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A Giant with Feet of Clay? The EU's Ability to Develop Capabilities for Civilian Crisis Management

Rafal Domisiewicz*

Abstract: *Civilian crisis management has long been considered the EU's forte. Recent research however has questioned the EU's claim to this specialization. I will interrogate how the EU has fared in building civilian capabilities for CSDP through a case study of the impact of the Europeanization of CCM norms in one of the newer EU member states - Poland. I investigate the domestic reverberations of an EU-level CCM governance – conceptualized as a vertical diffusion of norms - and a horizontal diffusion in the realms of policy setting, institutional adaptation, as well as in recruitment and training. I hypothesize that the European cognitive constructions and policy designs are the more likely to impact upon Polish security policy the more they resonate with the ideas embedded in the national security identity. Another intervening variable affecting the 'translation' of EU policy into the domestic context is state capacity. Due to weaknesses in the supply side of CCM and the refracting impact of national security identity and state capacity, I find that Europeanization has had a limited impact on the civilian response capability-building in Poland. Europeanization has been shallow, featuring adjustments on the margins rather than the core of the security policy.*

Keywords: *Common Security and Defence Policy (CSDP), civilian crisis management (CCM), Europeanization, capability-building, security governance, Polish security/defence policy*

Introduction

In the 2003 *European Security Strategy*, the member states of the European Union underlined that the EU is “particularly well equipped” for multi-faceted crisis and post-crisis situations, requiring a broad array of capabilities, including civilian expertise (EU Council, Dec. 2003). Since 1999, when the EU agreed to develop its Common Security and Defence Policy, civilian crisis management (CCM) has become its integral part¹. This reflects the accommodation of the conception of Europe as a “civilian power” with the creeping “militarisation” of the EU (Kirchner, 2006, Lee-Ohlsson, 2008; Smith, 2005). The EU member states have adopted specific targets – called headline goals - and built an institutional framework to support their implementation. All but six out of twenty five crisis management operations undertaken to-date have been civilian or mixed civilian-military. It would appear that the optimistic assessment of the *European Security Strategy* is justified.

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¹ For the sake of consistency, I use this nomenclature and eschew earlier variants, such as the Common European Security and Defence Policy (CESDP) and the European Security and Defence Policy (ESDP).

Yet, over a decade since the launch of the CSDP one review after another stresses the limited progress attained in building the capacity for civilian crisis management. In its 2011 *Report on the development of the common security and defence policy following the entry into force of the Lisbon Treaty*, the European Parliament's Committee on Foreign Affairs "regrets the scant results achieved by the Civilian Headline Goal 2010 process regarding civilian capabilities" (EP, A7-0166/2011). The 2012 report by the Friedrich Ebert Stiftung notes "a lack of expertise on the part of the member states and a failure to implement existing strategies" (FES, Apr. 2012). Even the Council officials admit that a "coherence and an overall EU approach is still fairly difficult to achieve across pillar boundaries" (2010:7).

In this paper I ask whether such pessimism is warranted by interrogating how the EU has managed building civilian capabilities for CSDP. I will do so through a case-study of CCM application in one of the newer EU member states – Poland. Should the EU have succeeded in stimulating capacity-development in a new member state, this would put the critique in doubt. I shall pursue the analysis at two interlinked levels: the EU level and the member state level. At the EU level of analysis I assess whether there is coherence between the concepts, methodology and an institutionalization of CCM that would facilitate national policy adaptation. The ability to carry out new policy hinges on policy coherence, defined as "the ability to articulate policy goals and align resources to obtain them" (Rynning, 2011). At the national level, I investigate the domestic reverberations of an EU-level CCM governance (a vertical diffusion of norms), and a horizontal diffusion in the realms of policy setting, institutional adaptation, as well as in recruitment and training.

The timeframe encompasses the period of the development of CSDP and concludes with Poland's EU Presidency in the second half of 2011. Poland's compliance with the EU guidelines in the form of such policy outputs as the creation of a legal framework as well as means for training and recruitment would attest to an internalization of the norms of civilian crisis management. The choice of Poland as a case study fills a lacuna in the academic studies concerning the adaptation of Polish security and defence to the EU (an exception is Chappell, 2010). This study does not address Poland's participation in civilian crisis management, but focuses instead on the modalities of capability development. The methodology follows an in-depth literature analysis, participant-observation, process tracing as well as interviews.

The research approach

The promotion of the norms of CCM, envisaging an embedding of civil-military coordination in all the spheres of security policy, is a process unique to the EU. Other institutions, including the UN, OSCE and – lately to some degree also NATO – have undertaken efforts to build civilian capacity and have organized civilian operations, but only the EU has made a concerted effort. Scholars emphasize that civilian crisis management is a novel concept "specific to the EU" having "no equivalent parallels in the lexicons of UN, OSCE or non-European regional organisations" (Kaldor et al., 2007). I therefore analyze the process of the EU member states' internalization of these norms, conceptualized as Europeanization.

By contextualizing the CSDP within the "security governance" framework I approach the impact of "Europe," in a broader sense than applied in the majority of Europeanization scholar works. I conceptualize governance processually as "creating the conditions for ordered rule and collective action" in the sphere of security and defence policy (Webber et al. 2004). Thus,

integrating governance into my definition of Europeanization I consider it to be a process at the domestic level in which member states' policies, institutions and ideas are affected by new practices, norms, rules and procedures generated at the above-state level of the EU security governance (Irondele 2003). This definition allows us to capture policy triggers that do not originate only in Brussels, but also in other EU member states or other European structures.

I argue that the impact of Europeanization is mediated by two intervening variables: security identity and state capacity. Following Rieker I situate the security identity within a dominant security discourse, that is "the general understanding of security shared by the majority of the political elites at a given point in time" (2006). The security identity is a cognitive framework instantiating a national strategic culture, which I take to be "the socially transmitted, identity-derived norms, ideas and patterns of behaviour that are shared among a broad majority of actors and social groups within a given security community, which help to shape a ranked set of options for a community's pursuit of security and defence goals" (Meyer 2005, 528). I hypothesize that the European cognitive constructions and policy designs are the more likely to impact upon Polish security policy the more they resonate with the ideas embedded in the national security identity (Risse 2001).

The historical memory, the *acquis historique*, has played a strong part in framing the security identity of Poland, like Germany featuring an acute wartime trauma (Banchoff 1999, Berger 1997; Copey and Haughton 2009). The lessons of the past have translated into a set of policy axioms of the Third Republic (Longhurst and Zaborowski 2007). First, the central aim of foreign policy has been the maximisation of security. Mindful of Poland's existential dilemmas, Polish elites respect the military, support the use of force and value "hard" security above "soft security." Second, Poland is determined to never again become an object of European politics. The country aspires to play the co-decision-making role it considers its due in the European Union and NATO. Third, in a modern vestige of *mission civilisatrice*, Poland, which in the 15th - 18th century in union with Lithuania had extensive landholdings in Eastern Europe, claims a vocation for drawing Eastern Europe to the Euro-Atlantic community. Fourth, the Poles have taken to heart the principle of solidarity, which translates *inter alia* into a commitment to preventing the de-coupling of the Western security community. European defence is acceptable provided that a harmonious relationship with NATO and the United States is ensured.

Security identity does not determine neatly state preferences. If a "misfit" occurs between European and domestic ideas the elites may attempt to construct cognitive or institutional compatibilities between the new and the old (Marcussen et al. 1999). Their ability to do so is to a large degree determined by *state capacity*. It encapsulates both the narrow conception of administrative capacity as well as a broader notion of governance, including the possession of expertise allowing for the "translation" of CSDP into the domestic context, a qualified staff, an effective interdepartmental coordination (a whole-of-government approach), a culture of long-term planning, a sound institutional infrastructure as well as resources.

The EU conceptual-policy framework

In line with the post-Cold War security environment, a comprehensive approach has become the norm across international organizations and their members. *The European Security Strategy* advocates the application of the "full spectrum of instruments for crisis management and conflict prevention at our disposal, including political, diplomatic, military and civilian,

trade and development activities” (European Council, 2003). The EU thus set out to integrate civilian and military dimensions of CSDP in the planning, capability-development and the conduct of crisis management operations.

Since none of the EU member states, not even the Nordic countries, that influenced most the civilianization of CSDP, had the type of integrated, multifunctional civilian rapid reaction capacities that the EU was calling for, concepts, doctrines and standards had to be developed from scratch (Jakobsen, 2006). Because the comprehensive approach is nowhere defined in the EU (Wendling, 2010) it may mean different things to different actors (Drent, 2011; Nowak, 2006). This pertains to the concepts of civil-military cooperation (CIMIC) and the civil-military coordination (CMCO). First brought into NATO, CIMIC entails the use of civilian resources in order to secure local support and thus contribute to the success of the mission (Gebhard, 2008). Limited to the theatre of operations CIMIC is a subset of a broader concept of civil-military coordination (CMCO), hailed as the EU trademark. It refers to “the need for effective co-ordination of the actions of all relevant EU actors involved in the planning and subsequent implementation of EU’s response to the crisis” (Ibid.). CMCO is a strategic-level approach that addresses the civilian-military interfacing within the EU and – hopefully – the member state’s institutional set-ups (Ibid.). Through an *Action Plan for further strengthening of CMCO in EU crisis management*, the EU has sought to integrate civilian actors across pillars into planning and implementation of crisis management at political-strategic level (Jankowska, 2007).

The attainment of CMCO has been impaired by the heterogeneity of cultures of civilian-military interaction among EU member states as well as problems in setting up the EU’s own joint civil-military structures in Brussels. The EU Institute for Security Studies (EUISS) points out that the “fact that CCM potentially comprises multiple stages and multiple actors and that there is no agreement on its definition has resulted in some confusion over the definition of CCM at the EU level.” By 2009, no common definition of what encompasses “civilian” had been developed (Gya, 2009).

Civilian Headline Goal methodology

The Civilian Headline Goals are modelled upon the Open Method of Coordination used to develop military capabilities. It encapsulates an establishment of precise, quantitative targets in specific priority areas (police, rule of law, civilian administration, civil protection, monitoring, support to security sector reform), to be met voluntarily initially by 2003 and then by 2008 and 2010 (Civilian Headline Goals). The process entails holding commitment conferences, identifying shortfalls on the basis of the commitment-target gap, and formulating action plans to address deficits (Dwan, 2006).

Although a new Civilian Capability Management Tool powered by a software called Goalkeeper was launched, lists of non-human resources, such as equipment, compiled, and since 2008 National Action Plans brought in to help the EU members meet CHG commitments, a significant gap remains between commitments on paper and concrete contributions to the CCM activities (Angelet and Vrailas, 2008; Korski and Gowan, 2009; Grevi and Keohane, 2009). Out of 11,000 civilian experts available, only 3,000 have been deployed in theatre (ISIS, 2010). In 2009, the shortfall were at least 1,500 personnel across 12 CSDP missions then running (Korski and Gowan, 2009:44).

In the absence of communitarisation, in a policy field open to contestation by states upholding different security identities, the Open Method of Coordination (OMC) may deliver only modest results, if at all. Lacking coercive mechanisms, voluntary mimetic and normative processes may not be effective enough to bring about policy change and action plans turn out to be merely summary reports for Brussels' consumption (Borrás and Jacobsson, 2004: 195; Korski and Gowan, 2009; Dwan, 2006). Resources committed on paper neither reflect the reality of what civilian capabilities the EU can actually bring to bear in a mission nor help identify specific civilian expertise (Dwan, 2006: 9-10). Korski and Gowan quote one diplomat saying that the CHG remains a "number exercise," and another, from a new EU member state, describing it as nothing but a "declaration" (2009:44).

The civilian personnel, such as judges and lawyers, correctional officers or civilian administrators, are rooted in the domestic contexts of training and employment. In contrast to the military who are pre-trained, pre-equipped and pre-formed for service abroad rather than at home, the civilians are called primarily for home duty (Dwan, 2006; Jakobsen, 2006; Khol, 2010). They must be provided with sufficient incentives to leave their domestic duties and go on a foreign mission (Gourlay, 2004). Regulations are necessary to ensure that civilians retain their jobs at home while on deployment, remain eligible for promotion and/or pay raise, and are not penalized in terms of vacation and leave. This set of issues has not been taken into account in the majority of the EU member state legislation on the civil service or such sectoral services as the correctional service or the prosecutor's office – save for the police.

Poland, like many other EU member states, has not shied away from making impressive commitments unmatched by the level of domestic capacity-building. As soon as it entered the EU in 2004, Poland pledged 345 experts towards the CHG 2008. It was the sixth largest contribution after Italy, Germany, France, Spain and the United Kingdom. At the time Poland also spearheaded discussion within the EU on how to unify the regulations and principles underlying the training and deployment of civilians in crisis management operations (Kupiecki, 2005). In 2004, it even organized a seminar in Warsaw to this end. Poland's generous commitment and its initial spur of activity had been motivated by a desire to make "the first impression". The creation of coordination mechanisms for participation and training of Polish representatives in the EU's CCM had actually been mandated during the accession negotiations on the CFSP chapter and recognized as one of the priority tasks in the 2001 *National Programme of Preparation for Membership in the European Union*, approved by the Polish Council of Ministers (Council of Ministers, 2001). Because CSDP is an intergovernmental domain the EU could not, however, enforce compliance, so this promise of establishing coordination mechanisms (save for tasking an expert at the CSDP section of the foreign ministry's security policy department with overseeing the process) has by and large remained but a declaration.

Institutionalization

The EU has not set up a coherent civil-military coordination framework able to facilitate the diffusion of norms related to civilian crisis management, and foster policy convergence. The institutionalization of CCM has been an on-going process of trial-by-error, inhibited by a scattering of organizations across the intergovernmental and community pillars as well as clashing administrative cultures (Gourlay, 2006).

Within the second pillar alone several institutions have been involved in planning, coordination, supervision and evaluation of CCM. As envisaged at the 2000 Helsinki Council, the Committee for the Civilian Aspects of Crisis Management (CIVCOM) has been established to advise the Political and Security Committee (PSC) on running and planning civilian missions, steering the development of civilian capabilities and helping disseminate common standards and best practices (EU Council, 10898/08). It is staffed by Brussels-based national representatives, in most cases non-specialist junior diplomats or lower-level officials from interior or justice ministries. Poland has been represented at CIVCOM by an interior ministry expert seconded to its permanent representation to the EU.

Due to the heterogeneity of membership, limited informal contacts and other means of socialisation, CIVCOM representatives tend to be more attuned to the national positions (Serrano, 2011). While CIVCOM mainly assists the PSC, an important role in preparing and implementing decisions related to civilian missions was assumed by the Council directorate IX (Civilian Crisis Management) of Directorate General E (External and Political-Military Affairs).

At a minilateral summit of France, Germany, Belgium and Luxembourg in April 2003, France proposed setting up a command and control HQ independent of NATO. Because of British objections, as a compromise, a Civil-Military Cell (CivMil Cell) was created within the EU Military Staff (EUMS) to bridge both the gap between civilian and military cultures as well as intra- and inter-pillar organizations and instruments (Gebhard, 2009; Korski and Gowan, 2009). The Cell was supposed to have the capacity to set up an Operations Centre (OpCen) for an EU mission (Quille et al., 2006). When conducting operations, rather than activating the OpCen the EU goes through pre-selected national HQs multi-nationalised upon call.

