thirty years is based on its manufactured exports generating big surpluses in its current account and accumulating big amounts of foreign-exchange reserves. The similar situation is in many East Asian economies, such as Taiwan or South Korea.

On the other hand, the deficit countries such as the United States created the demand for imports by their economy driven by domestic consumption. This has created a big imbalance in the U.S. current account, which deficit has achieved 6% of GDP in 2006. This deficit was balanced by financial account surplus – inflow of capital from surplus countries to the United States. With the inflow of capital in the United States, the prices of non-tradable goods rose and the producers of tradable goods were weakened by strong inflow of imports. It led to the development of services, especially finance, insurance and real estate. Borrowing of deficit countries from abroad has fuelled the spending directed mainly to imported goods and to real estates. The housing prices increased substantially from 1995 to 2006, not only in the United States, but also in other deficit countries, such as Spain or the United Kingdom. It created the bubbles in the real estates markets, not only in the United States, but also in Spain as an example of the biggest bubble in Europe. The prices of real estates tripled in the period from 1995 to 2006 and one job in
Consequently, it is crucial that borrowing countries decrease their debt burden, services their debt and become less dependent on foreign financial resources. The United States and other borrowing countries consumed more than they saved and invest more than they produced. The increase in the level of saving is thus the key focus which might help U.S. households. However, it is definitely true that such a process will be painful for consumers after long years of consumption spree and high level of households’ wealth due to high real estate prices and high prices of financial assets. Households’ health in the U.S. experienced a substantial decrease by 18% from 2007 till the beginning of 2010. On the other hand, the level of households’ indebtedness has increased from 80% of disposable income in 1990 to 129% in 2007. Therefore there is no other solution for households than to save more and keep their debt at more sustainable levels. Higher saving rate will also decrease the demand for consumer goods (partially coming from abroad). The possible solution for deficit countries is not only to decrease imports but also the focus on increase in exports. The key issue in this respect is competitiveness of U.S. goods at world markets. Currently, more than 50% of U.S. exports is heading to emerging markets and in last decade the United States lost positions on many developed markets. Therefore it would be necessary to concentrate on its highly competitive sectors, such as professional services, industrial production with high added value and using of new technologies – health equipment, pharmaceuticals, software and engineering, or creative industries such as architecture or film industry. It is also necessary to add that the success of new wave in American exports in also dependant on higher foreign demand in exporting markets, which is currently uncertain and will depend on the speed of economic recovery.


To overcome the imbalances will be not an easy task for surplus countries either. They would have to limit their dependence on exports and rather focus on stimulation of domestic demand and activity in non-tradable goods. The exporting industries should be less favoured than in previous decades which would be also very painful for this privileged sector. The reorientation to domestic demand and local services would be more easily implemented with the appreciation of Yuan which is in the centre of disputes between America and China and a main source of mutual economic tensions. This reorientation to local market should lead to decrease in current account surplus in China. The other group of surplus countries – oil exporting countries – will be affected mainly by the development in prices of oil which has been continually sinking from its peak in 2008. This should also decrease the current account surpluses of these countries and on the other hand it will strongly help to limit current account deficit of oil-importing countries. It is forecasted that the decrease in oil prices should reduce the U.S. current account deficit by 1% of GDP in 2009 and also the surplus of oil-exporting countries by 8% of their GDP.\(^5\) Even the last group of surplus countries – developed countries with strong export sector (Germany and Japan) should adjust their current account surplus to curb the imbalances. Partially, the crisis with its consequences led to softer demand for durable and investment goods, therefore the current level of exports of Germany and Japan are at lower levels then before crisis. The rebalancing will be therefore achieved by lower demand for German and Japan exports from abroad.

**Global imbalances scenarios**

In all cases, the economic and political influence of rebalancing is in the centre of political, economic and social order of respective countries. The aversion to the new measures could lead to international tensions, increase in protectionist pressures or even the threat of free liberal trade. While global imbalances have reduced during the current crisis, reducing them further would be beneficial to the world economy as the imbalance may threaten the

sustainability of the recovery. Nevertheless, it is important to add that the global imbalances must not be automatically rebalanced. The recent IMF World Economic Outlook from October 2009 predicts that the global imbalances will deteriorate again with the global economic recovery. According to this report, current improvements in global imbalances are just a side-effect of the collapse of international trade which occurred within crisis. Although IMF forecasts that the deficit of U.S. current account deficit will be alleviating as the economic growth will become stronger, it is not matched with the decrease in surplus of current account in countries with chronic surpluses. This IMF scenario could bring many dangers to the world economy, if it really comes to the fact that surplus countries will not adjust their surpluses. In case that the cheap flow of capital to the United States will again increase the U.S. demand for goods and services, the imbalances will deepen and the potential crisis similar to current one could be very proximate with even worse consequences as countries currently face federal/country budget deficits and are highly leveraged.

The healthy alternative would be therefore adapting of surplus countries to the new conditions after crisis by increasing domestic demand and decreasing its saving rate. On the other hand, the process of reorientation from export-oriented sector to local market might be quite long as the impact of Chinese growth would be uncertain and the pressure from export sectors on government to keep the Yuan undervalued will definitely continue. Internationally, there will be however the opposite pressure from most Chinese trading partners to let the Yuan appreciate.

According to Aisen and Eterovic (2010) there is even the third scenario of development of global imbalances. The third scenario would occur if the currencies in emerging markets appreciated. The inflow of capital to these countries would lead to decrease in their export competitiveness and pressure on asset prices and inflation. This scenario would test the ability of emerging countries to absorb substantial capital inflows without inflationary effect on the economy. The exchange rate regime will therefore play a crucial role in adjusting to these capital inflows. In case of flexible exchange rate regimes, the governments will face the pressure to implement some interventions such as capital inflow controls or direct purchase of foreign currency in the market to

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hamper the appreciating pressure on domestic currency. The countries with rigid exchange rate regimes might experience inflationary pressures and risk of economy overheating. This scenario could be probable not only for emerging markets, but also for Australia, Canada or New Zealand.

Conclusion

The shift of power from West to East is not a new pattern within history, but rather a resurgence of very old economic order. Within the last twenty centuries, Asia accounted for more than a half of worlds GDP for 18 centuries and its role in world economy will be only increasing. Especially the growth in emerging Asia, which creates 80% of Asian GDP, has positive prospects. On the contrary, the economic growth in west rich countries and its dynamic is rather uncertain.

Current financial and economic crisis led to smoothing of some global imbalances. Their future development will influence the economic recovery and future orientation of many world powers. It is clear that some factors will be only transitory and will diminish with the return of output levels to its potentials. It will be mainly gradual decrease in high levels of private savings, recovery of asset prices and nominal income. On the other hand, it is assumed that the level of private savings will not decrease to the pre-crisis levels, but will stay elevated so that households can service their debts more effectively. This will be mainly the case in the United States, where the current crisis influenced saving habits of local consumers. It is also probable that the investment rates will be lower in many countries than before the crisis, as the risk premiums will stay at higher levels and the investment regulation will be more strict which will bring about higher cost of capital. These factors should lead to lower current account deficit in the United States and other deficit countries. In addition, the factor of exchange rate/reserves behavior in emerging markets will be important in tackling global imbalances, as many emerging countries can await strong capital inflows.7

In conclusion, it is also necessary to add that there are additional global imbalances which will be in the centre of economic policy of many countries affected by financial and economic crisis. Those are the fiscal deficits which have increased substantially in the U.S. and many European countries

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7 See the reference Nr. 4, pp. 15
and would have to be reduced in the future. The fiscal stimulus therefore brought the alleviation for indebted households and companies but created a burden for public finance which must be solved in the future.

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Possibilities of using renewable energy sources in EU countries

BARBARA ALEKSANDRA SZMYT

The first part of the article describes the legal framework for renewable energy sources (RES) in the EU countries. The next part presents the statistical data on the use of different types of RES in the EU countries in recent years, followed by the presentation of the main reasons for differences in the use of renewable energy sources in electricity production. At the end, an example of one of Italy’s regions, which has been rapidly developing recently thanks to the investments in RES.

Legal framework for renewable energy sources (RES) in EU countries

According to the European Union’s findings, „energy from renewable sources means energy from renewable non-fossil sources, namely wind, solar, aerothermal, geothermal, hydrothermal and ocean energy, hydropower, biomass, landfill gas, sewage treatment plant gas and biogases“¹. Recently, the European Union has been attaching great importance to the proportion of renewable energy in the total electricity production.

The first document containing the legal conditions in this area, White Paper: Energy for the future - renewable sources of energy, was published in 1997². It has stated that „renewable sources of energy are currently unevenly and insufficiently exploited in the European Union“. White Paper contains two key parts: the Strategy Board of the use of RES in the European Union and Action Plan. This document points out that renewable energy sources will not

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be able to significantly contribute to the Europe’s energy balance unless proper external stimulus is introduced. The Strategy Board and Action Plan of White Paper announced a target to double the European Union's renewable energy share to 12% by 2010.

White Paper also states that each EU Member State should:

- define its own strategy of increasing the use of renewable energy,
- propose its own contribution to the general target,
- describe the way in which it is going to use different technologies in its energy balance,
- point out what instruments it is going to use and what instruments can be introduced to achieve its aims.

It is vital to join efforts of the EU and its member countries which would significantly increase the share of renewable energy in the next decade and would enable the EU to fulfill its international obligations concerning the environment protection (especially reducing CO2 emissions).

The document also specifies the key benefits from renewable energy, such as:

- energy security growth,
- creating new jobs, especially in the medium and small enterprises,
- promoting regional economic development.

In 2001 the European Parliament passed the 2001/77/EC Directive on the promotion of electricity produced from renewable energy sources in the internal electricity market\(^3\), instructing the 22.1% share of the renewable energy in the total energy use in the Community till the year 2010. Together with the 2003/30/EC Directive\(^4\) it requested taking actions to increase the use of renewable energy and improve its availability. What is more, in 2005 the Biomass Action Plan\(^5\) was passed to focus on the special role of the biomass in Europe.

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In 2009 a new European Parliament’s Directive 2009/28/EC on the promotion of the use of energy from renewable sources\(^6\) came into force, which amended and subsequently repealed earlier Directives 2001/77/EC and 2003/30/EC. The Directive underlines the need of defining clear and unambiguous rules for calculating the share of energy from renewable sources and the definition of such sources.

The main new elements of this document are as follows:

- the Directive is a part of the EU Climate Package – which asserts the need to reduce emissions of CO2,
- each member country has its own quantitative target for 2020 (for example, in Poland it is 15%) with intermediate targets (for the years 2010, 2014, 2016, 2018) – it is obligatory and legally binding and missing to fulfill them will bring sanctions,
- these targets are counted in relation to the gross final energy consumption, and include all the final green energy products, including green heat (not just electricity and biofuels),
- in accordance to Article 3, governments have to prepare the National Renewable Energy Action Plans, which will show in details how they intend to accomplish their goals (the Plans’ function is not only to be informative, but also monitoring),
- it implies a strong cooperation within the EU countries, specified in Articles 7 and 8 of the Directive on the „joint projects“ or „statistical transfers“ of surpluses, or shortages of energy from RES in relation to national objectives (Article 6),
- it requires active cooperation between local, regional and national authorities in the creation of National Renewable Energy Action Plan and its implementation.

Use of renewable energy sources in the European Union

The electricity production structure in the European Union (see Figure 1) is more diversified than that of the other regions of the world, like the United

States or China. Worth mentioning is a relatively high share of the nuclear energy (almost 28% in 2008), which is developed in 16 of the 27 EU countries and in several other countries (Italy, Poland). Also some projects concerning the start of production of nuclear energy are reported. However, the fossil fuels are still the main source of electricity (54.6% of total electricity production).

**Figure 1.** Structure of electricity production in the European Union in 2008

![Figure 1](image_url)


Worth accentuating is a wide variety of renewable energy of electricity production in EU countries. In 2008, more than a half of the energy production from RES came from water power, the next places were taken by wind power and biomass, 20.4% and 16.3% of total electricity production respectively (see Figure 2).
Regular assessments and reports on progress in achieving the targets set for the 2010 and actions taken are prepared in the EU countries. Each year the share of ecological energy in the whole energy produced grows in these countries. In 1998-2008, the greatest annual growth concerned solar energy, followed by the wind power and biomass (see Figure 3). A small increase was observed in the use of geothermal and non-renewable waste. At the same time, a decline in the rate of growth of hydropower was reported. However, according to the European Commission’s analyses, the 21% target for 2010 will not be achieved.

Achievements of the EU members in this area differ a lot. Some countries, like Germany or Hungary, have already achieved their targets, while the others have to take immediate and successful actions to increase the use of renewable energy sources.

Increase in the share of energy coming from the renewable sources in the EU was possible in the last years mainly thanks to the actions taken by some member states, in the other countries this share is stable or even decreasing (like in Hungary in 2005-2006).


Figure 2. Structure of electricity production from renewable energy sources in the European Union in 2008
Differences in the total gross electricity production from renewable energy sources are visible among EU Member States (see Map 1). In 2008, the most of ecological electricity was produced in Germany, followed by Sweden, France, Spain and Italy. Other significant producers of electricity from RES are Austria, United Kingdom, Finland, Romania and Portugal. In the significant part they are the „old-EU“ countries (except Romania), where the production of electricity from renewable sources has already been taking place for many years. On the one hand, this is due to the possibility of allocating appropriate large funds for green investments, on the other hand, this is a result of the high social awareness of the importance of this type of energy for clean environment and energy security. In the most of the new EU Members countries the quantity of green electricity is still low.
Map 1. Total gross electricity production from RES in the European Union in 2008

Source: eurobserv-er.org

As already mentioned, water energy technology (see Figure 4) has reached the dominant position in electricity production (almost 60%\(^7\) of the renewable energy production in the EU countries in 2008, 10.4% of the whole

\(^7\) Information on use of the renewable energy sources based on: Etat des énergies renouvelables en Europe, édition 2009, 9\(^e\) bilan EurObserv’ER, http://www.eurobserv-er.org/downloads.asp
electricity production in these countries\textsuperscript{8}). According to the estimates, the potential of big water energy technologies is already fully used. Among the new member states yet Slovenia, Hungary and Latvia are still able to increase production using this technology. However, setting small water energy plants using flowing water potential can still be developed in the whole Europe.

\textbf{Figure 4.} Hydroelectricity production ($<10$ MW) in the European Union in 2007 and 2008

<table>
<thead>
<tr>
<th>Country</th>
<th>2007</th>
<th>2008</th>
<th>Rate 2007/08</th>
</tr>
</thead>
<tbody>
<tr>
<td>Italy</td>
<td>7100,0</td>
<td>9159,4</td>
<td>29,0%</td>
</tr>
<tr>
<td>Germany</td>
<td>8011,0</td>
<td>7002,0</td>
<td>-12,6%</td>
</tr>
<tr>
<td>France</td>
<td>6219,6</td>
<td>6924,0</td>
<td>11,3%</td>
</tr>
<tr>
<td>Sweden</td>
<td>3789,2</td>
<td>5033,2</td>
<td>32,8%</td>
</tr>
<tr>
<td>Austria</td>
<td>4928,9</td>
<td>4816,1</td>
<td>-2,3%</td>
</tr>
<tr>
<td>Spain</td>
<td>3019,0</td>
<td>3031,0</td>
<td>0,4%</td>
</tr>
<tr>
<td>Finland</td>
<td>1206,0</td>
<td>1616,0</td>
<td>34,0%</td>
</tr>
<tr>
<td>Czech Republic</td>
<td>1112,1</td>
<td>966,9</td>
<td>-13,1%</td>
</tr>
<tr>
<td>Poland</td>
<td>911,4</td>
<td>895,6</td>
<td>-1,7%</td>
</tr>
<tr>
<td>Romania</td>
<td>483,9</td>
<td>508,4</td>
<td>5,1%</td>
</tr>
<tr>
<td>Bulgaria</td>
<td>506,0</td>
<td>688,0</td>
<td>36,0%</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>534,4</td>
<td>576,9</td>
<td>8,0%</td>
</tr>
<tr>
<td>Portugal</td>
<td>522,0</td>
<td>520,0</td>
<td>-0,4%</td>
</tr>
<tr>
<td>Slovenia</td>
<td>410,0</td>
<td>457,0</td>
<td>11,5%</td>
</tr>
<tr>
<td>Belgium</td>
<td>365,3</td>
<td>386,5</td>
<td>5,8%</td>
</tr>
<tr>
<td>Greece</td>
<td>295,0</td>
<td>166,0</td>
<td>-43,7%</td>
</tr>
<tr>
<td>Slovakia</td>
<td>79,0</td>
<td>132,0</td>
<td>67,1%</td>
</tr>
<tr>
<td>Ireland</td>
<td>95,0</td>
<td>121,0</td>
<td>27,4%</td>
</tr>
<tr>
<td>Luxembourg</td>
<td>107,0</td>
<td>68,7</td>
<td>-35,8%</td>
</tr>
<tr>
<td>Latvia</td>
<td>39,6</td>
<td>51,0</td>
<td>28,8%</td>
</tr>
<tr>
<td>Lithuania</td>
<td>67,0</td>
<td>51,0</td>
<td>-23,9%</td>
</tr>
</tbody>
</table>

Possibilities of using renewable energy sources in EU countries

<table>
<thead>
<tr>
<th>Country</th>
<th>2008 Capacity</th>
<th>2007 Capacity</th>
<th>Change (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hungary</td>
<td>40,0</td>
<td>47,0</td>
<td>17,5%</td>
</tr>
<tr>
<td>Estonia</td>
<td>21,8</td>
<td>28,0</td>
<td>28,4%</td>
</tr>
<tr>
<td>Denmark</td>
<td>28,2</td>
<td>25,8</td>
<td>-8,5%</td>
</tr>
<tr>
<td><strong>Total EU</strong></td>
<td><strong>39891,4</strong></td>
<td><strong>43545,5</strong></td>
<td><strong>9,2%</strong></td>
</tr>
</tbody>
</table>


In 2008 the first place in hydroelectricity production was occupied by Italy, after a year of historically low production in 2007 (when the output was at the lowest level since 1992). Such a large production of hydroelectricity in 2008 was possible thanks to the exceptionally high rainfall. In 2008, Germany occupied the second place (after a fall from the first place in 2007), the next places belonged to France, Sweden and Austria. The other major producers of hydroelectricity were Spain, Finland, Czech Republic and Poland. In the rest of the European Union countries the importance of hydropower in relatively small.

Another important source of renewable electricity in the European Union is wind energy. In the last years the installed power of wind energy plants has been increasing systematically. At the end of 2008 the European Union accommodated almost 54% of the world’s wind capacity and seven of the top ten countries in terms of installed capacity are EU member states (see Figure 5). In 2008, Germany (in Germany, despite of the 2007 stabilisation, this sector is flourishing now) and Spain were taking the leading positions in the European wind energy market, the next places were taken by United Kingdom, Denmark, Portugal, France and Italy. The other important producers of the electricity from wind power in 2008 were the Netherlands, Ireland, Austria, Sweden and Greece. However, the most significant increase in electricity production concerned the new EU members (Romania, Bulgaria, Slovakia, Czech Republic and Hungary). According to the EU estimates, the wind energy technology will be developing at the fastest pace till 2010; however, the most of renewable energy is still to be produced in the water energy plants although their share in RE will drop.

**Figure 5.** Electricity production from wind power in the European Union in 2007 and 2008 (in TWh)

<table>
<thead>
<tr>
<th>Country</th>
<th>2007</th>
<th>2008</th>
<th>Rate 2007/08</th>
</tr>
</thead>
<tbody>
<tr>
<td>Germany</td>
<td>39,713</td>
<td>40,400</td>
<td>1,7%</td>
</tr>
<tr>
<td>Spain</td>
<td>27,600</td>
<td>32,200</td>
<td>16,7%</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>5,274</td>
<td>7,097</td>
<td>34,6%</td>
</tr>
<tr>
<td>Denmark</td>
<td>7,170</td>
<td>6,927</td>
<td>-3,4%</td>
</tr>
<tr>
<td>Portugal</td>
<td>4,007</td>
<td>5,695</td>
<td>42,1%</td>
</tr>
<tr>
<td>France</td>
<td>4,060</td>
<td>5,689</td>
<td>40,1%</td>
</tr>
<tr>
<td>Italy</td>
<td>4,034</td>
<td>4,861</td>
<td>20,5%</td>
</tr>
<tr>
<td>Netherlands</td>
<td>3,438</td>
<td>4,256</td>
<td>23,8%</td>
</tr>
<tr>
<td>Ireland</td>
<td>1,958</td>
<td>2,410</td>
<td>23,1%</td>
</tr>
<tr>
<td>Austria</td>
<td>2,019</td>
<td>2,000</td>
<td>-0,9%</td>
</tr>
<tr>
<td>Sweden</td>
<td>1,430</td>
<td>1,996</td>
<td>39,6%</td>
</tr>
<tr>
<td>Greece</td>
<td>1,847</td>
<td>1,700</td>
<td>-8,0%</td>
</tr>
<tr>
<td>Poland</td>
<td>0,535</td>
<td>0,833</td>
<td>55,7%</td>
</tr>
<tr>
<td>Belgium</td>
<td>0,520</td>
<td>0,622</td>
<td>19,6%</td>
</tr>
<tr>
<td>Finland</td>
<td>0,188</td>
<td>0,262</td>
<td>39,4%</td>
</tr>
<tr>
<td>Czech Republic</td>
<td>0,125</td>
<td>0,245</td>
<td>96,0%</td>
</tr>
<tr>
<td>Hungary</td>
<td>0,110</td>
<td>0,205</td>
<td>86,4%</td>
</tr>
<tr>
<td>Bulgaria</td>
<td>0,047</td>
<td>0,156</td>
<td>231,9%</td>
</tr>
<tr>
<td>Estonia</td>
<td>0,091</td>
<td>0,133</td>
<td>46,2%</td>
</tr>
<tr>
<td>Lithuania</td>
<td>0,106</td>
<td>0,123</td>
<td>16,0%</td>
</tr>
<tr>
<td>Luxembourg</td>
<td>0,064</td>
<td>0,061</td>
<td>-4,7%</td>
</tr>
<tr>
<td>Latvia</td>
<td>0,053</td>
<td>0,055</td>
<td>3,8%</td>
</tr>
<tr>
<td>Romania</td>
<td>0,003</td>
<td>0,018</td>
<td>500,0%</td>
</tr>
<tr>
<td>Slovakia</td>
<td>0,008</td>
<td>0,018</td>
<td>125,0%</td>
</tr>
<tr>
<td><strong>Total EU</strong></td>
<td><strong>104,400</strong></td>
<td><strong>117,953</strong></td>
<td><strong>13,0%</strong></td>
</tr>
</tbody>
</table>

The third source of renewable energy is solid biomass. The main sources of solid biomass are forestry, agricultural crops and residues, animal and industrial residues, sewage and municipal solid waste. All European Union’s countries are producing electricity from biomass. The first five countries (Germany, Finland, Sweden, Austria and Poland) account to over a half of the total European electricity production from solid biomass (see Figure 6). Other important producers include the United Kingdom, Italy, the Netherlands, Belgium, Spain and Denmark. A huge increase of electricity production from biomass in Latvia is worth mentioning. Production per capita indicates that the main users of solid biomass are concentrated in the Northern Europe (the Nordic countries and the Baltic States) and also in Austria\textsuperscript{10}.

**Figure 6.** Gross electricity production from solid biomass in the European Union in 2007 and 2008 (in TWh)

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>2008</th>
<th>Rate 2007/08</th>
</tr>
</thead>
<tbody>
<tr>
<td>Germany</td>
<td>9,866</td>
<td>10,447</td>
<td>5,9%</td>
</tr>
<tr>
<td>Finland</td>
<td>9,661</td>
<td>10,236</td>
<td>6,0%</td>
</tr>
<tr>
<td>Sweden</td>
<td>8,496</td>
<td>8,899</td>
<td>4,7%</td>
</tr>
<tr>
<td>Austria</td>
<td>3,062</td>
<td>3,259</td>
<td>6,4%</td>
</tr>
<tr>
<td>Poland</td>
<td>2,36</td>
<td>3,2</td>
<td>35,6%</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>2,92</td>
<td>2,768</td>
<td>-5,2%</td>
</tr>
<tr>
<td>Italy</td>
<td>2,482</td>
<td>2,746</td>
<td>10,6%</td>
</tr>
<tr>
<td>Netherlands</td>
<td>1,97</td>
<td>2,563</td>
<td>30,1%</td>
</tr>
<tr>
<td>Belgium</td>
<td>1,799</td>
<td>2,484</td>
<td>38,1%</td>
</tr>
<tr>
<td>Spain</td>
<td>1,553</td>
<td>1,888</td>
<td>21,6%</td>
</tr>
<tr>
<td>Denmark</td>
<td>1,828</td>
<td>1,803</td>
<td>-1,4%</td>
</tr>
<tr>
<td>Hungary</td>
<td>1,374</td>
<td>1,758</td>
<td>27,9%</td>
</tr>
<tr>
<td>France</td>
<td>1,633</td>
<td>1,712</td>
<td>4,8%</td>
</tr>
<tr>
<td>Portugal</td>
<td>1,532</td>
<td>1,501</td>
<td>-2,0%</td>
</tr>
<tr>
<td>Czech Republic</td>
<td>0,968</td>
<td>1,171</td>
<td>21,0%</td>
</tr>
<tr>
<td>Latvia</td>
<td>0,005</td>
<td>0,516</td>
<td>10220,0%</td>
</tr>
<tr>
<td>Slovakia</td>
<td>0,441</td>
<td>0,45</td>
<td>2,0%</td>
</tr>
</tbody>
</table>

\textsuperscript{10} Information on use of the renewable energy sources based on: Etat des énergies renouvelables en Europe, édition 2009, 9\textsuperscript{e} bilan EurObserv’ER, http://www.eurobserv-er.org/downloads.asp.
Other sources of renewable energy (solar power, geothermal power, biofuel, biogas) are still playing only a small role in electricity production in the EU, however, dynamic increase in use of solar power in the last years (especially in Spain, Germany and Italy) is worth mentioning.

### Reasons for the differences in the use of renewable energy sources in electricity production

The causes for the disproportion between EU countries in the use of RES in electricity production consist of environmental, socioeconomic, legal and administrative factors. Energy production from alternative sources is possible only in case of favorable environmental conditions such as insolation, gradient of the rivers, wind force and tides, which prevent from energy generation in some regions.

However, the most important reasons for its development concern non-personal factors. The European Commission’s analysis shows that stability is a critical condition for an effective system which facilitates RES investments and ensures equal opportunities for all participants in the electricity market. To ensure this stability and appropriate control policy and regulatory changes, improvement of support schemes, particularly for countries with slow rates of progress in the renewable sources energy use, is necessary.

In addition, there are barriers not directly related to investment costs which include:

- insufficient level of consumer information - the guarantee of origin regime still has not been implemented by all the EU Member States;
- opacity of the administrative procedures – progress in the administrative reforms introduced in the EU countries still is slow, the
Possibilities of using renewable energy sources in EU countries

procedures continue to be complicated and require consultation with local and regional authorities in case of applying for construction, development or environmental permits;

• insufficient grid access for renewable energy – problems of gaining connection to the electricity grid result from the lack of appropriate legislation or insufficient administrative resources to the number of applications to process. Moreover, there are numerous technical problems resulting from limited capacity of the grid to incorporate more variable renewable electricity and significant differences and opacity on connection charging rules (which often discriminate distribution from smaller power generators).

Apulia as an example for other regions

An example of the dynamic development of the use of renewable sources for electricity production is the Italian region of Apulia. Located on the heel of the Italian boot, Apulia is a national leader in production of electricity derived from wind power (over 25% of national production) and the sun (over 13%). This region also ranks second among all Italian regions in terms of electricity production from biomass.

In 2000 local authorities highlighted the need for structural changes in the region, indicating the replacement of the traditional economy, based primarily on agriculture, by the economy based on services and technological innovations. In 2007 the „Energy Plan“, which clearly shows the regional energy development goals by 2013, was published. The project in co-financed by European Union structural funds and national and regional sources. Regional authorities make efforts to increase the transparency of administrative procedures and to simplify them in order to accelerate investments in renewable energy sources. An example might be „Denuncia di inizio attività“, a document designed for small and medium enterprises willing to invest in renewable energy, allowing to bypass a part of the regional administration.