In August 2007 the EU member states decided to create within the Council Secretariat the Civilian Planning and Conduct Capability (CPCC), a nucleus civilian operational HQ, headed by a Civilian Operations Commander (CivOpsCdr), who since Lisbon Treaty came into force reports to the High Representative of the Union for Foreign Affairs and Security Policy. In December 2008, the European Council agreed to yet another innovation – the creation, alongside the CPCC, of the Crisis Management and Planning Department (CMPD). Integrated into the European External Action Service, the CMPD has merged skeletal DG E directorates IX and VIII (defence aspects), thus integrating civilian and military planning (Ibid.). Because the Crisis Management and Planning Department is brand new, it is difficult to assess its performance. Nor, for that matter, is it easy to appraise now effectively the European External Action Service (EEAS) has integrated all the tools for capability development. Three months into his appointment, in 2011, the CMPD's head assessed the EEAS as being “not really up to speed yet” (Schaaf, 2011). The European Parliament advocates a single Directorate General for peace building and crisis management within the EEAS that would marry the Council structures and the Commission financial instruments in line with the High Representative's Lisbon mandate to “ensure coordination of the civilian and military aspects” of “crisis management, including peace-making and post-conflict stabilisation” (TEU, art. 43(2)). Due to the sensitivities of the member states, the power tussle between the President of the Commission and the High Representative and the preferences of the HR/VP, such an amalgamation has not happened.

Just as the EU has found it difficult to tie together all the actors needed for a multi-faceted civilian crisis management, so have a majority of the EU member states. In contrast to military crisis management, the EU member states have had to develop concepts and doctrines *ad novum* (Wtorek, 2008; Jakobsen, 2006). While military missions call upon chiefly defence

ministries/general staffs to handle planning, execution and funding, civilian missions require tight-knit interministerial cooperation as well as a single, effective coordination (Wtorek, 2008).

Sweden, Germany and Finland have devised national strategies for civilian crisis management rooted in a whole-of-government approach. In 2000, the German government produced a *Comprehensive Concept on Civilian Crisis Prevention, Conflict Resolution and Post-Conflict Peace-Building*, followed by an *Action Plan* (German Federal Government, 2004). In 2008, Finland adopted the *National Strategy for Civilian Crisis Management*, which tasks the foreign ministry with responsibility for political coordination and decision-making with regard to participation in missions, and the interior ministry with capacity-building, which it exercises through the new Crisis Management Centre (Finnish Ministry of Interior, 2008:4; Behrendt and Nutt, 2008). The Council and the European Parliament have recommended that other EU members adopt similar strategies (EP, 2009/2198).

Lacking the resources to match its West European counterparts, and in the early 2000s lacking in strong central executive coordination, the Polish state has found mobilizing the whole-of-government approach more difficult. The need for a comprehensive approach has only recently been articulated in Polish strategic documents. In the national strategies of 2000, 2003 and 2007 Poland's support for the EU's military and civilian capacities is mentioned albeit briefly. The ministry of defence in the 2008 *Vision of the Armed Forces of the Republic of Poland – 2030* and the 2009 *Defence Strategy of the Republic of Poland* inserted paragraph-length statements addressing the comprehensive approach. The first document envisages that to attain desired political, social and economic objectives, the future military operations would have to be integrated and synchronized with the activities of other government and nongovernmental organizations. The future planning process has to address military and civilian synergies (MoD, 2008; Smith-Windsor, 2008). The defence strategy states that “planning and conduct of international operations, including the preparation of an adequate civil-military component is the responsibility of the *entire state* [emphasis added – RD] and requires the cooperation of many entities” (MoD, 2009). Although these documents appear path-breaking in terms of their cross-sectoral approach to crisis management, a closer analysis suggests a narrower, CIMIC-type attitude to crisis management rather than the EU's CMCO.

The 2009 *Strategy of the Republic of Poland's Armed Forces' participation in international operations*, drafted by the defence ministry in cooperation with the foreign ministry, is the first document to express a state commitment to raising civilian capabilities. Although it comes in a single paragraph in the 6-page document, its wording is rather strong:

“The engagement of Poland in international operations is a national effort. Hence, there is a need to develop, in addition to already functioning procedures for the preparation and deployment of the armed forces of the Republic of Poland abroad, also procedures regulating the participation of state administration institutions other than the ministry of national defence in international operations. Therefore, appropriate legal, organizational and financial arrangements will be adopted in order to ensure a broad participation of civilian specialists (inter alia from the ministry of foreign affairs, ministry of internal affairs and administration, nongovernmental organizations) in international operations. This concerns both the phase of state preparation for participating in an operation, the period of an engagement within an area of its responsibility in a given mission, as well as the phases of rebuilding and post-conflict reconstruction” (MoD, 2009).

The Ministry of Internal Affairs and Administration (MIAA) officials admit that the lack of legal-institutional arrangements reflected the “weakness of administration”. They also opine that this newfound interest in addressing the civilian deficit owes to the choice of CSDP as one of the priorities of Poland’s 2011 EU presidency (MIAA Interview, 2009; Goetz, 2001; Zubek, 2006). Poland’s ISAF experience, particularly the difficulty it has had in leading its own PRT, also prompted the MoD to tackle this issue. Perhaps this experience rather than the EU influence per se has been a greater stimulus.

Polish experts agree that the foundation of a systemic framework for civilian capacity-building requires a major legislative and administrative overhaul (Polish Institute of International Affairs interview, 2009; European Centre Natolin interview, 2009). Failure to adapt would leave Poland as a relatively weak player, not only in CCM, but in CSDP generally (Polish EU mission interview, 2009). After the 1999 Helsinki summit, the EU department in the ministry of interior drafted an internal concept paper on ways and means of developing Polish civilian capabilities. It failed to solicit a willing response by the decision-makers (MIAA interview, 2009). The ministry officials took comfort in the fact that the *1990 Police Act* already provided for the secondment of police officers for deployment as part of police contingents in peacekeeping missions (*Journal of Laws*, 2007). The administration has therefore stovepiped CCM commitments, limiting it to police. It is easier for decision-makers to tick off the deployment of military police as a contribution to civilian missions rather than to undertake the complex work of adapting the state institutions to the demands of CCM (European Centre Natolin interview, 2009).

A strong impulse to examining legal and procedural questions related to deployment of civilians in operations came with Poland’s socialization in NATO, and in particular its exposure to the CIMIC concept during the US-led mission in Iraq. The Polish Land Forces Command had already in 2001 taken on the task of translating and inscribing CIMIC into Polish law, but with little results. Three years later, this job was handed over to the Office of the Civil Service, overseeing the whole bureaucracy. The Office debated whether to draft a new law, such as the *Finnish Act on the Participation of Civilian Personnel*, or address this problem through legislative patches (Majcherkiewicz, 2009). The work on drafting a law or otherwise administrative procedures on the deployment of civilians ended up in the security policy department of the foreign ministry. The department had already in 2003 started to conceptualize a law on a secondment of civilian officials, which has yet to become reality. It assumed a role of a coordinator of CCM among the Polish institutions. While the Finnish MFA has an entire administrative unit dedicated to civilian crisis management, one person within the security department’s CSDP section of 4 is responsible for it.

Change is coming, albeit slowly. *The Regulation of the Council of Ministers of 19 June 2006 on the service of officers of the Border Guard in the Border Guard contingent* addresses the issue of foreign deployments for border guard officers. The new *Act of 27 August 2009 on the Customs Service* also contains procedures related to the secondment of personnel to the EU (*Journal of Laws*, 2009a). The draft 2009 law on the correctional service elaborates at greater length regulations on the secondment of correctional service officers to international organizations. However, policy adaptation takes place within sectors rather than across-the-board throughout the administration.

Recruitment

The EU neither promotes generic recruitment nor maintains an in-house roster of deployable experts. Relevant norms have been diffused by means of the EU Council's 2006 *Draft recommendations and guidelines on the raising of personnel for EU civilian crisis management* and a horizontal sharing of information on the recruitment, exchanges of know-how, best practices and lessons learned (EU Council, 16696/06). The Civilian Planning and Conduct Capability recruits national experts through Calls for Contributions to the member states (Behrendt and Nutt, 2009), and it is up to the member states to supply the candidates.

Nineteen EU member states have either integrated rosters, which include the police officers and other civilian personnel, or police databases; 3 are in the process of developing rosters; and 5 have none (Korski and Gowan, 2009). Finland, through its Crisis Management Centre, Germany, a quasi-governmental Centre for International Peace Operations (ZIF) and the United Kingdom, through the Stabilization Unit, have pioneered civilian rosters of individuals hailing from both the government and the non-government sector (Behrendt and Nutt, 2009; Korski and Gowan, 2009; Gourlay, 2006). The British model has inspired the Netherlands and Denmark to set up similar outfits (Behrendt and Nutt, 2009; Gourlay, 2006). Belgium has also established a database of civilian personnel for CSDP operations (Korski and Gowan, 2009).

In Poland ad hoc-ism prevails. Only the police is said to maintain an embryonic database of police staff for EU, UN and OSCE missions, which it is said to be considering expanding into a fully-fledged roster to include also experienced police officers, retired staff and veterans of police deployments. However, police bosses are wary of standardizing recruitment procedures and centralizing rosters as this would take away their discretionary power to dangle the carrot of financially lucrative foreign deployments to their subordinates. Austria, Cyprus, Portugal and Slovakia have only police rosters (Ibid.).

The Polish police have developed some planning and recruitment mechanisms for deploying police contingents. This is a responsibility of a division in charge of police contingents and liaison officers within the international police cooperation bureau at the National Police Headquarters (NP HQ). The bureau screens and interviews the candidates as well as coordinates pre-deployment training.

As part of the 2009 switch from a conscript army to an all-volunteer force a 20,000 strong National Reserve Forces within the 120,000-strong Polish military was to be created. This would provide the defence ministry a pool of deployable civilian specialists. It already supervises the so-called Military Police Specialized Units, founded in 2004-2005 as rapidly deployable units of the Military Gendarmerie for duty abroad. In 2006 the Polish Military Gendarmerie acceded as a partner to the then five-nation European Gendarmerie Force (France, Italy, Netherlands, Portugal and Spain, and since 2008 Romania), of which the EU may avail. Warsaw expects that the European Gendarmerie Force (EGF) would in the near future evolve from a multilateral initiative and become a common EU project (Polish Council of Ministers, 2005:72).

The EU has urged "Member states to consider, in accordance with their national legislation, expertise from the NGO and CSO [civil society organizations] sector, when establishing or developing rosters for deployment in civilian crisis management missions" (EU Council, 15741/06). Poland has taken little heed. Polish nongovernmental experts criticize the inability of the foreign ministry to utilize the strength of the Polish NGOs active abroad (European Centre Natolin interview, 2009). The unwillingness to solicit expertise from outside reflects a still conservative bureaucratic culture in Poland.

Training

At the 2000 Feira European Council the EU member states committed to “consider ways to train” judges, prosecutors and penal experts within the rule of law capabilities, and likewise “consider improving the... training” of civil administration experts and police officers for civilian crisis management (European Council, 2000). Although one detects an incremental trend towards strengthening EU-level efforts, European civilian training policy “remains in its infancy” as member states guard their prerogatives (Jakobsen, 2006). However, the record of member states’ provision of training remains at best mixed and at worst severely deficient.

In 2003-2004, the member states endorsed the EU Training Policy in CSDP and the EU Training Concept in ESDP (Council 14176/2/03). This policy has been underlain by a socializing motif - to “develop throughout the Union a common CSDP culture,” as well as enhance the efficiency of CCM and interoperability at the operational level (Ibid.). In 2001, the Commission started a pilot project on Training for Civilian Aspects of Crisis Management. This program, known as the European Group on Training for Civilian Aspects of Crisis Management (EGT) links 13 training institutes and NGO training providers from as many member states (Jakobsen, 2006; Lieb, 2010). Even though, in 2002-2009, the EGT offered 68 courses for a total of 1,399 civilian experts, few of them have ever been deployed. The design of the program may bear a large share of the blame (Gauthier, 2011; Gourlay, 2004). Notwithstanding the Lisbon Treaty’s elimination of the pillar structure of the EU, CSDP remains intergovernmental, while training has stayed under the funding and contracting authority of the Commission, with the member states unable to provide meaningful input (Gauthier, 2011). Renamed since 2010 Europe’s New Training Initiative for Civilian Crisis Management (ENTRI), coordinated now by Berlin-based ZIF, it has shifted focus to harmonizing and standardizing course curricula (Gauthier, 2011).

The EU Training Concept for CSDP launched the European Security and Defence College (ESDC). It has a mandate to conduct strategic-level CSDP training, to develop and promote a common understanding of the policy among civilian and military personnel, and to identify and disseminate best practices (EU Council, 2005/575/CFSP, 2008/550/CFSP). Although the ESDC has ran a number of courses relevant to CCM, a lion’s share of its offer addresses the military dimension of CSDP (Lieb, 2010). Based on a networked-architecture, with no central budget, and only a small secretariat, the College is incapable of facilitating a strong cooperation (Gauthier, 2011). The relations between the EGT/ENTRI and ESDC have been strained by competition, overlaps in courses and functions, as well as fear on the part of the former that training for civilian crisis management could be “taken over” by the “military ESDC” (Lieb, 2010).

Two other innovations, also network-based, have not provided strong EU solutions to CCM training. In 2000, the EU Council provided for setting up the European Police College (CEPOL) tasked *inter alia* with developing and training police forces of the member states for CCM (Council, 2005/681/JHA). The Commission too entered the fray since 2007 funding the European Police Force Training (EUPFT), which until 2011 has provided operational-level training for 1,800 police experts for participation in international policing missions (Gauthier, 2011; Tóthi, 2011).

A stocktaking of CCM training capacities in the 27 member states, performed by the Hungarian Presidency, revealed that 25% of mission staff receives no pre-deployment training

at all. This training is compulsory for seconded civilian experts in 18 member states, though it applies usually to police and gendarmerie, and only recommended in 9 member states. Nineteen member states provide training covering all the categories of personnel executing CCM. The majority of these operate year-round, 8 centres are operational during the training periods. Five countries outsource training to the private sector. Only "a few member states" have integrated training centers, handling also recruitment and deployment, while the majority have sectoral training centres, catering to the police. Although 14 countries have agreements on international cooperation, only about 10-20 experts are trained abroad and at a cost to the sending authority. Seventeen member states organise generic core courses, 19 mission-specific pre-deployment courses and 15 member states organise thematic courses. Only 3 member states have dedicated budgets to cover these expenses, while the rest finance these activities through their ministry or departmental budgets.