Actions taken by the local authorities also aim to attract new investors, both domestic and foreign ones. For example, recently a global wind multinational company Vestas has installed a turbine manufacturing plant in Taranto. It is employing around 700 people and wants to invest in new plants in the near future.
Conclusion

The use of renewable energy sources in EU countries is still low. However, growing interest in it can be noted, both among local, national or European authorities and the citizens of EU Member states. It is associated with the increasing awareness of the need for economic development based on the use of RES in electricity production in order to reduce the dependence on supplies from other countries (mainly from Russia and the Middle East countries – exporters of crude oil and natural gas), to enhance national energy security and to protect the natural environment. Observing the actual trends in EU countries in the use of renewable energy sources, it can be expected that the trend will continue and the share of RES in total electricity production will increase.

References

Possibilities of using renewable energy sources in EU countries

National Identities in The Context of Middle East Conflict

KAROL SZULC

The first war between Israel and Arabs took place in 1948 – just after the Israel's Declaration of Independence. at that time it was a conflict of interests between Jews, who created the State Israel, and Palestinian Arabs, who were aiming the same – their own state. Today, over 60 year later, when approaching the Middle East conflict, one faces a very obvious fact that it is a clash between Israelis and Palestinians. The above self-evident juxtaposition shows a substantial matter which I would like to examine in this article: while in 1948 the main corporate agents of the conflict were Jews and Palestinian Arabs, today it is widely recognized that the dispute is carried between Israelis and Palestinians. The main idea that I want to point out is the fact of the determination of national identities by Jews and Palestinian Arabs, who constituted nations of Israelis and Palestinians and gained recognition of their nationhoods. This process of national identity building took place in the situation of an ongoing conflict, and exactly that is the main research subject of this short essay. I would like to take a closer look and examine, how the identities of Israelis and Palestinians were shaped by the fact of an open antagonism between them and its occurrences.

The premise that is hidden behind the last sentence assumes that the conflict has been influencing the national characteristics of both sides.. The following research questions that will help reveal the essence of the problem are based on that premise::

- Was the conflict *sine qua non* factor for the emergence of national identities?
- Was the conflict a facilitator of the process of national self-determination or rather an obstacle for it?
- Which effects did the conflict bring (still brings) for Israelis and which for Palestinians?
These questions are of a general nature, so that they could cover most of the issues I am raising in the article. First of all, I would like to focus on the question whether the conflict was necessary for both Jews and Palestinian Arabs to acquire the sense of national identification or maybe the conflict was only one of many factors that have shaped the process of nation-building. The issues which are important for me in this article are the following: to which extent both sides create and recreate their identity on the basis of “we-they” opposition, which moments of the conflict's history are perceived as crucial or as turning points and whether the internalization of the conflict into identity can be seen as a part of the structural perception of the conflict's corporate agents.

Above I have presented what I am going to analyze on the pages of the following article. Now I would like to present how it is going to be done. Certainly the first stage will define most important notions. Among them, the core one is “nation”. Although at the beginning of this essay I have stated that both Israelis and Palestinians are recognized as fully-fledged nations, I will now try to show that according to some definitions of this term, nationhood of both group is not so obvious any more. Next, I will examine how Israelis and Palestinians fit into to the theoretical framework of nationhood accepted in the previous part. Finally, in the main part of this article, I will study how the fact of staying in the conflict by both sides has been influencing their national identifications.

As I have stated before, and what is self-evident, at the beginning it is absolutely necessary to define the notion of a “nation”. As the basis for further deliberations I will be using the definition offered by “The Palgrave Macmillan Dictionary of Political Thought” (Scruton, 2007): A nation consists of a people, sharing a common language (or dialects of a common language), with common customs and traditions, which may have become sufficiently conscious to take on the aspect of law, and who recognize common interests and a common need for a single sovereign. (The idea is that there is an explanatory unity among all the things mentioned.) (...) a further ingredient in nationhood is national identity, in the form of a sentiment of unity – for, which see nationalism (Ibid, p. 462). The main ingredients of a nation mentioned above are language, customs and traditions, territory, and what is added further in the Dictionary also territory, which can be understood as a material basis for the functioning of a nation or as an aim of longing and political strive of a nation – its point of reference.

The above presented definition of the nation provides the basics for further considerations. To supplement it, I will use the approach presented by
Benedict Anderson in his book “Imagined Communities” (1991). The two chief elements that I take from Anderson are: the nation as an imagined community and the concept of nation coming from Europe. The latter is rather obvious and needs no further comment in my opinion. It should be treated as a kind of methodological *memento*, whenever we use the notions created in one socio-historical circumstances (Europe of Romanticism Age) for the analytical purpose in other circumstances (modern Middle East). Nevertheless, bearing this reservation in mind, Anderson's assumptions can be successfully applied in my research.

Anderson understands an imagined community in a sense of a political community which is characterized by two imagined features: it is imagined as limited and as a community. Most of all the nations are imagined because of a very natural fact: it is impossible for all members of the nation to know every other member of the community. Yet that does not prevent individuals from calling themselves members of a certain nation together with the people with whom they have never spoken or even seen. Such a community is perceived as limited because each nation has its socially constructed boundaries, more or less flexible, and it is acknowledged that there is another nation lying beyond them. The nation is imagined as a community at all, because in spite of sometimes serious economic, ethnic, religious or even lingual differences, the specific feeling of *comradeship* exists between the members of a community (Anderson, op.cit., p.6-7). *Imagined community* feature is exceptionally important in terms of Israelis and Palestinians, as it shows that the absence of one element, relevant for the national identity does not annul this identity. This remark will be proven useful later.

Anderson's deliberations on the construction of nationalisms in “Imagined Communities” bring two more very important premises that I would like to incorporate into my analysis, namely a pre-national character of religion and the dynastic realm (Ibid. p.12-22). The author states that religion was responsible for the evocation of the communal sense between people, and the dynastic realm, as he writes, and what can be broader named sovereignty, brought the recognition of a nationally-based sovereignty among the members of the community. These two elements were crucial for the appearance of a national identity and, in fact, nations. And also these theoretical schemes, drawn from the history of Europe, are very helpful in the context of the Middle East conflict, what will be shown below.

At this stage of my essay I will present a brief and simple pattern that will be used as a structure of examination, according to which I will look into 450
the issues of Israeli and Palestinian national identities. Taking into account the categories introduced by the definitions presented above I will use the following scheme of analysis:

1. Language;
2. Common, exclusive history, tradition and customs;
3. Common interests;
4. Territory;
5. Religion;
6. Previously existing sovereignty;
7. Recognition of an outside world – I am adding this point, as it seems to me it is one of the most important elements, decisive for the constitution of a nation and national identity (especially in the field of international relations)

In the following part of the article, I will use this model and approach the problem of Jewish/Israeli and Palestinian Identity. First of all, I will try to check if both sides fulfill each of the elements that constitute national identity, and if yes, to which extent and whether it is at all possible that these elements were shaped or influenced by the conflict. But before I continue with this task, still some theoretical introduction into the theory of group conflicts is needed.

The first statement that one could make about the Middle East conflict, quite obvious once again, is that we have two socially distinct groups, Israelis and Palestinians, competing for scarce resource, which is land. This very sentence includes assumptions that could be ascribed to two different group conflicts theories: realistic group conflict theory (Sheriff, 1966) and social identity theory (Tajfel and Turner, 1979). And exactly these theories are, in my opinion, needed to sufficiently describe the Middle East conflict. I will not focus on presenting both of them here, but instead I will introduce the theory which is a synthesis of them – ethnic competition theory by (Coenders, 2001) “The degrees of in-group and out-group contra-identification are heightened by inter-group competition. Within each social system, social groups, such as ethnic [or religious- Author's Note] groups compete with each other for material goods and resources (power, status privileges, and other scarce resource [land-A/N]) or they adhere to conflicting values. Each ethnic group has an expectations about its possession of scarce resources as well as judgments about the entitled and 'proper' distribution of wealth and power over ethnic groups are mutual competitors. However, perceptions of inter-group competition and out-group threat may only partly the actual amount of inter-
As we can read, and what I have mentioned before, this description of *ethnic competition* involves two broad and the most important categories: the inter-group competition for scarce resources and in- and out-group contra identification. The author states that the degree of social identification is based on the level of competition for scarce resources. The less resources, the harsher a conflict, stronger in- and out-group identification based on the rule “we-they”. Another very important premise is that the “scarceness of resources” depends also on the perception of the groups. In other words, it is a social group who decides what amount of resources the group needs, and what amount of them “justly” belongs to the in-group. This statement is underlined by the final sentence of the quoted definition, which basically says that it is precisely the social perception that is decisive for determining the intensity of the conflict. To sum up this a little bit complicated disquisition, we should notice that it implies a reciprocal relation between the *actual competition* (based on the materiality – scarce resources) and *social identification*. To show it in a really simple form, I have created a short scheme:

\[
\text{conflict of interests (scarce resources)} \rightarrow \text{competition (conflict)} \rightarrow \text{positive identification of in-group/negative identification of out-group} \rightarrow \text{stronger justification of right to scarce resources} \rightarrow \text{more intense conflict}
\]

The conflict of interests is just an incentive for the conflict. With time and engagement of greater forces in the conflict, the process of social identification is based on the opposition “we-they”, where “we” is tendentiously positively valued, and “they” is valued with bias, negatively. Simple conflict OVER resources turns into a conflict AGAINST the enemy who wants to take “what is rightfully ours” [author’s emphasis].

The theory of *ethnic competition* presented above is, as I believe, very complex, because it combines two popular theories of group conflicts (realistic group conflict theory and social identity theory) and through that it grasps the most important elements of the conflict phenomenon: material reality and

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1 Supplementary categories are added, because they will be important in following analyze of Middle East conflict and they do not stay in contradiction with the whole definition, as I assume.

2 Such approach to theory of conflicts stays in concordance with the Alexander Wendt’s concept of “rump materialism”. See A. Wendt, *Constructivism and International Relations*
social perception. I will try to prove that on the example of the Middle East conflict according to scheme presented on page 3.

The below part, where I will examine certain national identities' elements will be carried out according to the list mentioned in previous paragraph. In concordance with alphabetical order I start with the Israeli/Jewish side, that follows Palestinian/Palestinian Arabs side. Main structure's rule of the disquisition includes the answer to two questions. First, how specific element was present in national identity building process, second how was it possibly influenced by the ongoing conflict.

Language

The main official language of the State Israel is Hebrew, most probably it is the first language for over 75% of Israelis, which coincides with the number of Judaism followers (Ben-Haim (ed.), 2006). Hebrew became one of the most important emanations of the new Israeli identity built after 1948, as it was a communication vehicle for Jewish immigrants from all around the world who were speaking many different variants of Jewish languages (Yiddish, Ladino, Zarphatic etc.). The vernacular character of Hebrew was a very strong unifying factor of the new society. It is necessary to mention that spoken Hebrew was reinvented for the Jewish yishuv in Palestine as it was a dead language since around 4th century. Nevertheless, Hebrew survived in some marginal Jewish diasporas (i.e. Palestine) and most of all as a liturgical language of The Holy Bible for all Jews around the world. The revival of Hebrew as a spoken language among Jews in everyday life began with the Jewish enlightenment movement – Haskalah. But the crucial role in this process was played by Eliezer Ben Yehuda. He put a lot work into transforming the biblical Hebrew, which included inventing some new words, into a language of everyday usage. His work met with strong opposition at the turn of the 20th century, both from orthodox religious Jews and from some groups of lay Zionists. But finally his aspiration for making Hebrew a living and spoken language prevailed (Chomsky 1958, p.184-85).

The main problem with Hebrew as a vernacular language, as mentioned above, was the “holiness” of this language. Considerable opposition from orthodox Jews (Haredim) believed that Hebrew, as holy, can be used only for religious, liturgical purposes. The oppositional attitudes underlined the importance of Hebrew as an official, every-day language of Israelis. In the Declaration of Establishment of the State Israel from 14th May 1948 Hebrew is
described as one of the founding myths of the statehood: “Pioneers, *ma’pilim* [(Hebrew) – immigrants coming to Eretz-Israel in defiance of restrictive legislation] and defenders, they made deserts bloom, re*vived the Hebrew language* [A/N], built villages and towns, and created a thriving community controlling its own economy and culture, loving peace but knowing how to defend itself, bringing the blessings of progress to all the country's inhabitants, and aspiring towards independent nationhood”\(^3\). Israel has no single document that could be described as a kind of constitution, the Declaration of Establishment serves as a quasi-constitution. As we can read in the quotation, Hebrew is pointed out as one of the main elements of *ma'pilim* legend, which was, and to some extent still is, background of the aspirations for “independent nationhood”. Indeed, as founding fathers of State Israel (*Medinat Israel*) put it in the Declaration, Hebrew was a very important constituent of the national identity of Israelis.

For Jews who came from many different parts of the world, who spoke many different languages, Hebrew was a vehicle of communication. The task of “melting” dozens of ethnic groups, traditions, cultures and cults in one “pot” would have been very hard, or even impossible, without a common language (See: Kimmerling 2001). Therefore, as I believe, Hebrew has become a very important component of Israeli nationalism.

The first language of Palestinians is Arabic. This fact shows the main issue about Palestinians' language: Arabic is not a language of one specific group, it is a language of a great amount of people, Arabs. Around 280 million people use Arabic as their first language, and 250 million more are non-native speakers (See: Procházka 2006; Ethnologue Report 1999). Arabic is not an exclusively Palestinian language, *ergo* it cannot be treated as a vernacular for Palestinians. Arabic, as it is, was in my opinion not supportive of a national identity's building process among Palestinian Arabs. On the contrary, Arabic was used as a tool in Panarabic policies undertaken for example by Egypt or Jordan, to incorporate Palestinian Arabs into their states and societies (See: Doran 2002). Because a state of Palestinian Arabs was not created until after 1948, the Arab inhabitants of Palestine did not have one of the most important tools for shaping their cultural policy – the political sovereignty. Therefore, lack of a vernacular language was even more detrimental to national consciousness of Palestinians.