Like a majority of EU member states, Poland has not devised a systemic approach to training. It has stayed on the sidelines of the fledgling EU training policy for CCM, and made no serious effort to revamp domestic arrangements. A reason cited for Poland's non-participation in the European Group of Training is a paucity of its own training institutions, a debatable argument in view of the strengths some of the Polish police schools have acquired in recent years (Polish EU Mission interview, 2009). Although several Polish interior ministry staffers have attended EGT courses none has deployed (MIIA interview, 2009). The "costs lie where they fall" principle underlying the ESDC's funding for training has discouraged deeper involvement (MFA interview, 2009).

Aside from the military, only the police has good training infrastructure. However, its origin bears no direct relation to EU expectations, and it only offers training to national personnel from within its ranks. Pre-deployment training is provided at the Police School in Słupsk and the Police Training Centre in Legionowo near Warsaw, both experienced in UN missions training. The Higher Police School in Szczytno, the main educational institution of the Polish police, has had its legal mandate changed to respond to the extension of the Bologne process of harmonizing educational standards – the creation of a European Higher Education Area – to police education. In 2009, the European Commission awarded the School the Erasmus Mundus Charter to facilitate an expansion of international collaboration.

The strength of police capabilities in training is mirrored in a majority of EU member states (Khol, 2008). The fact that the lion's share of EU CCM has been police missions owes to the once-preponderant focus on stabilizing the Balkans and on the promotion of the rule of law and norms in democratic security sector governance (Chivvis, 2010; Menon, 2009).

Poland's EU Presidency

There is an argument that the more an EU member is determined to make an impact on EU policy the greater is its will to strengthen administrative capacity (Kaminska, 2010). Prior to and during its first EU Presidency in the second half of 2011 Poland was determined to stake out a position as a credible agenda-setter for the CSDP, and move closer to the Franco-German motor of integration. A number of factors underlay the flurry of Polish activity with regards to CSDP. First, in line with its national identity imperative of ensuring a strong security net, Poland, hitherto lukewarm on the CSDP, began to regard it a useful reinforcement of NATO. This change in perspective has come about through a test of CSDP in the field, in particular the

dispatch of CSDP missions to Eastern Europe, including, since 2005, the EU Border Assistance Mission to Moldova and Ukraine, and, since 2008, the EU Monitoring Mission to Georgia. Thanks to, on the one hand, the successful launch of the Polish-Swedish Eastern Partnership in 2009, and on the other hand both a strengthening, since 2007, of executive authority under the Tusk government and a robust economic growth, Poland felt confident its enhanced state capacity would support its foreign policy ventures. Warsaw has also been eager to play up civilian-capacity building in the EU, and, thereby, arrest NATO's foray into this area, which it wanted to concentrate on the military strength. The country also seized a widow of opportunity offered by the timing and the composition of its troika presidency. Although, under Lisbon, the CFSP/CSDP would fall into the remit of HR/VP, the Polish presidency would come after the end of the first transitional troika (Spain, Belgium and Hungary) and it would be composed also of Denmark, which had a CSDP opt-out, and Cyprus, a problematic player in security policy.

In July 2009, Polish foreign minister Sikorski handed his French counterpart Kouchner a non-paper listing dozens of proposals to strengthen CSDP. These ideas formed the gist of the joint French-Polish declaration adopted at the bilateral summit on security and defence in November of that year (Wojciechowski, 2009). Among them were inter alia the establishment of a deputy to the High Representative who would be solely responsible for CSDP; the creation of an integrated civil and military EU headquarters; setting up 'European stabilisation forces' (civil-military forces that would be made up of elements of armed forces, national police and border guards); and increasing the number of common exercises (Liberti, 2011). When the Poles, eager to punch above weight, saw the French forge a military alliance with the UK a year later, they tried a different tack. They turned to the Weimar Triangle, a trilateral forum of Franco-German-Polish cooperation dating back to the early 1990s. By launching the "Weimar package" for revitalizing the CSDP, Poland sought to win over Germany, and, thus draw closer to the European integration core (Adebahr, 2011). At the end of April 2010, in Bonn, the three foreign ministers presented a set of proposals, which included, among others, a joint European operational headquarters (OHQ) and a modification of the battlegroups composition to include strong civilian elements ("battlegroups plus").

The Weimar countries then "uploaded" their agenda into the EU by conveying the Weimar proposals in a letter to Catherine Ashton in mid-December of 2010. This initiative won many supporters among the member states, except Britain which opposed activating the OHQ. It is difficult to say whether the December 2011 Foreign Affairs Council conclusions reflect an influence of Poland's CSDP agenda since many of the proposals had long been recommended by the Council Secretariat or other actors. However, if it weren't for Poland's push, these ideas would not have found EU-wide acceptance. In civilian crisis management, the Council reiterated support for strengthening ties between CSDP and the area of Freedom, Security and Justice; agreed to establish a CSDP permanent warehouse for civilian assets (equipment); "encouraged" enhancing the possibilities for Battlegroup interaction with civilian actors; and, as a compromise between the British and the rest of the EU, agreed to activate on an ad hoc basis the Operations Centre for the Horn of Africa operations (Council, 1 Dec. 2011).

Poland's efforts to upload its preferences at the EU level have been accompanied by few domestic steps to strengthen capacity. Poland invested in strengthening the civil-military capacities of the Weimar battlegroup and in a symbolic move underscoring Poland's attempt to strengthen its credibility, in December 2011 the Polish defence minister filed an application for the Polish Military Gendarmerie to join the European Gendarmerie Force as full member.

Conclusion

Due to weaknesses in the 'supply side' of CCM and the refracting impact of national security identity and state capacity, Europeanization has had a relatively limited impact on the civilian crisis management capacity-building in Poland. This domain of Polish security policy has been Europeanized in patches. The level of participation of Polish civilians in EU missions has surpassed domestic policy and institutional adaptation, which remains geared towards police deployments. One observes a "shallow Europeanization" of Polish security policy in this domain, characterized by adjustments on the margins rather than the core of the security policy.

CCM requires effective interdepartmental cooperation at the domestic level to enact changes in the legislative framework, appropriate modalities for decision-making as well as allocation of budgetary resources, provision of training and recruitment procedures – in short a whole-of-government mobilization. It takes a strong political will to see it through.

The soft governance of capacity-building does not help matters. Prior to the 2004 adoption of the Civilian Headline Goal (CHG), the EU member states had few if any concrete targets to fulfill. Only later did the EU start to offer more guidance, though leaving a very wide margin of discretion to the member states. A notorious mismatch between commitments and contributions ensued.

Heterogeneity ('patchwork') in national CCM architectures reflects complex demands put on state administrations and different degrees of congruence of member state security identities. Only a few countries, those with colonial legacies (for example, Britain), or traditions of either neutrality (Sweden) or internationalism (Norway), or having strong development assistance programs and a thriving civil society (Germany), or a mixture of both (Finland), have made strides in implementing the kind of multi-faceted CCM paradigm envisaged in the EU doctrinal documents. In the context of divergent national approaches, horizontal diffusion has not facilitated the optimization of outputs.

While the "supply" side of CCM has been weak, Europeanization has also been curtailed on Poland's "demand" side. This is due to a dissonance between the norm of engaging civilians in a broad spectrum of crisis management activities and the military-first Polish security identity as well as capacity constraints. Before joining the EU, Poland deployed its police officers for the UN, OSCE and WEU missions. This experience helped make the police the only civilian capability in Poland to have adapted reasonably well to CCM. Stove-piping their CSDP commitments, the Polish authorities have been content to let the police do the job of CCM, while under-investing in the non-uniformed civilian capabilities.

The Polish security identity remains fixated on hard security. Unlike France, in particular, Poland has no former colonies in the developing world that might sustain interventionist impulses; its civil society is fairly weak and its development assistance program is relatively new and still modestly endowed.

The Europeanization paradigm assumes that misfitting European policies inflict high implementation costs. Polish elites have not shown much willingness to pay the price for internalizing CCM norms. A few legislative changes enacted to date have been vertical rather than horizontal, more suitable for cross-sectoral CCM. They have also been confined mostly to the police, including the MoD-subordinated military police. Since many other EU member states have also put a lot more resources into police rather than other civilian capabilities, there

have been few tutors. Apart from the police, the recruitment of civilians in Poland has been ad hoc. Due to an opaque bureaucratic culture, the administration has only in the recent few years expressed a genuine inclination to seek outside expertise. This contrasts with well-developed public-private cooperation in some of the EU-15 states. Outside of the police and the military, few opportunities exist to train civilians.

As the 2011 Polish EU presidency approached, an ambition grew to close the gap between the military and civilian tracks of Polish involvement in CSDP. The 2009 MoD strategy on the participation of Polish armed forces in international operations expressed a commitment to build civilian capacities. Instead of putting this declaration to work, however, the authorities strove to strengthen collective EU civil-military capacities. This has been exemplified by Polish-led unilateral and EU-level efforts to strengthen the civilian capabilities of the battle groups or to set up the EU operational headquarters. Perhaps this approach gives substance to the EU predilection for “pooling and sharing” capabilities. Or it may appear a useful credibility- and prestige-building exercise at the EU level diverting the attention of policymakers from less glamorous, though arduous domestic reforms to enable capacity-building.

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The Theory of Political Monetary (Dis)Integration; A Minority Report from the Perspective of Austrian Economics

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Abstract:** *The issue of monetary disintegration gains an increasing place in the interest of political economists and policy makers alike. Until recently, the process through which two states that previously shared a common currency decide to abandon it and choose national currencies instead was a marginal and accidental event in history. It was met in the case of political disintegration of state constructions such as Czechoslovakia, Soviet Union or Yugoslavia, typically built through military aggression and experiencing widespread economic planning. Today, world may experience another type of monetary disintegration. In this case, it is the result of a deep economic crisis affecting the democratic process of integration in Western Europe. The difficulties experienced by some of the member states of the Euro-zone as well as the debate around the correct path towards solving them has raised the scenario that at least some of these countries will abandon their membership of the European Monetary System. The hallmark characteristic of these states is their open and predominantly market-oriented economies. Their return to a planned economy as well as complete autarchy from the rest of the global and regional economy is highly improbable. But they have also a monetary system based on political money and massive wealth redistribution is possible through the monetary mechanism.*

Keywords: money, integration, European Union, monetary competition

JEL code: E42, G01, P22

The debate on the nature of money is one of the most challenging and controversial issues in political economy. According to Ludwig von Mises, the core issue in monetary economics lies in the explanation of the formation and dynamics of the purchasing power of the monetary unit: *“the central element in the economic problem of money is the objective exchange value of money, popularly called its purchasing power. This is the necessary starting point of all discussion”* (Mises, 1981, p. 117). All other issues are derivative or formalistic.

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The fundamental controversy in this field of study is determined by the fact that monetary economists are divided between what could be called realists and nominalists. The first category considers that money is a market phenomenon which was appropriated and manipulated by the state. They do not ignore the legal dimension of state regulations but argue that the reality of the economic processes is a result of independent laws that shape them. The state cannot fix by decree the purchasing power of the monetary unit as this is a result of the interplay between demand and supply for money of all the users of that currency in a society. The second category considers that money is a state phenomenon, established and defined exclusively by political authority. The state could manipulate the money supply as it sees fit. According to Mises, however, *“the nominalistic monetary theories of the present day are, characterized by their inability to contribute a single word toward the solution of the chief problem of monetary theory ... namely, that of explaining the exchange ratios between money and other economic goods. For their authors, the economic problem of value and prices simply does not exist”* (Mises, 1981, p. 77).

In this paper, we opt for a realistic perspective on the monetary phenomenon and employ principles advanced by Austrian economics to scrutinize the challenging processes of monetary integration and disintegration. We differentiate between *market monetary integration* and *political monetary integration*. In the first case, we consider a realistic and economic process of monetary integration, undergone in a free market. In the second case, we identify political monetary integration as a political process designed by states.

We define the political monetary integration as a process through which two or more states decide to adopt the same currency as a legal tender. By contrary, monetary disintegration is a process through which one or more states decide to abandon a previously common currency and adopt different currencies from that moment on. Monetary disintegration is a process that could take different forms, such as the scenario that only one of the societies establishes a new currency and the other keeps the old one or each one of them adopts a new currency. Each of these scenarios has its own challenges and details. But a paramount theory of monetary disintegration should not only attempt to explain the dynamics of the purchasing power of the new currencies but also the transfer of wealth between the two societies in the moment of disintegration.

What is money? The monetary integration on a free market

According to Austrian economists, money is an economic good that performs the function of a medium of exchange. Whenever there are more than two individual who want to engage in market exchanges and there are more than two goods that are consumed in society, the possibility of the so-called indirect exchange arises. That is, at least one individual will engage in market exchanges in order to buy goods not for direct and immediate consumption but for paying later for other (anticipated to be more desired at that moment) goods. As an economy develops and the range of goods and the involvement of individuals composing that particular society increase, the need for media of exchange grows.

The choice by market participants of a good as a medium of exchange derives from its inner physical qualities. Several economists in the history of economic thought have noted that these qualities should satisfy the condition of the so-called *„marketability”*: high value per unit of quantity, divisibility, physical durability, homogeneity, easiness of transport and conservation

and so on. Societies have experienced different forms of money until they discovered and choose the qualities of precious metals like gold and silver.

On a free market, the social drive towards a single medium of exchange should be unstoppable as the benefits of choosing the same good as money are significant. Ludwig von Mises called it "*monetary unification*": "*the simultaneous use of several kinds of money involves so many disadvantages and so complicates the technique of exchange that the endeavor to unify the monetary system would certainly have been made in any case*" (Mises, 1981, p. 46). Even if individuals do not value directly a particular medium of exchange in the condition of a monetary competition, they will choose to hold in their cash balances the most frequently used such medium. They will accept and value more such a medium of exchange that allows them the most value from their participation in the market.

In consequence, as the political barriers between societies fall, the market participants will most probably choose a single medium of exchange that allows them the participation in the entire market that is open to them, be it local, regional or global. On a free market, the monetary competition will most probably lead to the choice for a single medium of exchange: "*Economic history is the story of the gradual extension of the economic community beyond its original limits of the single household to embrace the nation and then the world ... It would not be possible for the final verdict to be pronounced until all the chief parts of the inhabited earth formed a single commercial area, for not until then would it be impossible for other nations with different monetary systems to join in and modify the international organization*" (Mises, 1981, p. 46).

On the other hand, individuals will always prefer not to risk holding all their cash in a single economic good. It is highly probable that, besides the good which will be the winner of the competition among media of exchanges, market participants will also hold at least a part of their cash holdings in another medium of exchange. They will attempt to diversify the risk of holding their savings. Historical experience has proven that even if gold could be qualified as the winner of the free market competition among the media of exchange, silver has always played a second but important role. So the existence of multiple media of exchange is also a manifest phenomenon of a free and competitive market.

Monetary disintegration on a free market

The concept of monetary disintegration on a free market has a particular meaning. It cannot describe a process through which market participants decide to give up the use of a particular medium of exchange. The goods that play the function of media of exchange are not politically – and centrally – chosen by any political authority but by individuals concluding market contract (so in a "*politically*" decentralized way). Such a process could emerge as a result of the loss of characteristics of the good in question (such as, for example, a dramatic change in the physical supply – the good becomes too abundant and individuals do not perceive it any longer to be scarce), of the loss of its use in direct consumption (the invention of other methods of production that dramatically reduce the demand for its direct use) or the emergence of other economic goods that better perform the function of a medium of exchange.

But the process of monetary disintegration on a free market would less probably have a particular location or definite borders. Most probably, it wouldn't mean the physical disappearance of the good in question. As long as it keeps a value of use in direct or indirect

consumption (even if greatly reduced), any such good will remain in the value scales of the members of society and will be transacted on the market. Modification in the market context could lead to a revival of the interests of the market participants in its qualities.

Political money

Austrian school of economics argues that the present-day monetary system is a result of a historical process of abuse by the state of the monetary phenomenon. Even from ancient times, the sovereigns have attempted to monopolize the production of money due to the obvious benefits of controlling the quality and quantity of its supply. The process of monopolization most probably started as a certification of the content of gold in coins and later implied also coin production. The first signs and symbols on coins were most probably forms of branding by money producers. The monopoly of production allowed however the first forms of manipulation such as debasement (the reduction of the gold content of the monetary unit). Later on, the emergence of banknotes (as certificates of deposits of gold in banks) and of the financial depository institutions allowed them, through a strict control of the banking system, the manipulation of the money supply.

The complete nationalization of money by the state occurred through the process of cutting the relation between the issuance of banknotes and the quantity of gold in bank coffers. Today, the world witnesses a monetary system where the money supply is fundamentally a political decision. It is called "*fiat*" money. It doesn't have any connection with the reality of scarcity. A central bank could decide to inflate the money supply almost to infinite, as modern experiences such as Interwar Germany and contemporary Zimbabwe (before 2008) witness.

The monopoly of money production is paired with the interdiction of the use of other media of exchange. It is the legislation of "*legal tender*" which prevents monetary competition from other media of exchange that could emerge by private contracts. The state imposes to its subjects the use of a single legally recognized medium of exchange not only in their relations with state authorities but also in their private dealings.

Social redistribution through inflation

The purchasing power of the monetary unit is given by the mechanism of supply and demand for money. Anytime when an individual wants to sell a good on the market, he is demanding money. Anytime he buys a good on the market, he supplies money. So the monetary unit has its own "price", expressed in the physical units of all other goods in society that could buy such a monetary unit. While any unit of a non-monetary good has a money price, a monetary unit has a price in almost infinite number of non-monetary goods.

As monetary economists have argued, any quantity of money allows the performance of the function of medium of exchange. But it does not mean that the manipulation of the quantity of money in society (the money supply) does not have consequences. By contrary, it is one of the most distorting economic phenomena. As opposed to other forms of state intervention, monetary intervention affects all individuals in society who use the legal medium of exchange. In fact, any increase in the money supply will determine an unequal rise in prices of at least certain goods. This is the phenomenon of inflation, that is, the decrease in the purchasing power of the monetary unit determined by an increase in the aggregate money supply.

Inflation could also occur on a free market when, for example, the physical supply of the commodity previously chosen by market participants led to an increase in its available stock. But in the case of commodity money, such an increase in supply is fundamentally restricted at least by the costs of production, not to speak of the natural limitation of the deposits of the physical resource in question.

In the case of political money however, there is no restriction in the possible increase of their supply. Because money as defined under the contemporary systems does not have a physical existence (the largest part of the contemporary money supply consists in “electronic” deposits), the increase in their supply may be potentially unlimited. So the purchasing power of the monetary units could reach, in practical terms, zero. In this scenario, any money will cease to perform any function.

Such a discussion of the dynamics of the purchasing power of the monetary unit also has a social dimension. As several economists have noted, any increase in money supply in society (the “new” stock of money) does not enter the society in a “neutral” way. Individuals value the monetary unit according to their personal assessment related to the previous purchasing power of the monetary unit. Mises calls this the “*regression theorem*” and states that the purchasing power of the monetary unit today is a result of the purchasing power of the monetary unit yesterday, adjusted to the dynamics of the supply and demand mechanism of today. Each time that a new supply of money enters the monetary system, those who get it first will use it based largely on the expectations of the rest of society regarding the past purchasing power of the monetary unit. In accordance, the “new” stocks of money (especially of those that does not have a cost of production so they are not scarce) will be valued according to the purchasing power of the “old” stock of monetary units. Individuals cannot differentiate between “old” and “new” stocks of money.

In conclusion, the expansion of the money supply in a system based on political money has a significant redistributive impact. All those who hold positive cash balances of “old” stock of money will experience a reduction in the purchasing power of their hoards as the “new” stock of money enters the economic system. The same impact is on the “*money at maturity*”, that is, on the purchasing power of nominally fixed rights and obligations. Monetary expansion will reduce the value of all claims denominated in the currency in question (the creditors will be poorer) while also reducing the value of all debts denominated in the same currency (the debtors will be richer because they will pay less).

Monetary integration under a system of political money

While the drive towards a single currency is a manifest phenomenon of the free market (under a commodity money system), a similar drive can be noticed also in the case of a monetary system based on political money. However, several economists (Hulsmann, 1997, p. 81) have argued that such a trend is caused by fundamentally different factors. Under a system with at least two states, each with its own political money, a process of monetary competition emerges which resembles – but it is not similar in nature – with the monetary competition on a free market. What is common however is that individuals in both societies will look for the currency which is most frequently used and which they anticipate will keep (or increase) its purchasing power in the foreseeable future. In fact, the outcome of the process

of monetary competition under a system of political money will be fundamentally determined by the difference between the inflation rates and their foreseeability in the near future.

For two states that enforce a system of complete autarchy, the members of their societies do not have the option to choose among the two currencies. But the fact that individuals, under a system of relative freedom of trade and foreign exchange, will choose to hold their cash balances in the most stable and less prone to inflation currency will act somehow as a restriction in the path of a government that wants to inflate the money supply. This is what the classical "*Gresham Law*" states.

Monetary competition can have a dramatic impact on the more inflationary state. The choice of even its own citizens for holding their cash balances as well as contract money in other currencies will deprive this state of its monopoly of money production. The state that ignores the reaction of market participants in what regards the manipulation of its own money will end up in bankruptcy.

In consequence, several observers noticed that there is a strong incentive for such a state to politically pressure the other state to engage in a coordinated increase in money supply. Hulsmann points that "*This is the mechanism at work that incites political unification in modern democracies. The driving force is the necessity and the will of governments to extend their power, and to survive in times of crisis. This force leads to political unification, because bankrupt and not-yet-bankrupt governments have a common interest in bargaining financial assistance against political influence*" (Hulsmann, 1997, p. 92). In this sense, monetary cooperation is a mechanism that fundamentally prevents the system of monetary competition and, indirectly, political competition. Such a monetary cooperation could take several forms, from an agreement of holding a fixed exchange rate system to the adoption of a common currency.

A common currency adopted by two states under a system of political money does not generate the same incentives as a single currency adopted by the free markets under a system of commodity money. The wrong incentives in the first case materialize in the scenario that the two states will engage in a dramatic process of inflation of the money supply. In this scenario, the members of the two societies will lose their ability to arbitrate and choose another, sounder, currency.

Fundamentally, a monetary system of two currencies with a fixed rate of exchange allows a coordinated expansion of money supply. However, as long as the two governments will remain autonomous, there is also the possibility of cheating. In this case, the government will inflate more the money supply (A) will determine costs for the government which inflates less (B). On the one hand, the Gresham Law confirm us that individuals will begin to hold their cash balances in the sounder currency (B) so the prices in that particular society – denominated in the sounder currency – will experience a deflationary process and the currency will be artificially "*in shortage*". While deflation is not a problem by itself, the fixed foreign exchange rate will cause a widespread export of goods from society B to society A. In consequence, we will witness a process of welfare redistribution from society B (whose goods are artificially undervalued) to society A (where goods are artificially overvalued). In the end, the government B will be obliged to inflate at the same rate the money supply as government A. The loser under such a system is the government that inflates less and later.

The single currency under a system of political money: case 1 (the adoption of an existing currency)

Two countries could adopt a single currency in fundamentally two ways. They may decide, on the one hand, to adopt the currency of one of them as a common currency (see the political unification of Western and Eastern Germany and the adoption of the Deutsche mark as a common currency) or, on the other hand, exchange their currencies for a new, common currency (the case of the adoption of the euro by 11 members of the European Union).

In the first case, the state that supplies the common currency has to accommodate the new demand for money either from the existing stock (in this case, it will have to “buy” the necessary money stock for the conversion and determine a deflationary pressure on its domestic prices) or from the issuance of a new stock of money. In this second case, it will inflate through one shot the existing money supply to accommodate the demand for money of the citizens of the other state. Such a process is somehow unacceptable for the political elite of the second state as it will gain nothing from and could not control the redistribution of such a process.

In the case of German reunification, as a result of the existence of a planned economy in the German Democratic Republic (GDR) as well as the lack of any kind of market for foreign exchange between the two currencies, the Federal Republic of Germany (FRG) decided to quantitatively limit the quantity of money that GDR citizens could exchange: „A 1M:1DM rate was applied to East German wages, salaries, rents, leases and pensions. Savings accounts of GDR citizens were converted at a 1M:1DM rate up to a limit of M 4,000 for persons between 15 and 59 years of age. The corresponding limit was M 6,000 for older persons and M 2,000 for younger persons. A 2M:1DM rate was used to convert all other financial assets and liabilities of GDR residents. Mark assets held by individuals who live outside the GDR were converted at a 3M:1DM rate” (Bofinger, 1990, p. 17). The statement of Peter Bofinger that „it is not easy to assess the relative per capita incomes of the two Germanys. The GDR’s administratively set domestic prices and exchange rates do not accurately reflect its economic conditions; consequently, official data, when available, must be treated with skepticism” is obviously a big understatement of the reality that there were no possible comparisons of the absolute and relative prices between the two economies. GDR was a planned economy while FRG was a predominantly market economy.

German monetary integration was purely and simply a gift of the FRG (in fact, of its citizens) towards the GDR’s citizens. As Mises stated elsewhere, „in a socialist commonwealth which, whilst it need not of necessity dispense with money altogether, yet finds it impossible to use money as an expression of the price of the factors of production (including labor), money can play no role in economic calculation” (Mises, 1990, p. 15). It is practically impossible to ascertain a real exchange rate between the two marks so any rate adopted was a political decision of FRG in order to win the support of GDR citizens for the reunification.

Less difficult seems to be the integration of two countries with relatively open economies where there is some degree of freedom on the foreign exchange market. Political authorities of the two states may take the rate of exchange between their currencies from the money market and used it for conversion. In consequence, the authorities from the state that supplies the common currency will issue a new money stock that will cover the existing stock of the “disappearing” currency and denominate the prices of the two economies in the single common currency. However, this process does raise its own challenges.

There is always a limit in the relevance of market prices for the value of economic goods in a society. However free a foreign exchange market could be, it does not capture but the demand and supply for one currency denominated in the other currency at one moment, under the prevailing market circumstances. In consequence, such foreign exchange markets cannot capture the demand and supply of the populations for non-monetary economic goods as well as the demand and supply for other currencies (and, in consequence, for non-monetary goods denominated in such foreign currencies). If, for example, we use such a principle for the monetary integration between two open economies (A and B) where A is a relatively a less monetary economy (barter and autarchic production are still widespread) or/and its international economic relations are oriented towards other countries than B, the relatively free exchange rate between the currencies of A and B could significantly misrepresent the value of the domestic currency (its purchasing power) of such a state.

The money price of corn in a particular local market is relevant only for those who engage in market transactions with corn in that particular market. For those who hold stocks of corn or want to participate in other local markets (or engage in market transactions denominated in other currencies), such a local money price is somehow irrelevant. Obviously, there is the possibility of arbitration but without some clues related to the future, there would be no speculation. The forced conversion of their stocks of goods at that particular market price may generate a massive wealth transfer (most probably negative).

The single currency under a system of political money: case 2 (the issuance of a new common currency)

The process through which two countries decide to abandon their existing currencies in favour of the adoption of a new currency seems to be just similar to the above-mentioned case. In other words, taking the existing market exchange ratio between the two currencies, we take the resulting single currency and redenominate it under a new name. If, for example, the market exchange ratio between currencies A and B is 1:2 (2 units of B equal 1 unit of A), we may exchange one unit of currency A for 2 unit of currency C and one unit of currency B for 1 units of currency C.

But a further problem could arise, a problem derived from the moral hazard. Suppose that B is an industrial developed economy while A is a pastoral underdeveloped economy. If the two countries decide to adopt a new single currency, each one of them will be exposed to the risk that the other will bring from nowhere (newly issued) stocks of its own currency in order to exchange it at the then already fixed exchange ratio. That is, such a government could use the moment of monetary integration as an opportunity to inflate and use the adopted fixed conversion rate in order to extract wealth from the other country.

In order to avoid such a scenario, the governments of the countries that adopt a monetary union may decide also how much money supply to exchange from each of the two or more currencies. This was, for example, the case of the adoption of the euro. Euro was preceded by ECU, the European Currency of Account. The value of ECU was calculated as a basket of currencies, weighted by what has been called their role in the economy of the European Common Market. Such an explicit weighting system (based on the size of the Gross Domestic Product, the size of the intra-community trade and so on) seems to be only a mechanism to prevent the moral hazard described above and not of a real economic significance. At the

moment of the adoption of the new currency, the weights would have been implicitly taken into consideration.

Monetary disintegration under a system of political money

The monetary disintegration would seem at first sight a simple process of reversal to the pre-integration stage. The challenges to such a process may prove however extraordinary. Monetary disintegration could be "*the equivalent of unscrambling an omelette*" (Bootle, 2012, p. 6).

In the first instance, the two states may allow all of their citizens to freely exchange their cash holdings into the new currencies. Under the assumption of a monetary system based on political money, individuals will most probably choose to hold the largest part of their cash holdings into the currency they will anticipate will keep its purchasing power more stable. In that case, in the currency of the state that will inflate less.

But neither government will easily accept the re-emergence of the monetary competition among its domestic and other foreign currencies. In fact, the political decision to disintegrate was most probable taken because political authorities didn't accept the lack of the tool of the monetary inflation. So we could speculate that even from the start the rates of inflation would be different. All governments under a system of political money will prefer the imposition of their own currency onto their citizens. Otherwise, the arbitrage among market participants will deprive it of the tool of inflationary monetary policy. Most probable, governments will impose its own new currency unto its citizens and residents through "*legal tender*" legislation. In practical terms, any cash balance held in a domestic financial depository institution will be exchanged against the new currency and the use of the old currency strictly forbidden.

Obviously, the government that adopts a new currency will have to provide an exchange ratio of the old currency against the new. Due to existence of political money both before and after the monetary secession in both the monetary union and the state who abandons it, there is no criterion to decide which should be such a ratio. In the case of a gold standard, such a decision would have been related to the content of gold. The case of a country that decides to adopt the gold standard is not the object of the present paper.