The two paragraphs above reveal a substantial difference between Israelis and Palestinians in terms of a language's potential as an identity-building factor. Israelis have a vernacular language: Hebrew; Palestinians have no such language. Israelis can identify themselves by language: a Hebrew speaker is most probably an Israeli (or a Jew). Palestinians speak Arabic, like millions of Arabs all around the world – the fact of speaking Arabic cannot be universally accepted as an indicator of being a Palestinian. However, this does not mean that the language of Palestinians is meaningless in context of their nationalism and the conflict. Palestinians who live in Israel find themselves in quite a different situation than their compatriots from outside of Israel. If Arabic is spoken with the features of a first language, the user is most probably a Palestinian.

As one can see, the situation of conflict touches on the issue of both sides' languages. Hebrew is an identification factor which refers to Israelis. Arabic has a very similar function for Palestinians, but, one has to remember, that this was a function with a very limited scope of impact, to be more precise: almost exclusively for Palestinians in Israel.

Common and exclusive history

One of the most often mentioned element of a definition of a nation is “common history” (See: The New Oxford American Dictionary). To this adjective I have added “exclusive”, to underline that historical experience has to be common within an in-group to integrate individuals in one, coherent entity on the one hand, but on the other, it has to also be exclusive to mark boundaries between the groups (see p 6-7) and to enable members of the groups a distinction between in- and out-groups.

Jews/Israelis have a few thousand year old founding myth of a Jewish nation, which is strictly connected to the territory of today's Palestine and to the states – Kingdom of Israel and Judah. The history of a Jewish nation, in a more or less legendary form, is written in Torah (“law”), known by Christians as the Old Testament. After the liquidation of Israelites' states, they went in disperse all around the world, to live for more then 2000 years in diaspora. The Torah

4 There are 1.2 million Muslim in Israel, almost exclusively Arabs, who describes themselves as Palestinians (See: Statistical Abstract of Israel, 2009)
became the core element of their religious and national identity. This fact is one of the most relevant ones for the understanding of Jewish and Israeli identities. The Torah, as an elementary foundation of Judaism, is at the same time a foundation for Jewish nationalism. In this holy book, one finds not only a moral code but also a history of the nation, common and at the same time exclusive for the Jews connected to the land of Palestine. The Torah, together with its comments, Talmud (See: Jastruw, 2006), constitute the basics of Jewish religious and secular traditions, which allowed Jews to sustain their autonomy also for over 2000 years of diaspora (See: Johnson, 1987).

The Torah and Talmud can be named as an inner strength that has ensured the cohesion of Jewish yishuvs and let them preserve their sense of Jewishness throughout the ages. Nevertheless, additionally, one external element was crucial for Jews to keep their traditions and a sense of identity. I believe it is a justified generalization that almost everywhere where Jews lived in diaspora, they were subjected to more or less severe persecutions. Ancient Egypt and Babylonia, Levant and the Middle East of Middle Ages\(^5\), medieval (and also later) Europe, Russia, Poland and finally Germany. In all these cases, and in many other, Jews were treated as alien. They were alien because of religious dogmas of Christianity (“murderers of Christ”), and alien because of they different clothing, rituals and traditions (See: Johnson, op. cit.). Jewish strong feelings of in-group identification led not to hostility towards out-groups, but to hostility, aggression and persecutions towards Jews from out-groups.

I have so far shortly described three most important elements of the Jewish history: the existence of a state bounded with the territory, the Torah as a source of religious and secular traditions and hostility of hosting societies during the time of diaspora. These factors are crucial for the Jewish identity. Therefore, they entitle to speak about the Jewish nation. The question remains whether it is enough to place Jews in Palestine to create an Israeli nation. This I will try to answer on the coming pages.

As in the case of language, also the matter of common, exclusive history shows substantial differences between Israeli and Palestinian societies. The first difference lies in the fact that the history of Palestinian Arabs/Palestinians as more or less autonomous groups is much shorter than the

\(^5\) This case is an example of much less harsh relation of Jews with the government (Arabs), then in other examples.
history of Jews. Most academicians (also Israeli and Palestinian ones) agree that the beginning of a Palestinian Arabs' story as a separate cultural and social entity can be traced back to the turn of the 19th century, or rather mostly to 19th century (Khalidi 1997, Kimmerling, Migdal 2003). Therefore, what is natural, they had less than 200 years to build they traditions, communal myths, structure and organization. The second difference, when we compare Palestinians with Israelis, is the lack of a Palestinian state to which a society could refer to as an object of longings or political efforts. Palestinian identity did not have an opportunity to gain an anchorage in the idea of a state, which resulted in difficulties with setting a coherent and universal cultural agenda which would encompass the whole society of Palestinian Arabs. Even the endeavor to establish borders of the community (nation) mentioned by Benedict Anderson (op. cit.) posed a genuine problem: how can the group aim at shaping its own identity without knowing who is its member and who is not?

Substantial problems of the Palestinian situation which were mentioned above were even deepened by the environment in which the process of gaining a sense of autonomy was taking place. Historical and political circumstances were not favorable for the exclusiveness of Palestinian Arabs' history. First, Palestine owned by Ottoman Empire was treated by the rulers from Istanbul not as a separate land but as a part of one big, Islamic organism. On the other hand, exactly the era of the fall of Ottomans witnessed the birth of an autonomy sentiment among Arab inhabitants of Palestine (Kammerling, Migdal, op. cit. p. 6-7). Next, when the Middle Eastern states (Egypt, Syria, Jordan) came into being Palestinian Arabs were exposed to the tendencies of Panarabism and Arab nationalisms almost at the same time. Both of them were detrimental to the development of an exclusively Palestinian identity: the first one, by treating them as a part of an “Arab nation”, the second one by treating them as parts of other Arab nations: Egyptian, Syrians or Jordanians (See: Dawisha, 2005).

Looking at the pre-Nakbah period, the historical factor in the process of identity building by Palestinians, one may state that at this time Palestinian community was not characterized by clearly exclusive historical biography. It was rather connected either with Panarabical tendencies or national policies of neighboring states6. The process of autonomization that began in 19th century did not transform, into fully fledged nationalism till the conflict with Jews, mainly because of a lack of state or other kind of autonomic organization.

6 Nakbah – arab., disaster
According to the UN's plan, two states should be created in 1948 in Palestine: a Jewish and an Arab one (UN General Assembly Resolution 181). Only Jewish state came into existence, their citizens called themselves Israelis. No Arab state was created, therefore Palestinian Arabs could not call themselves Palestinians at the time, they remained Palestinian Arabs. When the Israeli-Arab conflict broke out in 1948, both main actors found themselves in totally different situations. Jews, with over 2000 years of history, when they managed to sustain their autonomy, sense of identity, and who were additionally tragically unified by the horror of the Holocaust, received they own state, where they were able to exercise their own policy of “Israelisation”. At the same time Arab inhabitants of Palestine were left without a state of their own, being incorporated into state's organisms of Israel, Egypt, Syria and Jordan. With much shorter and less socially rooted history of a community's idea, it may seem that the identity of the group was sentenced to melting and dispersion in other social organisms. It did not happen because of two main factors, as I believe. First, what was already mentioned, Palestinian Arabs, in spite of all difficulties, managed to acquire some level of a communal idea. As Khalidi writes, it was based on such elements like religion, powerful local attachment and the presence of socially significant others (Ottomans, British, Israelis; Khalidi, op. cit. p. 150-154). Still, it seems that it was the conflict that became an element of great importance for centering the historical biographies and experiences of Palestinian Arabs into one plot, which eventually led to the development of a common fate's feeling, the fate of Palestinian nation.

Common interests

The State of Israel was created almost directly after the tragedy of Shoah (Holocaust), a fact which strongly contributed to its creation (Kimmerling, Migdal, op. cit. p.5). At the same time, this marked the disappearance of a common goal of Jewish diaspora, which was State of Israel itself. Simultaneously with the creation of Israel, the first Arab-Israeli war began, and the existence of the Jewish state was in a fatal danger. Therefore, the first and main element which achieved the rank of a common Israeli [A/N] interest was security. The elites of the newly formed State of Israel started to conduct, how I call it, the policy of “never again”. “Never again” concerns the idea that the Jewish blood shall not be shed again, because a consent to that could lead to another Shoah. The State of Israel, according to the movement of Zionism, was established mainly for the purpose of Jewish security, therefore, the politicians and the whole Israeli society was committed to reach that
incessant goal (See: Prior 1999). The securitization of the public life in Israel is widely recognized, irrespective of political or ideological differences between Israelis (Kimmerling, Migdal, op. cit. p.48). In spite of different ethnic origins, religious views, languages and political sympathies the compulsory army service is hardly questioned (Israeli Public Opinion on National Security 2005-2007).

As a result of 1948 war Palestinians were left without their own political entity. Almost automatically a struggle for the creation of a Palestinian state, later called a struggle for the Palestinian independence, became the common aim uniting all Palestinian Arabs who had already strongly developed a sense of local attachment. The Palestinian National Charter issued in 1968, explicitly states that a Palestinian state on the territories of Palestine is the organization's main aim. The same aim, in a different form, is expressed also by a religious and extremist wing of Palestinian national movement, Hamas, in its Charter form 1988. I believe that it is self-evident that the creation of the Palestinian state is a crucial and most important common interest which has been evoking feelings of comradeship between Palestinians, in spite of their differences.

The short description above shows that the common interest for both groups is centered around the idea and institution of a state. However, a form of this interest to create a state is essentially different. In case of an Israeli side, one can distinguish two stages. The first Jewish struggle for their own state in Palestine, and the second Israeli struggle for the security of this state. On the other hand, Palestinians have a constant interest: the creation of their own state. It was not created over 60 years ago and it does not exist today.

As one can see, both parties approach the idea of a state differently, which is obvious in the light of these facts. The importance of creating a state for both groups, seen as a common and group-uniting interest, is equally important.

7 Article 3 of the Charter: „The Palestinian Arab people possess the legal right to their homeland and have the right to determine their destiny after achieving the liberation of their country in accordance with their wishes and entirely of their own accord and will” (http://avalon.law.yale.edu/20th_century/plocov.asp ; access 30.05.2010)
8 Especially in articles 9, 11 and 12 (http://www.thejerusalemfund.org/www.thejerusalemfund.org/carryover/documents/charter.html ; 30.05.2010)
important for both Israelis and Palestinians. Security of Israel for Israelis and a sovereign state for Palestinians are factors which shape the idea of Anderson's (p.2) comradeship, among members of both groups, in spite of any relevant differences between them.

**Territory**

The territory of contemporary Palestine, ancient Israel, was and is obviously a subject of cultural, political, religious and social references for Jews and Israelis, which has been shown above, in the paragraphs dealing with the history and common interests. Also the already mentioned Declaration of Establishment of the State of Israel, and the national anthem of Israel Hatikvah, refer to the land of Palestine as a seat of Jewish/Israeli nation (See: www.jewishvirtuallibrary.org). Also the fact that this geographical territory is a basis for political sovereignty exercised by Israeli government demands no further explanation.

There would be no Palestinians without the land of Palestine. This short and self-evident sentence reveals the essence of the connection between the territory and Palestinian identity. A strong sense of localism among Arab inhabitants of Palestine, which was expressed above and which is of core significance in terms of a territorial conflict between Israelis and Palestinians, was naturally supplemented by nation's denomination, strictly derived from a prior-existing geographical name of Palestine – these are the main elements undoubtedly proving that a Palestinian national identity is built around the issue of the geographical land of Palestine.

According to the definitions of a nation quoted in the first part of this article, territory is not an element *sine qua non* for the development of a national identity. The history of the Jewish nation seems to confirm such an assumption, but it is no longer the case when we approach the examples of Israeli and Palestinian nations. Of course, there would be no Israelis without a Jewish identity, nevertheless, the territory as a basis for the state of Israel, with very meaningful historical references, was significant for the Israeli identity formation of a new nation within the framework of a newly formed state. The situation of a Palestinian identity is remarkably different. The question that I am addressing here is: how did the territorial references in the context of national identities shape their meaning in the conflict's situation? I am answering this question using *ethnical competition theory* (See: p. 3): the competition for scarce resource of land enhances the perception of a threat
posed by an enemy and, therefore, the feeling of in-group solidarity and out-group hostility. Having translated this sentence directly into the Middle Eastern conflict, one can derive two very important statements. Firstly, the land as a scarce resource inhibited the stronger in-group cohesion among Israelis and Palestinians. Secondly, the territory became one of the core elements of national identifications for both groups. I believe that these assumptions find confirmation in the reality of the conflict, which I tried to prove in the context of the territory in this paragraph.

**Religion**

A few lines earlier I have stated that there would be no Palestinians without Palestine. The same simple logical implication can be used in case of Judaism and Jews (See: Segal, 2008). There would be no Jews without Judaism. It does not matter if someone is a religious, liberal or atheist Jew, Judaism laid fundamental basis for a Jewish identity. Now, to push further the implication, one has to state: there would be no Israelis without Jews, *ergo* Judaism is a fundamental element of an Israeli identity. And once again this fact is explicitly put in the Declaration of Establishment: “Eretz Israel was the birthplace of the Jewish people. Here their spiritual, religious and political identity was shaped. Here they first attained to statehood, created cultural values of national and universal significance and gave to the world the eternal Book of Books”. The roots of national identification are clearly pointed out at the very beginning of the Declaration and are derived form the *Book of Books*, the Bible. Therefore, as it seems, religion was crucial for the emergence of a Jewish national identity. Moreover, it has also played a substantial role in the creation of an Israeli national identity, what I will argue further.

A religious element of national identity is comparable to a linguistic element of it, both for Israelis and Palestinians. While Israelis have at their disposal a language (Hebrew) and religion (Judaism) exclusively ascribed to them, Palestinians share these elements with a broader group of people, what I have already established in the paragraph about a language (usage of Arabic covers with the observance of Islam; see: p.4). Therefore, the religion of Islam played a marginal role for the emergence of a national identity of Palestinians. In the Palestinian National Charter one cannot find even one word *Allah* or Islam (See: p.7). The reason for that is clear: as in the case of language, Islam could not be treated as a religion unifying Palestinian Arabs around a new national ideology, because it is a religion of many other nations and states in which Palestinians have lived.
The role of religion has changed its meaning for both societies throughout the conflict significantly. At the beginning of it, when the aim of both sides was to gain control over the disputed territory and establish political sovereignty, the importance of religion was different than it is nowadays. *Nota bene,* the changing of religion's role assumed a different direction for Israeli and Palestinian societies. At the beginning of Israel's existence, Judaism or Jewish origins were virtually the only factors that could define the citizens of a new state. Today, religion is still very important in determining who is and who is not an Israeli, but an Israeli identity is built up on other, secular conditions (army, political system, conflict, see: Kimmerling *op. cit*.). A sense of religion among Palestinians evolved in the opposite direction: from the secular, leftist ideas of PLO (Palestine Liberation Organization) to a deeper identification with the religious rules of Islam⁹.