The transfer of cash deposits in both currencies in both directions (in and out the country) should be no problem for any government as economic theory argues, as we have already mentioned, that any stock of money can perform the function of media of exchange. The flight of cash abroad cannot but induce a deflationary trend in the domestic economy that, ultimately, cannot but stimulate foreign trade and direct investments. In this discussion, we ignore the problem of the stock of capital and the impact of the flight of savings abroad. From the narrower perspective of the purchasing power of money, any government should allow such a rapid adjustment to the new monetary reality. Moreover, such an exodus of cash deposits abroad, depending on the relative size of the two countries, will put a pressure on the general level of prices in the country that keeps the old currency.

If the two states decide to keep their economies open to flows of trade in consumer goods and factors of production as well as a free foreign exchange market, the market participants will adapt to the new economic environment. No wealth transfers could be anticipated. As the stock of money under a system of political money does not bring wealth by itself, the challenge derives from the dynamics of the purchasing power of the two currencies from that

moment on. And we may witness two situations: the state that abandons the monetary union is expected to engage in massive inflationist policies (the so-called “Greek-exit”) or, by contrary, is expected to engage in strictly conservative policies (the so-called “German-exit”). Obviously, the metaphors are just contextual and speculative.

Any government that engages in inflationary monetary policies has, at some moment, to introduce further regulations that will attempt to prevent some of the manifest negative effects of such policies. The most probable are those related to the foreign exchange market or/and capital controls. As a higher inflation would lead to a fall in the purchasing power of the domestic monetary unit and the depreciation of the foreign exchange rate, governments usually attempt to hide it from the population through foreign exchange controls (that will obviously overvalue the domestic currency) or capital controls (that will prevent the flight of domestic capital abroad but also the “speculative” investments). At such a moment, such a government engages on the path of ruin as the entire economic calculation in the domestic economy will be cut off from the rest of the world. It is precisely the route to the system of the German Democratic Republic.

Moreover, the so-called “impossible trinity” may again be put into motion. Independent budgetary policies (and deficits), together with free capital flows and fixed exchange rate ratios are impossible and unsustainable to hold together. In fact, we may read it in other form: independent inflationary policies are incompatible with fixed exchange ratios. If a government allows market participants to arbitrate it, it will find ruin so the need for capital controls, from the perspective of such a government, is compulsory. But it should be obvious that the escape from the impossible trinity does not lie in capital controls (the preferred route for supporters of state intervention) but in controlling the budgetary equilibrium and the rate of inflation.

Historical experiences in the case of monetary disintegration are not too relevant. Either they occurred in the age of golden standard (before World War One) when the route to another commodity money was easy. If a government changes the golden content of the monetary unit, it apparently introduces other money while the real medium of exchange remains gold. Other cases such as Czechoslovakia, Soviet Union or Yugoslavia occurred in planned economies and neither is relevant for the present and the foreseeable future.

Conclusions

In this paper, we attempted to explore the potential routes for monetary disintegration or, in other words, the scenario when a state abandons a monetary union and adopts a new fiat currency. We attempted to demonstrate that monetary disintegration does not bring to such a government the “liberty” to inflate the new money supply. Monetary disintegration brings back the process of monetary competition which, under a system of relatively open market economies, could not be easily manipulated. A “successful” monetary disintegration, from the perspective of such a government, cannot result but in an introduction of a predominantly planned economy, cut off from the rest of the flows of trade and finance. It is the surest path towards poverty.

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The United States of Europe: A Conceptual Assessment

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Abstract: *The paper aims to analyze the concept of United States of Europe from the point of view of previous historical attempts to unite the European state entities as well as from the point of view of a comparative analysis with the United States of America. In order to establish a very clear framework of analysis from the very beginning some possible errors of reasoning are presented. As result of the analysis, the conclusion is that a true European federation of states is very unlikely to materialize in the foreseeable future while some elements of a federal construction are still possible. Another conclusion is that a partial federal construction is not effective; on the contrary, it is prone to generate disequilibria.*

Keywords: *United States of Europe, European unification, European administration, European federation*

JEL classification: *F01, F02, F15, F53*

The context of discussion

The idea of a United States of Europe is so vast and generous that it can be tackled in myriad of ways. The present paper aims to have a historical, sociological and pragmatic approach. That is, to look at this idea from a scientific point of view, trying to assess the context, the chances of materialization and the implications. In order to better explain the approach of this paper, we consider that we really want to start building the United States of Europe and the first step is to search for previous attempts for the unification of European state entities (if any), then we determine what a true federation of states would imply and finally we try to assess if we have today the minimum required elements to successfully finalize such a project.

Before anything else, let us warn the reader on the risk of some fallacies (errors of reasoning) when discussing such a subject: a) one fallacy is that of ignoring the question, in this case the question being “What is a federation, what are the prerequisites and which are the implications?” b) another fallacy is that of bandwagoning, that is if everybody agrees (in our case, as there are so many talks about and supporters of the United States of Europe) how can one put the concept under a big question mark?; c) yet another fallacy is that of the false dilemma (one is either in favour or against the United States of Europe).

And in case of the inevitable comparison with the United States of America, a comparison which is often made by scholars and media alike, one fallacy to be avoided is that of the

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selective use of facts or the false analogy. This list is far from complete and, given the broad content of the United States of Europe concept, all fallacies in the book are likely to occur¹.

The author of this paper states from the beginning that he is neutral and tries to scientifically analyze the concept of the United States of Europe. After reading a lot of reactions that followed the statement on this subject by the president of the European Commission in September 2012², two broad and contradictory approaches could be identified. I have to confess that, although it may seem initially paradoxical, with certain clarifications, I admit that I agree to both of them.

One approach starts from a clean board and argues that a federation of states would allow for the most effective and efficient use of resources, not to mention the coherence that a federal state would bring to the use of a single currency. I have to say that if we discuss the subject in a laboratory, that is in pure theory, with no strings attached, with controlled inputs and rational behaviour of people and governments, I fully agree to such an approach. Under such ideal circumstances it is indeed the perfect solution. But in reality there are no such circumstances.

What happens when perfect solutions are applied to an imperfect world can be easily seen when we compare the requirements of an optimum currency area to the realities in which the provisions regarding the convergence criteria from the Maastricht Treaty were applied. Was it a mistake that the single currency was issued before having an optimum currency area? There is no clear answer to this question. Truth is a very elusive element. If the decision makers of the European Union were to wait for the conditions required by the optimum currency area, most probably the euro would not have been issued. What is better? To have a single currency with a lot of problems or no problems and no single currency? Again there is no clear answer to this question.

The other approach starts from reality, not from theory and states that, given the historical, cultural, social, economic and political roots of the European states and communities a federation in the sense of a federal state is not possible and, even if it became a possibility, the consequences of such a construction would be terrible and it would not last.

It is interesting to mention that both approaches use as a reference or term of comparison a real life federation, namely the United States of America. But while the first approach hand picks certain characteristics of the American federation to support the idea, the second one looks at the whole picture. And by looking at the whole picture this approach points to the fundamental differences between the real United States of America and the hypothetical United States of Europe.

In the following pages we are going to analyze these two approaches and draw some conclusions regarding the feasibility of the proposed concept.

A few history facts: From King Charlemagne (Charles the Great) to European Union

Usually when speaking about the concept of United States of Europe, references are made to a discourse held by Winston Churchill on September 9, 1946 at the University of Zurich³ and/or, in the case of those who want a longer period of reference, to a statement made by Victor Hugo at the International Peace Congress held in Paris in 1849. In reality, the number of

¹ <http://yourlogicalfallacys.com/poster>

² José Manuel Durão Barroso, State of the Union 2012 Address, Plenary Session of the European Parliament/Strasbourg, 12 September 2012, SPEECH/12/596

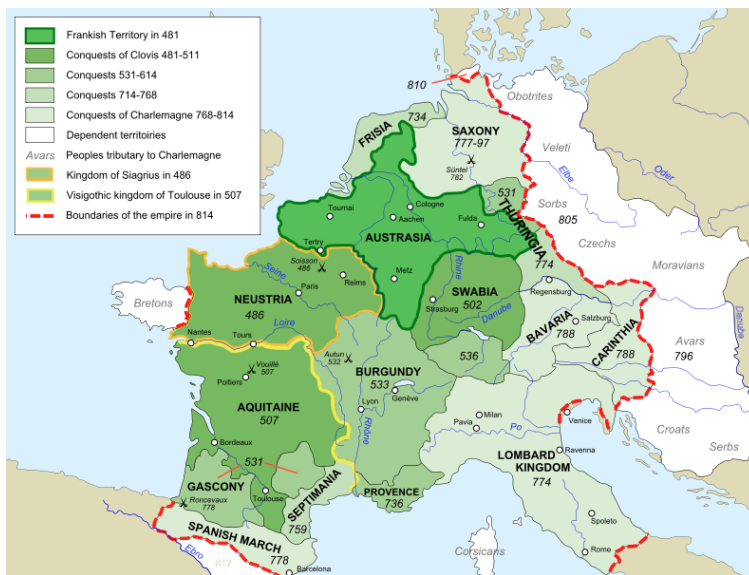
³ Churchill Winston, Churchill Speaks, 1897-1963: Collected Speeches in Peace and War. Barnes and Noble, 1998.

those that implicitly or explicitly thought or made references to such a concept is much larger and the time frame is much wider, starting at least from the 15th century. Among the famous men who used the concept we can mention George Washington, Napoleon Bonaparte, Aristide Brian and John Maynard Keynes.

From a real life point of view, the socio-economic and political entities of Europe were united on several occasions, albeit for relatively short periods of time on the scale of history, of course each time with a different geographical coverage and with different rules of functioning. From this point of view, for Romanians interested in history there is a relatively good comparison of these historical attempts to unite Europe with the short lived union in 1600 of the three Romanian states during the reign of Mihai Viteazul (Michael the Brave) (1558 – 1601).

In the case of Europe, the first such occasion was when King Charlemagne or Charles the Great (742 – 814), the founder of the Carolingian dynasty, succeeded to reunite (even as a loose union) under the same empire most of the Western Europe of today (that is most of today's Italy, Austria and Germany and the whole of today's France, Belgium, Netherlands, Luxembourg and Switzerland) as well as a large part of Central Europe – Figure 1.

Figure 1. Frankish Empire 481 – 814



Source: Shepherd, William, Historical Atlas, Henry Holt and Company, New York, 1911 cited according to Wikimedia Commons

Centuries later, the second occasion for the unification of Europe came when Napoleon (1769 – 1821) succeeded to unite most of today's Western and Central Europe under his direct or indirect control during the Napoleonic Empire (1804 – 1814).

Figure 2. Map of Europe in 1810 and the power of Napoleon



Source: United States Military Academy, Department of History

Leaving aside the military part, the Napoleonic Empire has had a much more significant impact on the modern (Western) European culture and administration due to such legacies as the Napoleonic Code (Civil Code) and the metric system.

Much closer to our times, in the 20th century, during the Second World War, most of Europe was for a short period of time under a single German administration. Although this third situation refers to a war period, its significance for today's Europe and of course for the European Union is very substantial.

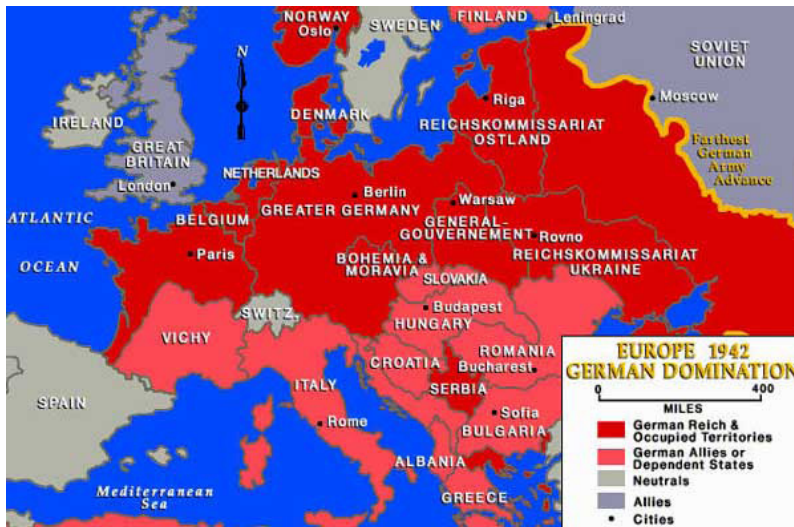
After the end of the second World War, it was particularly for the avoidance, in the future, of any such terrible human tragedies that the European Coal and Steel Community was announced on May 9, 1950 (a date which later became Europe Day) and then officially established by the Treaty of Paris in 1951.

It is also with reference to the establishment of the European Coal and Steel Community that in October 2012, the European Union has been granted the Nobel Prize for Peace in recognition of over 60 years of peace, reconciliation, democracy and human rights in Europe and the implementation of peaceful mechanisms for settling the disputes among European states that transformed Europe from a continent of war into a continent of peace⁴.

As of 2012 we witness a particular organization (the European Union) that represents the most advanced form of economic integration known in the world economy, an organization that reunites 27 member states (and from July 1, 2013 after the accession of Croatia, there will be 28 member states).

⁴ The Nobel Peace Prize 2012, http://www.nobelprize.org/nobel_prizes/peace/laureates/2012/press.html

Figure 3. German occupied Europe 1942



Source: U.S. Holocaust Memorial Museum

The European Union reunites most of Europe and has an advanced level of integration and interconnection among its Member States. And if we take into account its close ties (through the European Economic Area) with the European Free Trade Agreement⁵, the other European economic integration organization, we can say without mistaking that the European Union is covering almost the whole Europe.

In its more than half century long history the European Union and its predecessors achieved a lot both from the point of view of enlargement (from 6 to 27 and soon 28 members) and from the point of view of deepening the integration (by such results as a number of common policies, the existence and enforcement of community legislation and the single currency for 17 of its members).

And yet, despite these impressive results the European Union is confronted with a persistent crisis that started in 2008 and with a structural crisis that has been acknowledged earlier, at least with the launch of the Lisbon Agenda, back in 2000. The need to reform has been re-acknowledged with the launch of the Europe 2020 Strategy as both documents speak in fact about Europe’s need to avoid being surpassed by more dynamic economies.

Facts are clear and simple and Europeans do understand their significance: at the beginning of the 20th century, Europe (without Russia) accounted for about 40 % of the World Gross Product. In 2010 Europe’s share was about 25 % and in 2050 it is going to be 15 %⁶.

The meaning of these changes is clear: the world economy is changing, it is relocating its centre of gravity towards the Pacific area and development is something that happens somewhere outside Europe. In 2012 the 21 members of the APEC – Asia Pacific Economic

⁵ That still has only four member countries: Liechtenstein, Iceland, Norway and Switzerland.

⁶ Global Europe 2050, European Commission, Directorate-General for Research and Innovation, Directorate B – European Research Area, Unit B.5. – Social Sciences and Humanities, 2012

Cooperation Forum made up already 40 % of the world population, 54 % of the World Gross Product and 44 % of the international trade⁷.

Figure 4. European Union with 27 member states in 2012



Source: World Fact book 2011, cited according to Wikimedia Commons.

If we add to this a severe crisis related to the single currency area (Euro zone) and the demographic problem (Europe is becoming older and with a negative growth rate in many European countries) then we have the full picture of the current less than ideal situation of this organization.

It is in this context that the President of the European Commission, Mr. José Manuel Durão Barroso, mentioned in the State of the European Union message of September, 2012 the goal of establishing the United States of Europe as a federation of nation states. Immediately after the statement there were people that supported it without question. And there were also people to have doubts or at least questions. What we try is to assess the possibility and the implications of such a proposal.

⁷ Danny Quah, *The Global Economy's Shifting Centre of Gravity*, Global Policy, London School of Economics, Volume 2, Issue 1, January 2011

The re-emergence of the idea of a United States of Europe

If we are to simplify things, the economic crisis that became manifest in 2008 revealed some shortcomings and missing links of the European construction, particularly the impossibility to have a common currency and different fiscal policies. Some EU Member States (particularly Greece, but also Spain, Portugal, Ireland or Italy) have had severe debt problems and the European decision makers have been confronted with a “too big to fail” dilemma: to let some countries (at least Greece) out of the Euro zone mechanism and put the whole project under a question mark or to underwrite (mainly by Germany) the debts of the mentioned countries that are worth about a 1000 billion dollars?

As the first theoretical option has been considered a no real life option, the second option raised **two issues: the first** was how to make the whole deal acceptable for Germany.

If Germany is to come to the rescue then Germany needs some guarantees and safeguards that the countries in need today would be able someday to repay the debts. These guarantees and safeguards took the form of a proposal regarding the transfer of the control over budgets and fiscal policies to a central Euro zone authority. **The second** issue was how to avoid in the future any such situations. A central Euro zone authority was again the answer.

From a logical point of view all is clear. In order to avoid further disequilibria in the economies of the EU Member States, a centrally coordinated mechanism should be established to monitor the balance of macroeconomic indicators and to correlate the national policies with national and community financial balances. Again, if we are at a clean board and we are looking for a solution without any constraints then the centrally coordinated mechanism is the solution.

But from a practical point of view, this solution raises from the start a number of severe problems. First and foremost is the “F” (Federalism) word. Since the beginning of the discussions on European integration, federalism was in the back of the minds of everybody (supporters and opponents alike) but never mentioned or always packed in an inoffensive manner⁸.

The wide rejection of federalism has a lot of explanations. Some of them are simple, clear and open. A central Euro zone authority would decide upon taxation, spending, pensions and labour policies. But this is all fine as long as the member states have a similar level of development. In cases where they don't (as it is in fact the situation, with countries like Romania having about 40 % of the average income per habitant of the European Union), then which is the appropriate level of taxation and spending and which are the appropriate social security and labor policies ? Should we use the existing German levels and policies or those from Romania? Are the same policies appropriate for Germany (a developed country) and for Romania (mainly a developing country) as well? Definitely not!

And here we go back to *economic integration 101*⁹, which says that there are two prerequisites for a successful economic integration: a) a similar level of economic development; and b) a wide popular support in favour of economic integration in the respective countries.

It is clear that a number of the current member states of the European Union did not satisfy the first prerequisite at the moment of their accession (and for that matter, nor do they satisfy

⁸ Kalyps Nicolaidis, Robert Howse (editors), *Legitimacy and Levels of Governance in the United States and the European Union*, Oxford University Press, 2001

⁹ For those not familiar with the expression, “Something 101” is the very basic entry level information that everybody is supposed to have learned long ago. See www.answerbag.com

that prerequisite many years on from the accession). As long as we do not have similar levels of development it is impossible to apply the same policies and obtain positive results for all parties involved.

If we accept the “original sin” of not observing the first prerequisite, then the only solution would be to have different policies for different member states at least until they have the mentioned similar level of development.

But who guarantees that the respective states would apply the differentiated and feasible policies that would allow for their nominal convergence? Under the current circumstances, nobody can guarantee that. In a hypothetical laboratory solution, a central authority would be necessary to prescribe the right policy for the right member state, but unfortunately such a solution is not envisaged and it is not part of the current debate.

Federalism at an European level is also often rejected for a lot of other reasons: historical reasons, pragmatic reasons (like the huge physical difference among certain member states, compare for instance Malta and Germany), and personal and group interest reasons (can anyone name a European country where the politicians would happily transfer their authority over budgets to a distant central authority?)

Another important observation refers to the often mentioned deficit of democracy¹⁰. The transfer of authority to a central Euro zone authority would make it even less appealing for citizens to vote for member state level local elections (that is general national elections) who apparently or directly will have much less to say on essential day to day issues.

The deficit of democracy can increase substantially in case the central Euro zone authority will be the European Commission or the European Central Bank or a similar institution for the simple reason that the managers/leaders of such institutions are not elected by the general public. And what happens if such a central Euro zone authority makes a wrong decision albeit having the best intentions. Please remember that having the best intentions is not a perfect safeguard against making mistakes. What will be the system of checks and balances that will provide a feedback for correcting accidental mistakes?

Of course, we can imagine ways to circumvent these issues: to have more involved European citizens that are ready to voice their say, to use Internet voting and Internet based referenda, to allow for a more diversified materialization of the subsidiarity principle, etc. But all these are things that require a profound change in mentality and the emergence of a true European (that is European wide accepted) culture. This is not something that can happen in a short time; this is a decade’s long process that may involve one or even two generations.

Why United States of Europe cannot be similar to the United States of America

This question is essential because many of the arguments in favour of a United States of Europe start from this analogy which can be easily proved as false. The false analogy is based more on the similarity of names than on anything else. In order to have a clearer picture let us have a look at some of the differences.

The United States of America is a country, a federation of states that started from zero on a new land. These states had a similar starting point (the American colonies) and reached in time a similar level of development. Their population was formed of people that came initially

¹⁰ Malav Parech, United States of Europe (with Germany on top), June 8, 2012, www.mumbaimirror.com

mostly from Europe and then from all across the globe, people that left everything behind and started a new life and used a single language as an effective means of communication.

The European countries have a very long history in some cases of millennia, specific to each country and they are here, on their home land with their ancestors, their habits, their culture and their languages. The fact that a majority of these European countries decided to be members of the same organization with some supra national elements is not enough to make that organization “a country”. This is why it is not statistically correct to speak about the European Union as an entity in various rankings as long as its corresponding numbers are the result of some arithmetic (Country A plus Country B plus Country C). If we apply this logic, Asia Pacific Economic Cooperation Forum is a much bigger player from many points of view (GDP, population, share in international trade, etc.).

In case of the United States of America there is one Constitution that allows for each state to decide upon local taxes, social issues (like abortion, gay marriage or death penalty), size and form of federal state government, etc. This provides also room for mobility as people may relocate from one federal state to another that corresponds best to their own values and beliefs¹¹. The essential point is that in a federation the sovereignty is divided not exclusively located at one level¹².

On the other hand, in the case of the European Union the fundamental idea was to have a supra national organization that recognizes the sovereignty of the member states. As for the future, the proposed European Union federal state aims to provide uniform regulations across all member states¹³. But the member states have different cultures, religions, values, habits, climate and also differ in a million other aspects of daily life. Is there such a thing as a true common denominator, a sort of “one size fits all” policy, regulation and form of administrative organization? I am not emphatically against such a thing, I just say that I do not see or imagine such a thing at all under the present circumstances.

The United States of America has a Treasury Department which manages the revenues and the Federal Reserve which acts as a central bank. There are no direct equivalents in the European Union and the member states do not seem at all willing to create such bodies¹⁴. The idea of monitoring the banks within the European Union by the European Bank Authority¹⁵ is definitely a step forward towards more banking coherence and effectiveness, but it is not a state like mechanism and it is not enough for having a federation.

¹¹ James Delingpole, Be afraid: German ex-chancellor demands United States of Europe, September 5, 2011, *The Telegraph*

¹² Tanja A. Börzel, Thomas Risse, *Who is Afraid of a European Federation? How to Constitutionalise a Multi-Level Governance System*, Jean Monnet Working Paper No.7/00, Symposium: Responses to Joschka Fischer, Harvard Law School, Cambridge, MA, USA, 2000

¹³ Alberto Martinelli (editor), *Transatlantic Divide - Comparing American and European Society*. Oxford University Press, 2007

¹⁴ Charles E. Boyle, *Will There Ever Be a United States of Europe?*, June 6, 2012, www.insurancejournal.com

¹⁵ Established by Regulation (EC) No. 1093/2010 of the European Parliament and of the Council of 24 November 2010 and entered into activity by January 1, 2011.

Conclusions

Globalization has generated a lot of economic dynamism and interconnection among the economies of the world. These developments generated over the last three decades new economic growth centres and prepared the field for new rankings and a new balance of power.

For the present and also for the coming decades Europe as a whole and the European Union in particular are no longer the engines of growth for the world economy. Despite serious attempts to recover in 2000 (by the launch of the Lisbon Agenda) and in 2010 (by the launch of the Europe 2020 Agenda) Europe is becoming slowly but surely a post-industrial, developed region of the world that enjoys its heritage and strives to preserve its living standard. The economic crisis that started on a large scale in 2008 clearly showed that not all parts of the globe were affected and that Europe has more structural problems than other parts of the world.

The severity of the European problems has determined more direct approaches and one of them refers to the establishment of a United States of Europe as an overall solution. While in theory this can be a really good solution, in practice, due to the existence of significant differences in the levels of development of European countries, due to historical, social and cultural differences it is not feasible to imagine a social and political model widely accepted by all.

Due to the debt issue, some countries (those having serious problems) may accept the proposal for establishing a United States of Europe together with the establishment of some form of central Euro zone authority joined by non-Euro members also. But the acceptance under such circumstances of the concept of United States of Europe is not something that one can rely on. And at the same time other countries that do not have such problems may see no reason to accept such a fundamental transfer of sovereignty. They may simply ask: "What is in it for me?"

If we go back to the beginning of this paper and look at the historical perspective we can see that the attempts to unite Europe by force failed. There remains only the political option for such a construction. But in order to succeed, the political forces of Europe have to start a one or two generations long process of designing a European model of federation, explaining it, being persuasive about it, testing it and going many times back to the drawing board. It is something to be done during the next 50 years.

Without starting such a half-century long process, the discussion, testing and implementation of the concept of the United States of Europe seems to be an utopia or it may even become a dystopia if only some partial components of the concept are implemented in an administrative manner without a true understanding and acceptance on the part of the peoples of Europe.

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Cultural Foundations of Autocracy and Their Amendment: What Can Higher Education Institutions Do?

Iulian Oneașcă*

Abstract: *The paper examines the foundations of the societies in Central Asia (CA) and their impact on politics, recalls similarities with Central and Eastern Europe (CEE), attempting to make recommendations for the societies' advancement. Firstly, I analyse the connections between cultural heritage and politics, introducing two pillar concepts, the societies' cultural and institutional foundations. They are discussed with a view to understanding and revealing the model of society ingrained in politics and materialised in CA societies. Then, I examine the social capital and the exercise of power, illustrate beneficial associations and trade-offs between culture(s) and politics. Shortages are exposed and opportunities and circumstances for conflicts revealed. I substantiate the contradictory impacts of the international arena; I tackle synergies and discuss means to combine influences between politics and cultures. Finally, I incorporate findings into policy terms. The rudiments of a working system to foster progress in CA are seen in developments of both individuals and their governance systems. Recommendations are made with regard to how Higher Education Institutions can dodge flawed cultural influences and amend autocracy. The issues of CA societies are addressed with a strong policy focus, making policy recommendations and aiming at rising debates.*

Keywords: *Central Asia, Model of Society, Politics, Change, Higher Education Institutions*

1. Autocracy

Politicians and researchers alike use various terms to describe the forms of state governance in Central Asia (CA), depending on their perspective. Despite nuances, there is a general agreement that Central Asian governances concentrate and centralize too much power, as compared to the western values. The systems may rely on conventional institutions or may just appear to do so. Their functioning, however, is problematic, expressing the will of one person. The consequence is that the peoples' fundamental freedoms are threatened and the societies' progress is constrained. At the same time, potential challengers cannot emerge democratically and a political alternative is generally denied.

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Authoritarian ruling in Central Asia is a living reality, deeply rooted in history. Its forms of manifestation varied over time, from the traditional khan and aksakal¹, to Soviet papasha and back. No Uncle Sam type of ruling is at horizon yet. The transition from a totalitarian regime towards a form of western democracy, adapted to Asian social order, takes time.

The elite's domination is widespread in Central Asia and proves to be a persistent phenomenon. It is owed to limited social development and fragmentation of societies. The late states formation and inland borders also contributed. With the collapse of the Soviet Union in 1991, the republics of Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan obtained their independence for the first time in history (Krumm, 2007). By that time, systems based on clan patronage, kinship and social cult of the aksakal were adjusted and found their place in structures of national nomenclature (Morozova, 2004). The communist system that relied on local cadre and traditions saw to it. The transition process that followed the Soviet collapse didn't advance democracy as expected. Implementation of some reforms created political and legislative gaps and weakened the system. The newly shaped conditions favoured a tighter control over the economy and society. Politicians and former elites during the soviet period increased their powers and revalorised traditions. Whether they were seeking legitimacy or just trusting the old ways, is of no consequence.

The centralized party control constituted, for decades, the main feedback mechanism and coercion tool in administration and economy. Its absence unleashed diverse deeds of corruption and favouritism, as it did in other ex-communist countries. As a consequence, public institutions and resources would occasionally be used by the people in power to reward families, clan members and ethnicities for their electoral support and obedience. The system would reduce any form of administrative appeal and combat political opposition. To a large extent democratic solutions would rarely promote change or alternation to power. Nevertheless, peoples' dissatisfaction gave birth to non-violent actions towards democracies in the ex-Soviet states, such as the Revolution of Roses in Georgia 2003, the Orange Revolution in Ukraine in 2004, and the Tulip Revolution or First Kyrgyz Revolution in 2005. All these succeeded to change the political leaderships through democratic processes and, essentially, to keep political systems on their way to democracy. Unfortunately, the expectations were too high and the coloured or flower movements generally disappointed the large masses and the political observers. Anyhow, considering the alternatives, appeal to mass protests and actions remains tempting and more likely to succeed under favourable circumstances. This is how countries in Central and Eastern Europe (CEE) have gained their freedom. In CA, the elites would eventually have to accept democratisation. Until then, the clans' disputes would continue to decide the rulers.

Today's Central Asia appears more authoritarian than it was during the Soviet regime, according to researchers (McGlinchey, 2009). Kazakhstan, Kyrgyzstan and Uzbekistan have experienced some form of transition shock, which should have eroded the continuity of their autocracies. Still, cultural traditions are stronger than the incentives for change and the efforts of the international community towards political liberalisation do not bear desired fruit.

¹ Aksakal refers to the male elders, the old and wise of the community ("white beard" in Turkic languages: Wikipedia).