In spite of the different paths of religious evolution in both cases, I believe the reason for that is common – the conflict. The meaning of being an Israeli has changed from being synonymous with being Jewish – Jews began living in the State of Israel, a state of its own aims, political institutions and history. Each of these elements was strongly shaped by the conflict: securitization of the public life, the consequent meaning of the army, the system of so-called national or ethnic democracy, struggle to protect the state against outer enemies (Jones, Murphy 2002, p. 26). Palestinians evolved from solely freedom fighting activists to a freedom fighting nation with its language, culture and religion, clearly distinct from their enemies – Jews/Israelis. Islam was incorporated into the national consciousness of Palestinians because it was useful for sustaining social autonomy within the state of Israel and the territories controlled by it, Gaza Strip and West Bank.

**International recognition**

It is in some cases hard to decide wherever a specific government recognizes the existence of an Israeli or Palestinian nation or not, therefore I shall make here an assumption that if Israel or Palestinian Authority (PA) is recognized by a state or an organization, it means that the rights of their nations are also recognized and accepted. Having adopted these presumptions, one can state without doubt that both nations are widely recognized in the world: Israel by around 160 states, PA by around 130 (www.webgaza.net, ⁹ The most evident prove for that is Hamas’ rise to power in 2006.

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The question is how the conflict influenced the recognition processes of both states. According to the decision of UN's General Assembly (Resolution 181) both groups were granted rights for their states. Only Israel was established and only this state gained wide international recognition. Palestinian Arabs had to wait until they gained recognition of their sole legitimate representative in the form of PLO (1974 by UN, www.un.org). Although both sides were granted the right to found their states in Palestine, the Palestinian side did not have a political representation at its disposal in 1948. Only after the wide internalization of the conflict, following terrorist attacks in Rome (1968) and Munich (1972), international attention was drawn to the situation in the Middle East, and it was recognized that Palestinians created their own distinct, political and social entity (Kimmerling, Migdal, op. cit. p.258-259).

Summing up, it seems that the conflict did not have any significant influence on the recognition of Israel in the world. At the same time for Palestinians and for the emergence of their identity, the conflict seems to be crucial. Already in 1970s, the Palestinians considered the activities of the PLO, fighting for their freedom against Israel, to be legitimate. The way for the international legitimization of the PLO and Palestinian aspirations was paved.

**Conclusions**

As I believe today we are undoubtedly witnessing a conflict between two nations: Israelis and Palestinians. Both societies fulfill, in my opinion, most important conditions to be classified as macro-social groups – nations. The analysis that was presented in this article shows some substantial differences between both of them, depicting at the same time similarities. The summary of the analysis is presented in a chart below:

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10 Figures are presented approximately because not every state has official diplomatic relations with Israel and PA, so the number is based on the declaration of officials, which sometimes vary.

11 With the exception of the fact that most of the Arab states and these associated in the Organization of the Islamic Conferences do not recognize Israel, as a token of solidarity with PA.
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<tr>
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<th>Israelis</th>
<th>Palestinians</th>
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<tbody>
<tr>
<td><strong>Language</strong></td>
<td>Hebrew-vernacular language</td>
<td>Arabic-no vernacular language</td>
</tr>
<tr>
<td><strong>Common, exclusive history</strong></td>
<td>Long-lasting distinct history</td>
<td>History of inclusion into bigger social institutions</td>
</tr>
<tr>
<td><strong>Common interests</strong></td>
<td>Security of diaspora/Israel</td>
<td>Local interests/establishment of state</td>
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<tr>
<td><strong>Territory</strong></td>
<td>Palestine</td>
<td>Palestine</td>
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<tr>
<td><strong>Religion</strong></td>
<td>Judaism-exclusive religion</td>
<td>Islam-inclusive religion</td>
</tr>
<tr>
<td><strong>International recognition</strong></td>
<td>Universal, since the beginnings of Israel</td>
<td>Universal, since 1970s (internationalisation of the conflict)</td>
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*Source: own elaboration*

Nevertheless, the most important difference lies in the initial situation of both groups. Jews, who were the first citizens of Israel, were well-grounded, self-aware and widely recognized as an ethnic and religious group or even nation. In 1948 one could not describe Palestinian Arabs as Palestinians, therefore also not as a nation, yet. This statement implicates the main difference in terms of national identities in the context of the Middle East conflict. When the conflict began, Jews who became the cornerstone for the Israeli nation, had been showing most of the features ascribed to the notion of a nation. Palestinian Arabs were still walking the path of national self-identification. Consequently, the conflict marked its influence differently in case of Israelis and Palestinians. Taking into account these aspects, the answers to the initial research questions (p.1) are:

8. a) Conflict was not *sine qua non* factor for the emergence of an Israeli identity.
   b) Without the context of the conflict, Palestinian identity could not have acquired sufficient incentives to develop a shape of national identification.

9. In case of both societies the conflict seems to have been a facilitator of national identity-building process.
   a) Inhabitants of Israel gained a very powerful unifying factor in the
shape of being surrounded by hostile entities. It helped them do develop commitment to the state, a sense of citizenship and consciousness of a common interest: security of the state and its population. These elements were crucial for the process of defragmented identities' integration of many groups under the generic term of Israeliness.

b) Conflict delivered very important elements of Palestinian nationhood: a common interest (independent state) and international recognition. It was also a crucial component of the autonomization for Palestinians, who through language and religion were endangered of being acculturated into other, bigger social entities.

10. a) Conflict offered a very strong and effective tool for the integration of Israeli society and development of a new national identity based strictly on the commitment to its security.

b) Conflict was the main justification for the emergence of a Palestinian national identity

The conflict in the Middle East seems to fit into the *ethnic competition theory* scheme mentioned at the beginning of this article (p.3). One can trace the main marking points of its evolution: from the clash of material interests (land) to an ethnic, cultural or religious and finally national conflict. And as I have argued, the fact of the conflict was very important for the process of national identity building, based on the opposition between two hostile groups. However, the conflict is not relevant for the identity layer of Israelis and Palestinians today. It has delivered very important components of a national sense for both groups, but currently they are fully constituted and shaped nations. Therefore, in my opinion, the identity-shaping role of the conflict has finished. Nevertheless, the subject of intertwined symbolic meanings of the conflict and identities of the enemies demands further research. It can produce relevant results, both for the understanding of the conflict’s dynamics and as for the process of a social construction of meanings.

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The global financial crisis and the shift in balance of power

Alternatives to the current system

ILONA ŠVIHLÍKOVÁ

The main aim of this paper is firstly to analyze the current crisis, its roots but especially impacts of it on the political level and on the level of international relations. Secondly, I will focus on suggestions how to reform the current system, under the presumptions that it is possible. In this context I will analyze the main ideas and plans of the so-called Stiglitz report which foresees a global coordination as a way out of the crisis. Nevertheless, I find it necessary to mention more radical alternatives to the current system. For one reason, they are neglected and not much attention is being paid to them.

1. The current crisis: summary of different points of view

In the mainstream there is largely believed that the crisis occurred unexpectedly, and could not be foreseen. The IMF, as usual, has not counted with a crisis of global impact and has not given out any warnings. This is only a part of the so much believed story. The truth is that many economists have seen “it” coming long before it was obvious.

Many aspects that have created this crisis have been criticized by Joseph Stiglitz. Nouriel Roubini has been criticizing the financial system for a long time. And John Bellamy Foster and Fred Magdoff have written a most comprehensive study on this crisis “The Great Financial Crisis: Causes and Consequences.”

These “prophets” do not share only skepticism on the possible continuation of the current system without any reform, but can be actually divided into two groups, which I will return later to. The first one is trying to reform the current capitalist system and in some way or another has found the inspiration in Keynes, although on a global level. The second group of more radical economists presumes that the system we now live in is not reformable
and must be replaced by “something else.” I will try to describe one of the “something else” options later.

The neo-liberal mainstream view of the current crisis is somewhat incoherent. On the one hand, they assume that the crisis came into being because of “overregulation” by FED and by Alan Greenspan who seems to be the scapegoat for all sides of the different reasoning. The fault is given mainly to the democratic government by Clinton that “forced” banks to give too cheap credits to “subprime” clients for political and not economic reasons. The too loose monetary policies of the FED, too low discount rates are seen as other key factors that contributed to the current crisis. For some time, the crisis has not been viewed as serious; however with the fall of Lehman Brothers this position was abandoned. Many neo-liberal economists simply explain that in the capitalistic system crises are inevitable and they stress their positive role. The crisis are the roots of improvement of the market mechanism, ineffective companies must leave the market, new branches can occur and this change is all in all very healthy for the future of capitalism.

This reasoning may be partly satisfying, because from the history we can observe that after crisis there really is recovery. However, that shall not indicate that crisis is something to look forward to. The immense social costs, suffering of “normal” people, as the elite can almost always secure its interests, conflicts, wars, riots or even revolutions are the “side-effects” of such crises. Besides given optimism of almost religious belief that all is to come good after periods of suffering, this approach does not offer much sensible explanation. Firstly, the neo-liberals say that crises – more or less deep – are a natural part of the business cycle, but have problems to explain the business cycle itself. From their point of view, it won’t do to acknowledge that the system is inertly instable and therefore they like to find fault with governments that were mostly “not liberal enough” and distorted the market. They forget that when there is market there are also the market failures.

A different view and explanation has been given by Keynesian economists such as the aforementioned Joseph Stiglitz. The main reasons were found in the financial sector and its insufficient regulation. The abolition of the Glass-Steagal act belongs to the main critique points. This act prohibited commercial banks to pursue risky operations in “investment banking.” Long periods of bubbles suggest that the financial sector problem is a long-term one and not just a coincidence. This part of economists stresses the market failures, especially the moral hazard, which is a predominant topic for the micro-economist Stiglitz. The dominant neo-liberal view which prevailed from universities to the media, FED and government officials blurred critical
thinking about the consequences of such policy driven by the Washington Consensus. More explanation of this view is given below in the part Stiglitz Report.

The most in depth analysis of the current crisis can be, in my opinion; found in the radical economic view. There, the financial sphere is more viewed as a symptom but not as root of the crisis. The roots lie in the real economy and its features. The breach are the 70’s. Not only the raw materials crisis and the break-up of the Bretton-Wood system, but also the main structures of the economy altered. The economic stagnation was followed by the entry of new economic thoughts: monetarism and the New right’s supply side economics. The economic structure in the most developed countries changes to services with the highest share on employment and GDP. It is necessary to mention that it was the financial service sector that started to gain the biggest attention, boosted by the deregulation process. We can observe “modern ways” of speculation supported by development of information technologies. The seventies are also the breaking moment when the transnational corporations started to spread into the whole world, trying to decrease costs and to shift production to cheaper countries. In the seventies the wage share, which I am going talk about later, reached its peak. Since then the profits have been growing much faster than wages, which of course means that capital was growing to the costs of labor showing very well the shift of real power reflected in ideological conceptions.

The reasoning behind these facts may be quite simple. The crisis in economy can respond to technological leaps as suggested by Nikolai Kondratieff. This is well combined with the radical economists’ view of the decreasing rate of profit. If it is getting more and more difficult to reach high profits in the real economy and the liquidity is ample (as it was due to loose monetary policy by FED) than the “economic activity” is shifted towards the financial sector where higher gains can be obtained, although this has no real economic impact (or when the bubble bursts then a negative one).

2. Impacts on the economic/political level

There are indeed many and controversial impacts of the crisis so far. It is connected with the analysis of the roots of the crisis, it is different when the political representatives are in favor of the neo-liberal ideology and if they are more radical.

However, some common features prevailed in the first phase of the crisis, which I am using as the one ended by the Greek crisis, which I will
explain later. What was mostly common for the first stage was the reaction of the governments. These were afraid of the total collapse of the financial sector and were willing to invest large sums in banks and other financial institutions to prevent them from going bankrupt. After many years of non intervention, of laissez-faire ideology, suddenly everything changed. It was argued that large banks must be saved from the tax payers’ money so that the whole system did not break down. There were different technical approaches to this: from nationalizing banks to selling them to their former competitor or just pouring millions and billions of pounds/dollars etc. into different financial institutions.

With these practical steps, the IMF got out of its “sleep” and started giving “wise” instructions aiming at saving the financial sector and later boosting the economy through various government “packages” with help for some branches (automobile industry), low discount rates etc. The governments have thus taken on themselves large burden of bad debts and toxic assets. In the start, the end of one era of neoliberalism was claimed, supported by the non reaction policy of the IMF in the beginning. Later, when the IMF woke up, its suggestions differed immensely from its previous advice, in fact it was the true opposite. Where the IMF in the previous crises strongly “recommended” fiscal austerity and restrictive monetary police, when it was the case of the U.S. the plans were fiscal spending, saving the banking and financial sector and generous monetary policy, reaching extremes when discount rates were falling near zero or the Bank of England resorted to quantitative easing.

It was quite obvious that such steps led to proclamations of the end of neoliberalism (not in the Czech Republic however), the harsh criticism of the Washington Consensus, to calls for financial regulation, also addressing global problems, such as the global imbalances and the position of the American dollar.

It was also getting clear that due to rating agencies giving CDO packages the highest possible rating that this crisis will not be limited to the area of the U.S. Therefore, global response became necessary. The global forum of G20 was strengthened and the position of G8 diminished. From now on, it became unimaginable that the crisis could be solved without the mighty BRIC group and other important countries like the oil-rich Saudi Arabia. This was the first obvious shift. The crisis has only revealed what was getting clear before it. The economic power is shifting from the western world to the new emerging countries. The centre of production in Asia (mainly China, India) and increased role of Latin America are going to shape the future. The summits of the BRIC countries have shown that although the countries do have different
The global financial crisis and the shift in balance of power. Alternatives to...

economic structures and priorities they can find common plan, e. g. the criticism towards dollar and effort to replace it by some other alternatives.¹

This new stronger role of emerging countries can be also viewed in the strengthened pressure on the IMF to reform the voting mechanism through quota system. It is no longer acceptable that the voting power of France is higher than the one of China.

Further on, the increased activity of other integration forms, be it the Shanghai cooperation organization or the ALBA in Latin America shall not be forgotten. The shift from Western given forms is in process and weakens thus the position of the U.S. (with the exception of military, maybe), and the EU.

A turning point came with the Greek problem in the EU. This crisis, which I do not attempt to explain in this paper, has shown that the governments were totally wrong when they thought that the “financial markets” would obey and that they have learnt. Although there are regulative initiatives in the U.S. and especially France and Germany in the EU are preparing harder measures for private equity and hedge funds, although the U.S. dared to sue Goldman Sachs, the financial markets together with rating agencies still dispose of immense power and national states have not succeeded in gaining their economic sovereignty back. The Greek case (and Portuguese, Spanish, Italian, Irish and so on and so on) is primarily not a sign of irresponsible expenditure policies of the governments nor of too big welfare states. (In fact the mentioned states do not have a welfare state, whereas the states that have it, do not have such problems, such as Norway or Sweden). The problems of these states show one important thing that corresponds to the title of my contributions: the shift of power. It is the definitive, hard shift of power from the political elite with some rests of legitimacy (gained through so-called democratic process) to the financial elite, which takes no responsibility for their actions and its financial power and flexibility, together with good relations to rating agencies give enormous power over “sovereign” states.

Exactly this process lies at heart of current upheavals. It is not the riot of ordinary people who lived too well and did not pay for it. It is the conflict between legitimate power and financial oligarchy.

¹ It must be said however, that these alternatives differ from country to country. Russia suggested return to the golden standard, China is between accepting dollars due to its huge foreign exchange reserves and making yuan important international currency, Brasil would accept dealing in bilateral currencies etc.
3. The Stiglitz Report: solution on the global level

The Report is a 140 pages long sophisticated document with a highly ambitious goal: reform of the international (not only) economic order. It does not approach only practical policy, but also ideological roots of the crisis and values.

If the reader is familiar with some Stiglitz works, e.g. The globalization and its discontents, it does not surprise him that the report is highly critical of the IMF, the World Bank and altogether of the Washington Consensus policy of deregulation, privatization and liberalization. The crisis is seen as a mixture of mistakes on the side of both the private and the public sector (This is very important to note to differentiate to the coming radical alternative). In all 140 pages we can find hard criticism of the so-called market fundamentalism: the belief (in deed belief, as a religious belief) that all problems of human society can be solved through market mechanism. The failure is considered in a complex way: on the level of theory and philosophy (individualism, market fundamentalism), institutions, politics and ethics. It is thus not surprising that such well-founded criticism met with hard opposition from some Western countries, and of course especially from the IMF. The introduction of the paper mentions the motto of the World social forum: Another world is possible.

What are the roots of the crisis according to this report? The crisis has started in the financial sector, but the real roots lie in the real economy, especially in the global imbalances. The signals have been coming for a long time, if nothing else than the occurrence of many “bubbles” should have given the first warning.

As mentioned above, the solutions in this report are centered on the return of “global Keynesianism.” This means coordination on global level, because the suggested reforms are not realizable in only one state. The main goal is the return of economic sovereignty to states. Such states would have more legitimacy and could transfer some of it to multinational coordination committees or other institutions that would try to avoid global imbalances or set common social or environmental standards.

The report is unique in that sense that it not only sets rules for democratic governance – therefore acknowledges that if there is not democracy in economy, the democracy is at least not perfect, but also it criticizes institutions that were “untouchables” for a long time: the central banks. Special interest is given to media and academic freedom: problem I find highly
important in the Czech Republic, where almost the whole academic and media discourse is ruled by neoliberals. Freedom to choose its own way of development is another part of the critique of Washington Consensus.

The Report criticizes the “race to the bottom” – strategies of wage deflation, lowering social standards, weakening of Trade Unions rights. This only highlights the asymmetry of globalization between capital and labor. For all these reasons the crisis is seen as an opportunity for a deep reform, such as:

- re-introduction of progressive taxation on a global level, tax harmonization, end of tax dumping that cuts the tax base of states, fight against tax havens (common agenda with Germany’s chancellor A. Merkel)
- global financial regulation (some parts considered on the G20 level), Tobin tax on a global level
- solution to the global imbalances, especially with regard to China – US problem. This involves alternative currency to the American dollar.
- Radical reform of IMF and the World Bank, on the principle one country one vote. If not possible then a new institution fully in the framework of UN
- Concentration of state support on real economy, not on financial virtual sector, end with state support to private companies (investments incentives e.g.)

Summarized: the Stiglitz Report takes the crisis as a chance to make the nation state stronger, to give it its sovereignty back and to cooperate on a global level with the rules of democratic governance.

4. Radical criticism and Parecon

As mentioned above, the radical criticism concentrated on the changes in the 70’s. The service sector is from its inner logic more isolated than industry. When more people work in services, it has profound impact on their engagement in Trade Unions. The structure of inhabitants seems to change as well – from proletariat to “service sector”. It may sound as a rise in status, however behind the façade even worse conditions may be hidden. The financial sector has a special role as it is able to reach higher profits than the real economy. This tendency gained speed in the 90’s with further spread of information technologies and the Internet and with the occurrence of financial derivatives.
The decreasing rate of profit, observed since the 70’s may have different explanations: it can be the run-out of inventions, the end of one cycle of long waves by Kondratieff. This approach is accenting the technological base of economy. Or/and with it, it can be the effect of the post-war recovery, when the production reached its peak given the level of wages. If it is the first reason, or the second, or both combined, the consequences are clear: the companies are getting bigger, transnational corporations are growing in size and power and shifting their “daughters” across the world in search of lower wages and other costs. A typical example of such process is the U.S., which got almost completely de-industrialized, with the exception of the industry-military complex.

The wage share, as mentioned, reached its peak in the 70’s. At the same time, the link between economic growth and creation of new jobs is getting weaker. Put differently, the economic growth is creating fewer jobs than in the 50’s or 60’s. This would suggest the technological breach. The IMF suggest that the reason behind this is other type of the economic growth that does not need some many jobs and that labor must get as flexible as capital in order to compensate for this disadvantage. Other explanations include the increasing role of international trade liberalization. Anyway, the decreasing wage share signals that the effective demand is getting weaker. A vicious circle occurs. Shifts of production to cheaper countries result in growing unemployment in developed countries, pressure on lower wages and social standards, this puts again pressure on even cheaper productions and so on. If countries pursuing the strategy of wage deflation (especially the U.S., in the last decade also Germany) want to safe the damped domestic demand, there is only one possibility: to support the household debt, as only the growing indebtedness of household can keep the economy on a growing track.

It is obvious, however, that such “solution” does not really solve the problem, in the heard of capitalism, but only puts it off “for later.”

It is no wonder that policy of this type led not only to high debts of households (being internal or external debt), but also to high increase in inequality. The ILO mentions several types of inequality, the collapsing bottom when the poor are even poorer or flying top, when the rich elites are richer than ever (USA, UK). If both types occur at the same time, we speak of polarization of society; this regards mainly societies hit by financial crisis, as the Asian one, Russian, Argentina etc.
Again, if summarized, we can conclude, that this approach sees no possible alternative within the system, but only outside it. Therefore, it is necessary to ask, what would the alternative be and how it would work.

Firstly, it should be stressed that when I use the term “alternative to current system” I do not by any means consider it to be the previous system, called “communism”, which I rather see as state capitalism.

One of possible alternatives can be observed in Latin America in the growth of local communities. This topic is theoretically handled in the Parecon by Michael Albert. Michael Albert came with the idea that economic, political and social rights cannot be divided and that it is not possible to be “politically free” and economic slave at the same time. 2

Parecon is an abbreviation of participatory economics. The reason is to show how to run economy and satisfy economic needs in a classless society. The main “institutions” are participatory property, self management committees of workers and consumers, equitable remuneration of socially valued labor, balanced job complexes (mix of tasks) and participatory planning. There truly revolutionary measures would lead to decentralization of economy, would boost energetic, production and food self-sufficiency with positive effects on the environment.

Decisions on all levels would be taken by democratic governance principles. It is worth mentioning that these do not automatically mean that everyone has one vote. It is the principle of how much one individual is affected (or not) by some decision, and according to that he/she votes. Very important is remuneration. It does not mean that everybody will get the same wage. Important factors, e. g. how long we work, in what conditions, will be taken into account. However, it won’t be considered if the individual works in a highly profitable sphere, or that he/she produces something valuable. Very important is “socially valuable work” – when we look at the current situation, we can observe the opposite that would be fair. People with useless jobs in regard to humanity and development of mankind have the highest salary (models, sportsmen, speculators, show business etc.), whereas people crucially necessary for the development of a healthy society are mostly underpaid (teacher, doctors, manual workers, farmers etc.).

2 The same argument was used by the Czech philosopher Václav Bělohradský. You cannot be free according to the Charter, and be a slave according to the working contract.
Michael Albert describes his Parecon in more depth in his whole book, but he stresses that whoever would like to introduce this even in a small village/community has to have a vision of a different world and has to overcome the wide-spread cynicism that there is no alternative to the current system, even if we consider it bad.

**Bibliography**


Serbia and Challenges of Euro-Atlantic Relations

MARIJA TISOVSKI

Today’s world is characterised by an unstoppable process of globalization and contradictory concepts that are standing as the warning that the 21st century will be the century of overall progress but also of extreme global, regional and national conflicts. Peace and stability – regarded as global public goods - are confronted with multiple challenges that are putting all values – individual, social, regional and global under threat.

Global threats identified by the European Union (EU) recognize the concerns over terrorism, EU proliferation, regional conflicts, weak states and organized crime. In his paper “Globalization and Insecurity in the 21st century” Christopher Coker outlines new security agenda and points out concerns like ecology, inequality, terrorism, migration and HIV-Aids.

Global security system as well as national one assumes interconnection of a wide spectrum of political, diplomatic, military, civil, economic and development issues that serve for so called “security network platform”. Even the biggest countries aren’t capable to address the global concerns by themselves, let alone the small and middle size ones. Any kind of isolation is - in itself unproductive and inefficient, specially when it comes to handling global contemporary threats and challenges.

Keeping the future outlook of Serbia and its Euro-Atlantic integration in mind, the main questions isn’t whether Serbia will enter or not NATO, but rather is it ready, politically reliable, serious, and how it is planning to handle its own security issues in future? What will matter the most is whether Serbia will be capable – from current position – to move toward reliable, long term, secure, efficient, rational and economically optimal concept and security project. Although it is sovereign will of its citizens to have final say/vote on concept it is also the responsibility of political elite and professionals to communicate and present to the general public all options and prevent the public

1Coker C., Globalization and Insecurity in the 21st century NATO and the Management of Risk, Routlege 2005
manipulation. Serbia has to set the clear objective toward NATO – either moving toward professional NATO-Serbia relations and peace building or it will still continue reflecting on the past. As Serbia is already in the Partnership for Peace (PfP) with NATO and as Serbia is striving for the EU membership focus on buliding the pillars of better external relations is important.

Therefore, the paper tackles with the new challenges of Euro-Atlantic Integration and points out that participation of Serbia would engage great political and regional arrangements. In handling Euro-Atlantic integration we can’t avoid discussing regional integration. Recent initiatives from Serbian and Croatian side that came from the presidential level were towards cooperation and re-building relationship. Countries are becoming aware that by working together they will reach better image and speed the process of integration. Stabilization of the region leads to economic progress and at the present times this is essential.

For small and middle sizes countries – where Republic of Serbia belongs - there are several strategic options that should be taken into account. Looking at the available strategies to address security and peace issues alternatives are: stay neutral, form strategic partnership or/and initiatives, develop collective security within the UN, cooperative security within the OSCE, Ad-hoc alliances, solidarity within the EU and collective difference system with NATO.

Table 1. Strategic options

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<th>Arm Attacks</th>
<th>Regional Conflicts</th>
<th>Terrorism</th>
<th>EU</th>
<th>Proliferation</th>
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Source: International Relations Forum Belgrade, 2010
It is evident that for Serbia the most rational way is the combination of all concepts apart from neutrality that it holds today. Staying neutral is only beneficial for short-term political solutions and doesn’t have much to do with reality. It is in Serbia’s best interest to cooperate and build ties with neighbouring countries that are, or soon will be the members of the EU and NATO. To underline, Serbia should have in mind that regional, european and global security are undividable and every country is searching to develop partnership ways in this system.

Although, past events are disturbing and weren’t politically correct this can be resolved though political and diplomatic dialogues while pursuing further improvement of international relations. Serbia is a crucial country for Western interests in the Balkans. Its geostrategical positon as the crossroad of South East Europe is perceived to be the axis of lasting stability in this region. As a country that holds key position in South East Europe, the postion of Serbia in Euro Atlantic environment is topic of extreme interest. International community more and more understands core of Serbia’s role in South Eastern european politics and development. To illustrate, in 2004 NATO began developing Tailored Cooperation Programmes (TCP) with Serbia that later evolved into substantial programe. Mutual efforts are pushing to Partnership for Peace membership.

Main Strategic Challenges of Serbia

Republic of Serbia is located in the Southeast Europe in the central part of the Balkan Peninsula. Its population counts 7.35 million. Republic of Serbia is a democracy and Belgrade is its capital with 1.6 million inhabitants. The capital city is also administrative, economic and cultural center.

Main competitive advantage of Serbia lies in its strategic position. Serbia is bordering Hungary in the north; Romania and Bulgaria in the east; Albania and the FRY Macedonia to the south; with Montenegro, Croatia and Bosnia and Herzegovina in the west.