2. Societies in Central Asia

The organization of societies in Central Asia relies on ancient traditions. The region was inhabited by Turkic and Persian peoples, identified mostly by a certain lifestyle that embedded religious and ethnic specificities. Most of the Kazakhs, Kyrgyz and Turkmen were nomads, herding through mountains, steppes and sand deserts. The soviet regime took away their animals to enforce settlement. Other populations were Sarts, such as settled Turks and Tajiks, as they lived in urban or rural communities.

In the newly independent state formations of CA, rulers continued the soviet and local traditions, embracing their responsibilities as 'fathers' of the countries they ruled, towards their subjects or 'children'. The family and tribal or clan ties throughout communities are still strong and decide the hierarchies. The social status depends on the relationship among kinship members, which are regulated by the pecking order that results from age and gender. Many clans and enclosed societal formations fragment the entire community in opposing groups that resist formal authorities.

Such societies are likely to require the exercise of a strong authority (Aghion et al., 2008). It happened in the South European countries, where authoritarian nationalist regimes ruled between 1945 and 1980 (Navarro and Shi, 2001). Current consequences are the huge budgetary deficits and public debts manifested in Greece, Spain and Portugal.

Cultural traits embedded in society, such as religion, social ties, ethnical predispositions, or simply regional particularities, have contradictory effects on politics. Accordingly, imported programmes or resolutions, relying on unshared occidental values, do not necessarily work.

2.1 Historical foundations and their materialization in CA

Societies are composed of groups of individuals organised by race, ethnicity, tribe, cast, clan or class. Such characteristics, together with the rules that keep individuals together and shape their behaviour, differentiate societies and mark their evolutions. These are essential elements of the historical foundations of societies.

Populations in Central Asia share, to varying degrees, certain cultural traits and racial backgrounds. The main racial groups are Caucasoids and Mongoloids, generally mixed in the region. There are various Russians in the North of the region and Han ethnic groups of China, in the East. Turkic peoples are by far dominating in former Soviet countries of CA: they represent between 80% and 90% in three of the four republics, and 59% in Kazakhstan, where Russians made up 30% of the population in 1999 (The World Factbook, 2011). Karakalpak, Kazakhs, Kyrgyzs, Tatars, Turkmen, Uzbeks and Uyghur are just a few of the Turkic ethno-linguistic societies populating the area. Persian ethnics are specific to Tajikistan, Afghanistan and Iran.

Like in the Balkans, the state borders do not match the ethnic ones. Minorities in one state are well represented in another. This generates conditions for interethnic disputes. According to researchers, linkage to global civil society, through mother countries, facilitates ethnic mobilization; a potential outcome is that it may diffuse models of claim-making based on human rights ideas (Tsutsui 2004: 63). Human rights culture is not specific to this part of the world. Still, ethnic polarization and traditions are strong.

Existence of small numbers of significant-sized groups of ethnicities may also give rise to conflict, according to researches (Kaufmann, 2010).

Interethnic conflicts occurred in CA. In 2009, Uyghurs have fought with Hans in the Xinjiang Uyghur Autonomous Region in China. They are a Turkic ethnic group also spread in Kazakhstan, Kyrgyzstan, and Uzbekistan. In the southern regions of Kyrgyzstan, another conflict on ethnic grounds overthrew President Kurmanbek Bakiyev in mid 2010. There were other similar events.

A systemic separation based on ethnicity and clan is a counterproductive line of development. Fostering of polarisation can be avoided. Cooperation and involvement of other members of the society, as well as free access to alternative sources of information, increase the probability of decentralization and limit clique formation (Hassanpour, 2008). The same, intergovernmental networks suppress ethnic mobilization as they enhance state power and authority (Tsutsui 2004: 63). It has been proven during the communist regimes that generally managed to avoid such developments, especially in Yugoslavia and the Soviet Union.

The elites in Central Asia behave similarly to those in Western Balkans. From a western perspective, they seem to emphasize the ethnic and clan differentiations and perpetuate potential conflicts in order to prolong their grasp on societies. Yet, they may actually do what they are expected to, according to traditions. The countries in the Western Balkans have addressed similar tendencies, supported by the west. Could CA states follow suit?

2.2 Modern foundations and their materialization in CA

The diversity of cultures and traditions has generated both the Western law, with its modern formalism, and other different legal solutions to achieve social order. The cultural inheritance impregnates the legal system and thus is easier embedded, in its evolution, in society, politics and economics. That is why traditional legal systems are marked by an ideology, religious or political view on the organization of social and economic life (Zweigert and Kötz, 1998).

Legal systems were propagated and transplanted directly, in the occupied territories, or indirectly, in the spheres of influence generated by powerful state formations or ideologies. Principal vectors of transformation were religion, culture, and more recently, the exercise of power and economy. Each legal system is based on specific institution building, which was transmitted and implanted into new territories. As a result, systems of governance have been impregnated with a specific logic of action and organization, which has left its mark on the evolution of the society. Legal traditions and governance may be considered as modern foundations of societies. They emerged and evolved with the modern states, shaping societies.

Legal traditions originated in powerful state formations and civilizations, and spread in their neighbouring or occupied territories and spheres of influence. Most researchers identify two basic sources as the basis of legal traditions: Common law and Civil law (La Porta et al., 2008). The first provides a strong protection of property and contractual rights, which explains its wide distribution in international trade, and greater independence from the executive and legislature. The second, Civil law, has the oldest traditions and is most widespread in the world. It has its origins in Roman law, adopted and disseminated by

the Catholic Church, and then adjusted and expanded under the French Revolution and Napoleon. The Civil code legal tradition has developed many forms of expression, the main ones being: French, German, Scandinavian and Socialist (La Porta et al. 2008).

The legal origins of a state have a bearing on its various regulations. According to the Legal Origins Theory (La Porta et al., 2008), legal traditions of a state may even impact its economic performance. La Porta (2008) argues that the tradition of continental civil law is associated with tighter regulation and greater government interference than the common law. This gives rise to adverse effects on the markets, such as corruption, higher underground economy and unemployment. On the other hand, the common law has greater independence than civil law. It is perceived as promoting better enforcement of contracts and giving greater security to property rights. Still, access to justice and fair trial are not necessarily better in the continental law as compared to the Anglo-Saxon legal system.

The socialist legal tradition was born in post-revolutionary Russia, under the ideology of the Soviet regime, on the foundations of the civil code. Its concept originates in the movement of legal positivism that perceived law as an articulation of the will of the legislators, highest interpreters of justice (David and Brierley, 1985). The socialist legal system was entrenched in all Soviet republics and transferred to territories left under Soviet influence after the World War II. Mongolia and China embraced the system as well. The collapse of communism and the transition processes that followed it reinstated the previous French and German legal systems in both CEE and CA countries. The returns to initial legal systems, though voluntary, were dictated by the embedded cultures and traditions that proved stronger than the communist implanted social order. "Legal origins — broadly interpreted as highly persistent systems of social control, (...) have significant consequences for the legal and regulatory framework of the society" (La Porta et al., 2008:326).

All continental European countries as well as the ex-Soviet Central Asian states, have legal systems based on the Napoleonic civil code. Its French form of expression is wider spread than the others in Central and Eastern Europe and CA. German influence is materialised in China, while Pakistan and India are under the influence of the British common law traditions.

The civil code legal origins in CA operated on two main traditional sources, customary law and religious law, eventually incorporated by the socialist legal system. Customary law is rooted in social relationships and structures, kinships, clans and their rules. Aksakal institutions, under different forms, have been recuperated and function in Turkmenistan, Kyrgyzstan and Uzbekistan; in a Muslim dominated region, the Islamic law, Sharia, has faded after seventy years of secular indoctrination (Morozova, Irina, 2004). Still, ideas of Muslim law have been revived.

The common foundations of the legal systems explain, in part, the resemblance of states' governance systems and policies. Central Asian countries share similar traits: they have common roots and traditions, seventy years of Soviet history and the resultant regional infrastructure (Krumm, 2007). After the Soviet collapse, the countries have gone through major processes to transpose Western democratic institutions and laws into their systems. And they are still trying to do so, achieving distinct, albeit somewhat modest, results.

3. Social capital

Societies are made up of individuals and characterized by patterns of their relationships, embedded ideologies and philosophies or religious beliefs. Social capital is a by-product of cultures. Fukuyama describes it as an *instantiated informal norm that promotes cooperation between two or more individuals* (Fukuyama, 1999). Trust, networks, civil society, and the like are plain manifestations of social capital.

The cultural factor plays a fundamental role in mobilising society's resources and generating cooperation and trust. Societies with muffled social capital accept easier authoritarian leaderships and sacrifices, as do the individuals that are poorer. Such things generate distrust, which continues to cause more demand for ruling (Aghion et al, 2008). Distrust feeds the support for further control, particularly in transforming or conflicting societies. At the family level, the evolution is similar and the authority is reproduced with each generation, perpetuating the youngsters' dependency and renewing the tradition.

Societies in CA are close to the traditional ones, composed of large numbers of discrete social units like clans or tribes. The horizontal networks of individuals and groups, whether cultural, economic or political, are weak. The progress towards modern societies would require a larger radius of trust, overlapping social groups and, accordingly, more complex identities of individuals, resulting from multiple memberships. This would favour communication within and between segments of society and the outer world, transfer of information, development and eventually integration into the world community.

Horizontal association and free initiative have been undermined during the soviet regime in CA, much like in other CEE countries in communist times. The totalitarian regime's most salient characteristic was the destruction of the space between the individual and the state, by and large occupied by civil society (McFaul et al., 2004). As a consequence, individuals' ability to cooperate with one another and their entrepreneurial spirit have been degraded, favouring vertical ties with state and party, as well as central initiatives.

Along with public institutions and their policies, the elites, other domestic or international forces, act as collective agents of change in CA. They influence, shape and build social capital.

4. Political power – culture and exercise

Society affairs are regulated and (re)oriented by specific institutions, holding the political power. Decision-making, agenda-setting and preference-shaping are just a few of the traits of the political power.

In the Western World the power is shared by executive, judicial, and legislative bodies that check and balance one another. Many states are following suit. Asia's normative order and legal tradition do not embrace representative governance, let alone liberal democracy (Denison, 2003). Centralisation is still robust. In most countries, elites and personalities are making the difference, stepping up the societies' progress or delaying it. What Asians and Westerners are sharing, however, is the appreciation of certain aspects of administrative and legal accountability (Warkotsch, 2008). They are associated with social order and traditions.

Culture and governance are brought together as elements of continuity and perpetuation of a joint development. In modern societies, governments control development resources and generate growth. At the same time, they share the burden of peoples' living standards. Hence they are crowded with potential conflicts of interest.

Conflict opportunities and circumstances are present in CA: societies are fragmented, vertically structured and have a history of disputes. There are diverse ethnicities, language speaking groups or clans that compete for power and economic advantages. Other concerns are raised by the unequal distribution of water, gas, and oil resources in the region. Zones of military engagement in Afghanistan and Iraq, and proclivity for militarization are also worrying. As a consequence, trade is constrained, economic development threatened and society endangered. Moreover, authoritarian ruling is likely to increase tensions, instead of leaning towards resolution of potential conflicts.

Clans struggle led to civil war in Tajikistan in early 90s; Islam Karimov, President of Uzbekistan for more than two decades, allegedly fought the members of the Samarkand, Tashkent and Bukhara clans trying to remove them from his administration. An opposing clan appears to be an ongoing threat to the rule of the President of Turkmenistan S. Niyazov. In Kazakhstan, the people around the president, relatives and clan members, supposedly own or control the most profitable activities or strategic economic branches.

The source of potential conflicts is important for framing the issues of governance. Despite the authority's shortages, the economic progress registered in Kazakhstan, the wealthiest of the CA countries, and the democratic advance in Kyrgyzstan, are keeping the spirits up.

The international arena is contradictory and its capacity to act as an agent of change for the CA is inconsistent. The former Soviet countries in CA are caught between world powers.

On the one hand, in the proximity of CA, are the Russian Federation and China that do not share the western logic in delivering the public goods. They have communist backgrounds and global ambitions. Russia is the successor and beneficiary of the former Soviet Union, while China is the world's future leading economy. Both are used to authoritarian ruling and are guided by specific traditions and strong domestic agendas.

On the other hand, the international institutions, the United States of America and the European Union promote specific values. They are fostering western democracy and human rights and support the long term development of CA societies.

The factors of influence, grouped in regional or international bodies, are cooperating. Their approach of CA is however nuanced. Russia and China have a more utilitarian line, due to their proximity and regional closer perspectives. Conversely, USA and EU are more active in addressing international issues, in promoting norms and aid for development.

They all meet on the international play ground, in institutions and organisations.

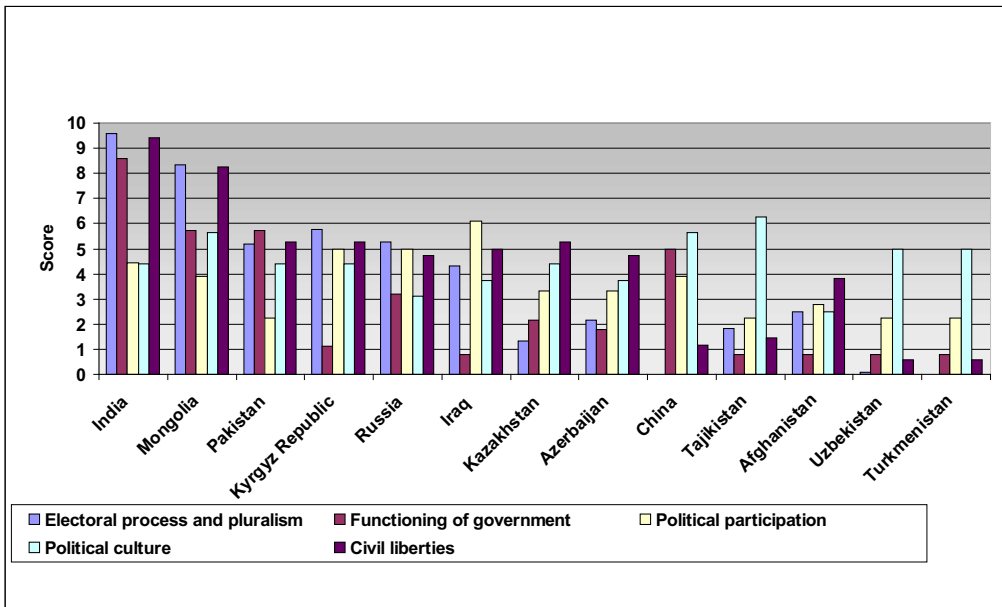
4.1. Democracy and governance

Central Asia's specificity and its strong orientation towards authoritarianism are clearly stated by different sources. Among these, the Index of Democracy 2011, developed by the Economist Intelligence Unit, investigates 167 countries and places them in four categories, according to the rank: full democracies; flawed democracies; hybrid regimes;

and authoritarian regimes. Japan and South Korea are the only Asian full democracies, ranking 21st and 22nd among other 25 countries, of which 16 are European. Democracy is definitely not an Asian tradition.