Bordering Hungary, Serbia is practically at the doorstep of the EU. But that's not all - being a natural gateway between South East Europe and Western and Central Europe, positioned at the intersection of Pan-European corridors no. 10 and no. 7, Serbia offers great accessibility to all of Southeastern and Central Europe. A well-developed transportation network within Serbia also provides easier cross-country transportation.
Corridor X - Salzburg-Ljubljana-Zagreb-Beograd-Nis-Skoplije-Veles-Thessaloniki

Branch A - Budapest-Novis Sad-Beograd

Branch B - Nis-Sofia-On Corridor IV to Istambul

Branch C - Veles-Bitola-Florina-Via Egnatia

Corridor VII - Danube river and ports

In the terms of trade liberalization and regional cooperation it is necessary to mention multilateral agreement that Serbia has with South-East Europe via Central European Free Trade Agreement (CEFTA) then Free Trade Agreement (FTA) with Russia, followed by EU’s Stabilization and Association Agreement, Agreement with Turkey, US trade operation managed through General System of Preferences and Agreement with Belorussia. Also, Serbia is UN member, has the status of observer within WTO and is not a member of OECD.

Ever since the political changes in October 2000 and implementation of democracy Serbia has been under assessment and carefully monitored on how its political stability, international relations and reform implementation are developing.

Looking at the situation within the Region - Croatia, Albania, Macedonia - for Serbia 'Kosovo issue' remains the biggest stepping stone for further and faster integration. By all means situation with Kosovo is challenging international relations and has strong media attention. Additionally, Serbia's cooperation with International Criminal Tribunal in Hague is constant barrier.

Recognizing Serbia in Partnership for Peace (PfP) is NATO's final move. Until now it has been held back by unsatisfactory outcomes in cooperation with The Tribunal in Hague.

Issues of Euro-Atlantic integrations are ever present topic on the political stage of Serbia. It is subject of daily discussions and conflicts of opinions. To clarify situation in Serbia in the scope of Euro-Atlantic integration, two scenarios impose;
- relations Kosovo and Serbia and NATO
Serbia and Challenges of Euro-Atlantic Relations

These topics are of national interest and are intertwined. It is the fight for keeping sovereignty and national and territorial integrity or becoming the recognized and appreciated country in international circles but under new rules.

After democratic changes in the 2000 Serbia made huge step in getting back to the international economic and political stage. Still, there is much to be done while the region of the Western Balkans is approaching closer to entering the EU.

Essential problem is lack of proper external political and security strategy implementation. Ties that this country is trying to build are still in the developing stage and perception of the country’s politics is vague to negative. Overall opinion is that Serbia is missing proper political elite that will seriously and professionally lead the country toward economic and security integration. This doesn’t come as a surprise knowing that within the country two waves are present pro-European wave and radical nationalistic wave.

The hardest part is to find solution between pursuing justice over unlawful self declaration of Kosovo in 2007 and bomb attacks from 1999. This puts sovereignty and territorial integrity into jeopardy. Therefore, concerning NATO in 2007 Serbia adopted resolution on neutral politics -followed the examples of Switzerland, Sweden and Austria - toward alliance and this is still active decision.

The main concern and the biggest obstacle is not only political in nature but deeply national as NATO is perceived by people negatively. After all in 1999 due to Kosovo politics Serbia was bombed and this left severe mark for conducting membership decisions on national level. It is difficult and sensitive to raise this issue and treat it without subjective approach. Apart from emotional side situation even went worse when Kosovo with support from the leading countries of the EU and the USA declared its independence against rules of the international law and resolution 1244. Therefore, as motioned prior status of Kosovo is complex barrier to promising developments concerning integration. In addition there is potential danger that Serbia might stay the only one out of NATO as some of its surrounding countries are already members, like Croatia.

Observed from security and economic angle, opinion is that Serbia would benefit from joining the alliance. Yes, military would go through reform,
standards and peace keeping approaches would be improved. Overall perception would be more positive as it would be a country that entered a powerful system from which it could negotiate for better position. Probably, rating and some competitiveness factors would increase. In turn giving to investors more security for entering market. Of course, integration into EU would go faster, democratization, internal affairs and value systems would slowly be changing.

Significant growth, security and defense interests of Serbia are the cooperation and accession to Euro-Atlantic integration, the EU and other international organizations and institutions. Further, rebuilding the trust, security and stability within the region and implementation of Resolution 1244 of the UN Security Council on Kosovo are ongoing challenges. The basis of Serbian defense politics lies in its Euro-Atlantic orientation, the choice to actively participate in the process of cooperation and mutual efforts with other countries and subjects of international relations and to build global, regional and national security. Further, to develop and improve partner relations in the system of collective security with the neighboring countries and other states.

Serbian National Security Strategy has a goal to establish efficient defense system, peace and favorable business secure environment and to integrate into European and other international security structures. In line with content and dynamics of the processes the integration of Republic of Serbia in the European community the country will go through gradual implementation of main elements necessary for meeting the requirements within European security and defense politics. As defense politics is based on integral and multilateral approach to the questions of security and defense – Serbia’s national strategy highlights its active participation in all the processes of cooperation and mutual work with other states and international organizations so that it promotes the concept of cooperative security.

First of all by improving the ties with NATO Serbia would lower the current animosity and re-orient talks toward better future cooperation. In turn, this would lead Serbia to becoming a part of powerful political and military security organization and system and get the equal status as other members. As a result, Serbia will enter the system of collective defense leading to the increase of the state security. If Serbia stays out of the ‘game” it will bear the risk of staying in ghetto while being surrounded by NATO members.
By being a member Serbia could participate in the decision process and protect its rights. As being a country with turbulent past, Serbia is exposed to a lot of risks in comparison to other countries and to maintain its share of voice when it comes to security and better positioning it should be in the system with the others. Moreover, Serbia will straighten its international position as external political and security issues will reinforce. Further, energy security and economical effect of partnership will improve. Looking through this Serbia could give a signal to investors that her territory is safe and ratings will see improvement in turn. In line with this, the upward trend was noticed in Bulgaria, Romanian and Slovenia when their FDI inflow increased by 47.5%, 166.29% and 27.59%, respectively after joining the alliance. By entering NATO Serbia opens the possibility not only to modernize military but also to manufacture goods exploiting the potential that 900 mil. consumer market offers.
Table 2. Increase in FDI inflow after the countries entered NATO

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Source: Eurostat

When it comes to EU membership, Serbia officially applied for the EU membership on 22 December 2009. On 7 November 2007, Serbia initialed Stabilization and Association Agreement (SAA) with the European Union signed in 2008. This was a milestone in Serbia's accession negotiations. On this way full cooperation with The Hague Tribunal is expected. Serbia is working on way to help in cooperation concerning war criminals. Some expectations are that by 2015 Serbia might enter the EU. Having the current crisis in mind, this prevision is highly unlikely. However, the continuing in improving international position, fight against corruption and better political stability and transparency will remain Serbia’s primary goals on its integration path.

Conclusion

It should be kept in mind that NATO of today isn’t what is used to be 10 years back. It is in the process of transformation from collective military alliance to open security community. In turn, Serbia isn’t what is was 10 years ago. It moved forward and is on the way to better positining and international reputation. Serbia is fighting to be visible to the EU community and this is main driver of future national decisions. The present state in the international relations and serious trends changes do not push Serbia to make fast decision. It is good that there is more time that can be used to responsible and with arguments including the experts and wide public opinion leaders, influences its future movements. It is in the interest of the generations to come to understand the vision and the relevance of the concept and to draw the distinctive line between fiction and perspective options.
In conclusion, being constantly at the cross roads geographically, politically and economically, Serbia in the 21st century has to rely on observing the shift of power in the world and which side Russia and China will be taking. If we just look at investments they will be coming more from Asia and Russia and as Serbia has historically good ties with both countries and free trade agreement with Russia, partners from the EU would also benefit from this. Briefly, it is another argument open for discussion having in mind current relationship Russia – Asia – USA.

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“Participation in UN peacekeeping operations: theoretical approaches”

JANA URBANOVSKÁ

Introduction

United Nations (UN) peacekeeping has been an inevitable part of dealing with security threats and challenges since the 1950s and continues to be so in the 21st century. At the same time, the term peacekeeping has always been difficult to define. As Thierry Tardy explains: “Strictly speaking, “peacekeeping” refers to “traditional peacekeeping”, the deployment of neutral military forces between two armed factions to supervise a ceasefire in a non-coercive and consent-based way.” (Tardy 2004: 2) However, the word peacekeeping has also been used as a generic term, as for example within the UN itself. In the Department of Peacekeeping Operations, the term peacekeeping operations (PKO) embraces a broad spectrum of activities to maintain international peace and security, ranging from conflict prevention, peacemaking, peacekeeping, peace enforcement to peace building. (UN DPKO 2008: 17-18)
As understood in this paper, the “participation” in UN peacekeeping operations means the provision of personnel (mainly military, but also police and/or civilian) to such operations. Since the end of the Cold War, states have participated in UN peacekeeping operations in a rising manner. By the end of 1988, 26 countries were contributing troops, military observers and/or police forces for UN peacekeeping operations (Menghes 2008: 3), as compared with 115 countries in 2010. (UN DPKO 2010b)

However, little attention has been given to evaluate why states choose to participate and contribute troops to UN peacekeeping operations. The UN Charter requires in Article 43 that all states need to commit efforts in order to maintain international peace. “All Members of the United Nations, in order to contribute to the maintenance of international peace and security, undertake to make available to the Security Council, on its call and in accordance with a special agreement or agreements, armed forces, assistance, and facilities, including rights of passage, necessary for the purpose of maintaining international peace and security.” (UN 2010)

Nevertheless, most UN members do not fully meet this obligation. Some states contribute financially, others provide troops, but the major burden...
of carrying out peacekeeping operations in the field is born by a small number of troop contributors. Even among those who contribute with soldiers, the commitment differs considerably: some commit heavily, whereas others deploy only a handful of observers. (Velázquez 2007: 2-3) Moreover, states participate selectively in peacekeeping operations: in some cases, they are willing to give extensive support, in other cases they are not. (Kocks 2009: 1)

The central question of this paper therefore sounds: Why do states participate in UN peacekeeping operations? And next to it, why do states support some UN peacekeeping operations and not others, leaving particular security threats and challenges unresolved? This aspect of international security cooperation represents an interesting research puzzle and deserves attention not only because of its practical implications. In order to answer these questions, the paper introduces several important theoretical approaches to the issue of states’ participation in UN peacekeeping operations. The first cluster of theoretical approaches is called here the value-based explanation, the second one interest-based explanation, and finally, the explanation based on public goods theory is introduced as an alternative to the previous accounts.

Participation in UN Peacekeeping Operations

Before moving to theoretical explanations of participation of states in UN peacekeeping operations, let us characterize main patterns of this issue. UN peacekeeping was originally proposed as a political measure to preserve cease-fire agreements between two hostile armies. Its effectiveness depended on the voluntary cooperation of the UN members. As for the Cold War period, the literature provides following generalizations on who should participate in these operations:

1) major powers are inappropriate participants because of their geopolitical interests;
2) peacekeeping troops should remain neutral and impartial, therefore, soldiers from middle and neutral powers are more likely to perform peacekeeping operations;
3) peacekeepers must exhibit international or cosmopolitan values;
4) peacekeepers must come from professional armies that provide military and diplomatic training. (Moskos 1976 in Velázquez 2007: 6)

Indeed, UN peacekeeping operations during the Cold War relied on a handful of states that provided the bulk of required personnel. These were mainly middle or medium size powers, mostly developed or industrialized, with mid-range military capacity and enough diplomatic leverage: e.g. Canada,
Scandinavian countries, Australia or the Netherlands. (Velázquez 2007: 6) Larger developing countries such as Brazil and India provided personnel but did little to finance the operations. (Bobrow – Boyer 1997: 742)

During the 1990s, more powerful European nations began to become more heavily involved as troop contributors, particularly in the UN Protection Force (UNPROFOR) in Former Yugoslavia, in which France and United Kingdom had significant numbers deployed. (Ramsbotham – Woodhouse 1999: 248)

However, the overall trend in the 1990s has been towards an increase in peacekeeping units from less developed countries. In 1993, the 13 richest countries supplied 57% of peacekeeping units; by 1994, they contributed 36%, whereas the poorer countries increased their participation from 27% to 42% of total troops. Especially, there has been a significant increase in the numbers of troops from Pakistan, India, Bangladesh, Jordan, Malaysia, Egypt, Botswana, Zimbabwe and Ukraine. (Ramsbotham – Woodhouse 1999: 248-249) These countries are also among current top twenty contributors of uniformed personnel to UN peacekeeping operations as the following chart shows.

**Chart 2: Top 20 contributors of uniformed personnel to UN peacekeeping operations**

Donald C. F. Daniel and Leigh C. Caraher examined troop contributors to peace operations in 2001-2004. They compared contributors and non-contributors along three dimensions: societal characteristics (governance, per capita income, internal stability and level of development), regional location, and size of active-duty ground forces. According to Daniel and
Caraher, a division of labour has been established, such that the major contributors to UN-led operations are from the “Southern” or developing world while the major contributors to other operations are from the “Northern” or highly developed states. (Daniel – Caraher 2006: 298)

Some of the main findings of Daniel and Caraher are as follows:

- **Democratic, rich and middle income, stable, and highly and lesser developed states constitute the majority profile of the peace operations community.** Rich states can spend more on their militaries and are better able to deploy large ground forces than their lower income counterparts. Stable states may find it easier to deploy to peace operations since they are relatively less focused internally. Highly developed states are more in tune with the global interconnectness and tend to possess stronger civil societies that encourage their governments to intervene in areas of conflict. (Daniel – Caraher 2006: 303-304)

- **The South Asian and European / Eurasian regions seem far more committed to peace operations than others.** East Asia, Pacific, the Near East, and the Americas seem neither particularly inclined to participate nor (excluding Canada and the US) to make sizeable contributions. While Africa ranks behind only Europe / Eurasia in the number of contributing states, its prominence seems more a function of the high number of African states than of any regional inclination. (Daniel – Caraher 2006: 305-307)

- **The size of a nation’s active ground forces is a weak indicator of willingness to contribute but a strong indicator of contribution size.** There seems to be a bottom limit below which it is highly improbable that a state will contribute – approximately 3 500 troops; states with smaller ground forces may contribute, but the odds are very much against it. (Daniel – Caraher 2006: 302-303)

As Talentino points out, “military action is a costly action in terms of financial and human commitment, domestic repercussions, and international status and thus must have compelling reasons for its use.” (Talentino 2005: 13) So, what are the reasons that stand behind states’ participation in UN peacekeeping? Why have well publicized failures both during the Cold War and post-Cold War period not staved off this participation, despite its recognized inefficiencies, drawbacks, scandals, dangers, and ongoing debates on the principles that should guide such operations? (Menghes 2008: 4)
Theoretical Approaches to Participation

This paper introduces several theoretical explanations of states’ participation in UN peacekeeping operations. It builds on a long-lasting academic debate whether the participation in peacekeeping is interest-based or value-based. Jarett Jobe asks himself in this respect: “Do states contribute personnel out of a desire to support the institution of PKO’s through the shared norms and values of the international community or are there other reasons for their participation, particularly self interested behaviour?” (Jobe 2007: 16) In similar respect, Laura Neack poses following question: “Why ... do countries participate in peacekeeping? Is it out of a commitment to bring about international peace, or are there other motivations? Why do some countries participate more than others? Is it because they are more concerned about international peace, or are there perhaps other less altruistic reasons?” (Neack 1996)

However, the question of participation in peacekeeping operations and the motives behind it is not so clear-cut as it seems to be on first sight. It is important to realize that “[o]ften state interest and humanitarian goals were intertwined with each other, so that motives [for participation] falling into one or the other category could not easily be distinguished from each other.” (Marten 2004: 68) Therefore, an alternative explanation for the participation of states in peace operations, the public goods theory approach, will be presented that allows us to overcome the dichotomy of the either value-based or interest-based account.

Value-based Explanation

Peacekeeping operations are largely centred on humanitarian activity. They protect aid convoys and relief workers, establish and support safe havens and other protected areas, assist in refugee repatriation, verify human rights agreements etc. (Ramsbotham – Woodhouse 1999: xviii) Kimberly Z. Marten focuses on the comparison of colonialism and peacekeeping: the imperialism practiced by United Kingdom, France or United States was about securing profit for their own nations, and this is not – according to Marten – what peacekeeping is now about. “The balance of humanitarian and self-interested goals shifted significantly to favour humanitarianism in the peacekeeping era.” (Marten 2004: 61)

According to the idealist perspective, state participation in peacekeeping transcends narrow national interests. States participate in
peacekeeping out of an obligation to protect international peace and to preserve international norms and values. Moreover, “[s]tates will do so even in the face of conflicting national interests.” Specifically, “middle powers are the most likely states to protect the international system, and thus more likely to participate in multilateral activities such as peacekeeping because of their strong commitment to international peace.” (Neack 1995: 183)

An example of a middle power participating in peacekeeping out of idealist motivation is Canada – it was in fact a Canadian that first presented the idea of a UN peacekeeping operation. Canada is known for its support for the institution of peacekeeping and it has championed itself as a supporter of the idea of peace for all states. The Canadian foreign policy is altruistic in nature and is characterized by a multitude of shared norms and ideals. All this has been used in explaining Canada’s support for peacekeeping. (Jobe 2007: 17-18)

Similar insight offers the democratic peace theory. New research on UN troop contributions has found a correlation between the type of regime and the level of commitment towards peacekeeping operations, as are for example the above mentioned findings of D. C. F. Daniel and L. C. Caraher. “It appears that democracies are more likely to cooperate with institutions such as the UN and even commit troops for peacekeeping in order to establish peace among themselves and in support to other democratic regimes.” (Andersson 2002 in Velázquez 2007: 15) According to the followers of the “perpetual peace”, this trend confirms the hypothesis that democracies may be especially likely to join international organizations to create a federation of democracies. (Andersson 2002 in Velázquez 2007: 15)

However, the implementation of the democratic peace model via peacekeeping has been problematic in practice. First, although peacekeeping involves electoral assistance, human rights monitoring and training civil administrations, the net effect of such efforts has not produced more democracies. (Velázquez 2007: 16) As Charles T. Call and Susan E. Cook explain, of the 18 countries that experienced UN peacekeeping operations with political-institutional building components between 1988-2002, 13 (72 %) were classified as some form of authoritarian regime. (Call – Cook 2003: 234) Second, the most consolidated democracies in Europe, North America and elsewhere are not bearing the large UN peacekeeping burden. Instead, numerous troop contributing countries are either democratizing regimes, some still with authoritarian legacies, or even authoritarian regimes, like Pakistan or Nepal. (Velázquez 2007: 16)
Another value-based perspective on participation in peacekeeping is associated with the liberal institutionalist school of thought as a variant of the collective security theory. Collective security theory postulates that states must renounce the use of military force as a means of settling disputes, must act in the greater interest of the international community instead of pursuing their egoistic self-interest, and must trust each other. Liberal institutionalists believe that international institutions such as the UN can and do have an independent effect on state behaviour, can prevent war and cause peace. (Dombroski 2006: 8) Participation in peacekeeping is then a way for states to support these values.

Jarrett Jobe is convinced that the participation of states in UN peacekeeping operations is best described from knowledge based, or constructivist perspective. This framework explains states’ participation in peacekeeping through their historical and current interaction in the international system and the role they perceive themselves in the international system. (Jobe 2007: 5) This knowledge-based approach comes primarily from Alexander Wendt’s international relations theory of constructivism that was first prescribed as an alternate to the realist and liberalist theories dominant at that time. Particular emphasis is put on organization and the development of identities and interests that states develop through social interaction. (Jobe 2007: 5-6) States that interacted in the international system via peacekeeping developed particular characteristics that other states recognized. Again, the so called middle powers (such as Canada, Brazil and India) were critical in this respect. While some states developed roles that were seen as more powerful and potentially threatening to other state’s sovereignty, the middle powers that were not so powerful could effectively participate in UN peacekeeping without the overarching threat of potential aggressive behaviour. “[W]ithout the presence of middle powers to serve as the primary support mechanism for peacekeeping operations, the perception of such actions would seem to be less altruistic, and more self-serving for powerful states at the time.” (Jobe 2007: 11)

**Interest-based explanation**

Even though states participate in peacekeeping operations out of strong humanitarian impulses, peacekeeping forces are not sent everywhere that violent human suffering exists. Powerful states tend to become involved in peacekeeping when they perceive that their national interests are involved. One of the examples of state self-interest overcoming the humanitarian impulse is the tragedy of Rwanda. As K. Z. Marten explains, “[h]umanitarianism in response to terrible suffering did not prove a strong enough impulse to
overcome the desire by states to save their political capital, their economic resources, and the safety of their troops for areas of the world that were more central to their national security interests.” (Marten 2004: 75)

Mark Nerfin explains the general problem as follows: “The UN is primarily an instrument of governments, and this may be seen not only as its original sin, but also as its major shortcoming.” (Nerfin 1985: 524) In a configuration of more than 190 member states, the unselfish promotion of international community goals seems utopian. Some member states will use the UN as a tool to pursue their own national interests. (Neack 1996)

L. Neack belongs to the most vehement supporters of the realist explanation of the participation in UN peacekeeping. “In terms of who participates and how they participate, in terms of where peacekeeping operations get launched, in terms of the impressions of peacekeepers and observers, states participate in peacekeeping to serve their own interests.” (Neack 1995: 194) The particular interests that have been served by peacekeeping are those of the Western states whose interests are served by the status quo, and a few non-Western states that long for prestige in international affairs – these states have, according to Neack, dominated peacekeeping. (Neack 1995: 194)

There are many examples of the projection of own interests into a state’s participation in peacekeeping:

- For candidates for permanent membership in the Security Council – as for example Brazil, Germany, Japan, India or Nigeria – participation in peacekeeping operations has become a *sine qua non*. (Findlay 1996: 8) India’s strong support of UN peacekeeping operations is specifically stressed by Bullion and is attributed to the intended legitimation of India’s desire for a permanent seat on the Security Council. (Bullion 2005)

- According to Wood, France’s participation in various UN peacekeeping operations (e.g. Cambodia, Rwanda, Kosovo, Afghanistan) served to legitimize a permanent seat in the Security Council and to strengthen France’s reputation as a “peace power”; another strongly motivating factor was the protection of its economic interests and influence in its former colonies. (Wood 2005)

- Trevor Findlay assumed that the Baltic States saw participation in peacekeeping as a way to demonstrate their ability to contribute to the purposes of the NATO alliance in which they hoped for membership. (Findlay 1996: 8-9)
• The involvement of Germany in numerous peacekeeping operations in the Balkans served to avert the possibility of refugees pouring into the country. Germany’s participation in the UN peacekeeping operation in Namibia was vital for the protection of 20 thousand German Namibians in the country. (Kocks 2009: 6)

• For some states, participation in peacekeeping has a direct or indirect link to ensuring their own security. In this respect, the members of the Association of South-East Asian Nations (ASEAN), all of which participated in UNTAC in Cambodia, saw that operation as being decidedly in their national security interests. (Findlay 1996: 8)

• Some states may intend to improve or strengthen their international image through their participation in UN peacekeeping. It is argued that Japan is trying to change the historically negative image of its military and become a “normal state”; having a military and being involved in international security arrangements is normatively acceptable to both its population and at the regional and international level. (Menghes 2008: 6)

• States in which the military is not entirely under civilian control, such as Argentina, may view peacekeeping as a means of keeping their armed forces occupied outside the country rather than meddling in domestic affairs. It is also a way for the army to rehabilitate after an authoritarian era in which its professionalism was compromised. According to formal Defence Minister of Argentina, Oscar Camilión, “Argentina’s participation in peacekeeping not only gives members of the armed forces a deep feeling of professional pride, but also an international outlook which is very much helping to consolidate the military as a pillar of the constitutional system”. (Findlay 1996: 8)

• Last but not least, it is necessary to mention the economic interests that some states may follow while participating in peacekeeping. The participation may serve to justify domestic military expenditures, to profit from UN reimbursement, or to gain equipment, training and overseas experience. (Menghes 2008: 6) For example, Fiji’s involvement in peacekeeping since 1978 has reportedly been a significant source of foreign exchange. (Scobell 1994: 190) However, as T. Findlay points out: “Some poorer states can indeed make a profit on such transactions, but the UN is usually so slow in paying and the amount so relatively niggardly that this cannot be a sole motivating factor. Even Fiji has threatened to quit peacekeeping unless it is ‘reimbursed’ more promptly.” (Findlay 1996: 9)
Public goods explanation

Cosmina Menghes stresses the fact that “frequently heard arguments about whether behaviour is norm-based or interest-based miss the point that norm conformance can often be self-interested, depending on how one specifies interests and the nature of the norm.” (Menghes 2008: 2) Moreover, pursuit of narrow self-interest is not necessarily at odds with the pursuit of the collectively desired outcomes. (Bobrow – Boyer 1997: 726)

The public goods theory offers us a new alternative and beneficial analytical perspective for the explanation of states’ participation in UN peacekeeping operations. Davis B. Bobrow and Mark A. Boyer define public goods as follows: “Pure public goods are joint and nonexcludable. Jointness means that consumption of a good by one individual does not diminish the amount of the good available for consumption by another. Nonexcludability means that once a good is provided for one individual, no other individuals can be excluded from consuming that good. Most things considered public goods by international relations scholars are, to one degree or another, impure rather than pure public goods.” (Bobrow – Boyer 1997: 725)

If intrastate and interstate conflicts have negative consequences on other countries, then peacekeeping efforts to end such wars represent a transnational pure public good. The peace and stability achieved through peacekeeping operations give rise to non-excludable and non-rival benefits. Humanitarian missions within peacekeeping also produce public-goods benefits for the world community by improving the well-being of those in need. Operations to secure democracy can have transnational benefit spillovers by extending political freedoms and fostering peace. Peace-enforcement creates non-excludable and non-rival benefits by ending hostilities and their negative consequences. (Shimizu – Sandler 2002: 655)

However, peacekeeping is also impurely public – if some of its benefits are either partially excludable (not fully available to some countries) or partially rival (benefits decline with the number of countries deriving gains from such an operation). (Shimizu – Sandler 2002: 656)

According to Hirofumi Shimizu and Todd Sandler, country-specific benefits may assume at least three forms in regard to peacekeeping:

(1) status enhancement for a participating country;
(2) greater stability for neighboring countries;
Next to it, there are other benefits identified by numerous authors as we have seen in previous sections of this paper.

Therefore, a more general representation for peacekeeping is that it yields joint products. (Shimizu – Sandler 2002: 656) The joint product model was developed by T. Sandler in 1970s to explain military alliances. It is a generalization of both the pure public and the private good model, containing each as a special case. According to T. Sandler, joint product public goods consist of those activities that yield two or more outputs, which may vary in their degree of publicness. As such, joint product outputs may be purely public, impurely public, or private. (Sandler 2004: 53) In terms of peacekeeping, the outputs may be purely public to the global community, impurely public to some nations, or private (country-specific) to a state engaged in peacekeeping. (Shimizu – Sandler 2002: 656) Put it in another words, an activity that yields both purely public transnational benefits and country-specific benefits is an example of an international joint product (Arce – Sandler 2002: 15)

According to the logic of joint product model of public goods provision, adequate provision of UN peacekeeping operations depends on whether private or pure public benefits are prevailing. As Alexander Kocks explains: “Nations can be expected to support a peace operation because they will only obtain the excludable benefits if they contribute to public good. Put differently, Member States may be producing the public good solely to capture the private benefits.” (Kocks 2009: 6) Thus, nation-specific benefits constitute an incentive for a higher level of support. (Kocks 2009: 1) As a result, self-interested pursuit of private goods when combined with pursuit of public goods actually helps to produce higher levels of the collectively beneficial public goods. (Bobrow – Boyer 1997: 726)

As D. B. Bobrow and M. A. Boyer conclude, “[t]his then calls into question Neack’s (1995) notion that one can distinguish between self-interest and community interest in the ways nation-states contribute to peacekeeping operations as mutually exclusive motivating factors, and her conclusion that state participate in [peacekeeping operations] primarily for self-interested reasons.” (Bobrow – Boyer 1997: 726)

Conclusion

The participation of states in UN peacekeeping operations is an interesting research puzzle that can be approached from various theoretical
perspectives. This paper offered three clusters of theoretical approaches to the above mentioned problem: value-based explanation, interest-based explanation and the explanation based on the joint product public goods model. The paper argued that neither the value-based perspective alone, nor the interest-based one is able to sufficiently explain why states participate actively in some peace operations and in other cases they do not. The public goods theory offers a beneficial analytical perspective on the issue of participation in peacekeeping operations that is worth applying in further research of this topic.

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