In the extended CA there are two flawed democracies: India and Mongolia, the 39th and the 69th, respectively. In the hybrid regime category fall, in order, Pakistan, Kyrgyzstan and Iraq ranked between 105 and 112. Authoritarian regimes are specific to this part of the world. Russia ranks 117th, while Kazakhstan, Azerbaijan and China are ranked between 137 and 141, followed by Tajikistan, 151th and Afghanistan, 152th. The lowest ranks in the region are held by Uzbekistan and Turkmenistan, the 164th, respectively the 165th (EIU, 2012). It is worth mentioning that the Index of Democracy is based on five categories. The lowest scores have been registered at the category *Electoral process and pluralism*, by China and Turkmenistan, 0 points, and Uzbekistan 0.08, followed by *Civil liberties*, Uzbekistan and Turkmenistan with 0.59, and China with 1.18, and *Functioning of government*, awarding 0.43 points to Iraq and 0.79 to each of the following: Tajikistan, Afghanistan, Uzbekistan and Turkmenistan. The other two components of the Index of Democracy, *Political participation* and *Political culture*, are relatively better scored in authoritarian regimes, as opposed to hybrid regimes where *Electoral process and Civil liberties* are generally honoured (Chart 1).

Chart 1. Democracy in Central Asia



Source of data: Economist Intelligence Unit (EIU), 2012

Coexistence on the world market of varied systems of ruling, in the form of the subsumed contribution of the entire society (electoral process and pluralism, political culture and participation) and the expected benefits, economic and social impacts at the

individual level (civil liberties, functioning of government), is the result of developments in specific conditions. Differentiation reflects experiences, traditions and predispositions, in the context of diverse social values and cultures with deep historical roots.

The various democratic standards or practices have economic consequences. These can be found, on the one hand, in limiting and constraining the economic growth rate in states with strong democracies, as a result of inertial tendencies to protect and improve the individual status quo, while competing on the global market, and, on the other hand, in enduring social costs, potential individual suffering and trauma in the authoritarian regimes, amid the exercise of less democratic decision making. Trade-offs occur in both cases and are dealt with according to the societal culture. The prospects, scale and consistency of the economic progress do not match up to time horizon and social expectations. Choices are made and adopted knowingly, in states with a relatively high level of development, or, with the innocent support of the less informed and many, in the authoritarian or deficient cohesion states.

The CA countries inherited social capital and institutional legacies from the Soviet era and before. These have held back democratic consolidation. Unlike the CEE countries, the ones in CA didn't have a pre-Soviet democratic experience, nor did they have the required support in the proximity. Therefore, the post-communist transformation of CA on the road to democracy takes more time. This is not the kind of development to be accomplished in two decades.

Then why are global actors pushing for democracy so hard in CA? Why is democracy so important? After all, the performance of the economic environment and society's wealth have more direct impact on people's daily lives than free elections (Inglehart and Welzel, 2005:23). For instance, Singapore and Hong Kong in Southeast Asia, hybrid regimes according to the Economist Intelligence Unit, are outranking all democracies of the world on the ease of doing business (Doing Business 2011). They have high living standards and growth rates that most countries, full democracies included, can only dream of. And yet Freedom House ranks them *partly free*. It appears that political rights and civil liberties, important western values, do not necessarily have a positive impact on the speed of economic development. More than that, up to a point, the above examples question whether democracy may be needed for the people to enjoy quality of government, as stated by key researches (Quality of Government Institute, 2010). Most of the peoples' fundamental needs can be satisfied outside democracy. But in order for someone to become everything that one is capable of becoming, as Maslow termed the need for self-actualization (Wikipedia, 2012), people may require democracy. Freedom cannot be ensured otherwise in civilization.

At the same time, the world is crowded with international norms and standards that institutions and globalising processes continue to spread and improve. USA and EU, the world's models of democracy, account for 80% of such standards that are founded more and more on human rights. In the long run, states would have to accept and implement necessary reforms, in order to keep the pace with the world. For the time being, many countries are faced with unmet collective immediate needs. Good government and economic development can address these issues. Accountability, whether democratic or tradition based, is the key to it.

History shows that rulers' accountability does not always correlate with levels of democratic political representation (Wong, 2008). The incentives for actions that benefit societies are not always sufficient in democracies, nor are the governing performances guaranteed. The democratic system can only narrow some of the arbitrary decisions, limit the losses and improve the logic, but malfunctions cannot be eliminated.

Social order and traditions are present, in different forms, all over the world. Based on these, countries can advance their systems of government. For democracy to prevail, the world would require 'government of the people, by the people and for the people', as Abraham Lincoln said in his Gettysburg Address of 1863. Until then, the world societies would continue to be fragmented. The multiple standards, moral and behavioural, exist and the world is still contradictory, but democratising.

5. Discussions and policy guidance

Long term solutions are embedded in society and therefore, to a large extent, predictable. Development has to address both individuals and their divided societies. Until individuals become sufficiently knowledgeable and responsible to elect the best candidates for communities' leadership, the societies had better adapt to being managed by dilettantes, as such a perspective is unavoidable. Therefore, advancing political liberties and developing systemic checks on executive power, as Milton saw the peoples' quest for liberty (Mill, 2001:6), have to produce a change of behaviour.

In following society's goals, the trade-off between time horizon and costs, social ones included, should be subject to debates and subsequent political decisions. Ownership of solutions and of implementation processes provides necessary incentives. Short term views, especially those imposed through authoritarian decision-making, do not necessarily pass the time criteria and are annulled, sooner or later, by powerful events prompted by conflicting elements within society. However, the costs and time losses are socially registered. The societies need to work together and learn how to develop trust and cooperation that must form the basis for any sustainable partnership.

Politics based on positive traditions, progressive attitudes of clans and tribes in the rural societies of CA, are likely to set basis for polyarchy and dilute autocracy. International support and constructive attitudes, such as the German policy of unconditional dialogue, as well as networking and peer-pressure among the countries in CA, are ways to foster cooperation and acquire transfer of good practices. Diverse ethnicity, contradictory faiths, inclination to authority and ex-socialist paths are common in CEE and CA countries. Both regions can benefit from exchanges.

A working system to foster progress in CA must rely on two main sources of stability and progress:

- Society's long-term memory rooted in decades and centuries of existence that no political setting or ephemeral parliament can fundamentally change for good. Cultural heritage, faiths, ethnicity, tribal ties and legal system are ingrained in the model of society. Therefore, the resulting politics and institutional set up favour privileged relations between authorities and people, providing strong incentives for its preservation;

- Constitutional and political checks and balances provide necessary systemic programming for guiding the authorities to act in the general interest of the many (Davis and Trebilcock, 2008). A balanced set of institutions, acting coherently, creates conditions for predictable actions and policies, limiting arbitrary behaviour and decision making. Constitutional separation of powers proves insufficient under the civil code legal traditions; unless an independent judiciary is able to inflict the envisaged distribution of powers and to preserve respect for its rulings.

Coordinated actions to build social capital, including measures to improve specific and general trust and civic engagement, have significant effects on well-being. Such outcomes, verified on national and international samples, are ahead of those emerging through economic ways (Helliwell, 2005). Accordingly, the traditional sources that inspire education should consider the costs and range of policies that give too much credit to economic incentives for human performances and rediscover the merits of social status and capital in well being.

5.1 Role of Higher Education Institutions

“Higher education is the central institution which legitimates the social order” (Trow, 2003). It feeds personal identity, forms skills and competences, and extends knowledge. Would that be enough for people to progress? As long as behaviour doesn’t change, people would nourish their morals with stronger capabilities. And this is not necessarily for the better.

Massification of higher education has been promoted widely over the last decades, particularly in the ex-communist states. It is a means to force the advancement of lagging regions, but also an expression of free initiative and development of private sector in former centralized economies.

Cultural and international rapprochement of Central Asia’s Higher Education Institutions (HEIs) has a beneficial impact on the formation of personalities and elites. Not only it opens the gates towards state of the art education, but it facilitates the understanding of the world’s highest values. Technology and communication support the spread of advanced knowledge. It is a faster way to bridge the dialogue between civilisations, inter-relate the human spirit and interrupt faulty practices and intolerant actions embedded in cultures. HEIs can contribute to dodging flawed cultural influences and building new competences needed in the Eurasian region.

Research is another field of particular importance that HEIs are supposed to address. There is an astonishing ignorance of space and context in considering the way the policy research is guided and operationalised at any scale (inspired by Timar and Enyedi, 2004). Mapping the social characteristics and behaviours, as well as their evolution, would allow a better understanding and reflection of different particularities of societies. Based on these, the likelihood to project adequate solutions is enhanced. Social space and time become solid references in approaching research and designing policies.

Appealing to extra-democratic logic to achieve society’s goals is not part of the CA’s culture. Therefore, institutional actions should not rely on a comprehensive top to bottom approach towards social progress. They may act independently and contribute to necessary reforms. Higher Education Institutions can play an important role in the

intercultural dialogue, at both campus and society level, in the Eurasian region, with an aim to:

1. Develop societies' social capital and change peoples' behaviour; it is important to encourage and improve communication between different factions of society, bringing people closer; this is especially relevant for future generations and their engagement with an agenda based on social cohesion;
2. Integrate HEIs in specific networks to stimulate institutional progress; it serves to keep the pace with educational standards and progresses made world wide; Kazakhstan offers good examples in this respect;
3. Develop competencies for teaching professionals to transmit knowledge, especially with regard to:
 - a. Society and life,
 - b. Cooperation and initiative,
 - c. Entrepreneurial spirit;There is a need for an early and thorough intervention in forming the members of CA societies; therefore the HEIs should provide teaching professionals with skills ignored or superficially regarded by previous regimes;
4. Form the elites to step up the needed reforms; national elites are the ones called to promote the society's progress; their knowledge and culture must embed regional views;
5. Spread national values and traditions according to the needs of progress; HEIs have the capacity, knowledge and audience to discern real values among traditions and filter the cultural heritage;
6. Facilitate people's access to new communication technologies and internet; HEIs should compensate for IT&C shortages since they have access to both sensitive segments of society, young people and women, and technology;
7. Appeal to Internet social networks - Facebook, Twitter, and Google blogger, to support the integration of the CA society into the world community; it is fast, inexpensive and may exploit the spread of local languages, Turkic or Persian, and the exercise of new ones.

* * *

The world society is fragmented and needs to build genuine bridges in areas of cultural and civil society cooperation. Elites and civic organisations can work together to help foster dialogue and trust, overcome prejudices and negative stereotypes, and promote mutual respect.

In Europe, in order to re-imagine public investment to contribute to developing human, cultural and social capital, Culture Action Europe and the European Cultural Foundation have launched a campaign called *We Are More* (2010-2013), aiming to influence political negotiations on the next budget (2014-2020) at EU level. The European and world society could benefit more of its good governance and improved cooperation mechanisms.

For things to change significantly, worldwide, shouldn't we all be more?

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A Threefold Assessment of the Romanian Economy's Eco-efficiency

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Abstract: *The present paper assesses the ecological sustainability of the Romanian economy from three different angles. The first two applications use the economy's energy and material consumption as proxy for its overall environmental impact. The third assessment approach is a qualitative and context-based one: the main obstacles to and opportunities for incorporating sustainability-competitiveness synergies into the Romanian industrial firms' management are identified. In the period 2000-2007, GDP growth was an important contributor to the Romanian economy's eco-efficiency levels, while the material and energy consumption remained constant or even increased. The predominance of competitive advantages based on low labour costs, high potential of increasing labour productivity, deficient environmental and industrial policies, and lack of awareness in both business and policy environment as to the beneficial role of resource productivity increase constitute significant obstacles to adopting competitive sustainability strategies. Fortunately, the relatively low levels of eco-efficiency and eco-innovation in industry offer in fact a wide scope of still unexploited win-win solutions. On the basis of the results, further research directions are sketched and several desirable public policy actions for enhancing the ecological sustainability of the Romanian economy are put forward.*

Keywords: *sustainability, eco-efficiency, energy efficiency, material flow analysis, competitiveness*

JEL Classification: *M20; Q01; Q32; Q49; Q56*

Setting the scene

The thinking on the relationship between economy and environment has evolved from a strictly functional treatment of the latter¹ and a purportedly infinite substitutability² of it in

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¹ In this conventional perspective, environment is regarded as being external to economic system and performing the following *economic functions*: i) providing natural resources, subsequently used as factors of production within the economic system; ii) recipient of pollution and waste generated by the economic processes; and iii) amenities provider (e.g. Hussen 2004).

² For example, according to Solow (1974), the technological progress and infinite possibilities of substitution between man-made and natural capital make depletion of natural resources a simple „event”, capable of postponing and even avoiding the bio-physical limitations.

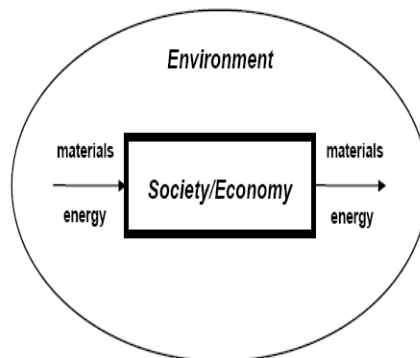
the economic processes to a progressive recognition of its intrinsic value and of the complex interplay between it and the socio-economic system³. Thereby a bio-centric and processual paradigm is replacing the anthropocentric and utilitarian one.

The recently emerged transdisciplinary schools - i.e. environmental economics, ecological economics and economics of natural resources – have been focusing on i) the causes of the ecological non-sustainability of socio-economic development process and ii) the best ways of assessing its negative impact on the environment. Their main contributions to economic theory resides in: i) the extension of neoclassic economy's scope beyond the economic growth preoccupation and ii) in challenging the neoclassical assumption of the automatic socio-environmental spillovers of the economic growth (e.g. Kuznets Environmental Curve hypothesis; Beckerman 1992).

Especially in the ecological economics perspective, economic processes mean in fact extracting, using and transforming natural resources (in essence matter and energy) according to the first two laws of thermodynamics⁴. As Boulding (1966) points out, the economic processes are included in an enclosed (and not open) thermodynamic system (Figure 1). Thus, the ecosystem's capacity of supplying energy and matter and assimilating waste proves to be rather limited. As an economic application of the laws of thermodynamics, the "material balance principle" has become an implicit assumption of ecological economics (e.g. Kneese et al. 1972; Ayres 1978; Giljum 2006).

These bio-physical limits of economic system would consequently demand: i) a more eco-efficient exploitation of natural resources, ii) identification of their substitution opportunities and iii) even setting up economy dematerialization thresholds. On macro level, that brings about minimizing the socio-economic pressure on ecosystem's carrying capacity and preserving its essential functions by (a relative or even absolute) decoupling the environmental impact from economic growth.

Figure 1: The economy-environment interdependencies



Source: Eurostat (2001)

³ As stated in the recent *The State of the Planet Declaration*, emerging from the *Planet Under Pressure* conference proceedings, "the Earth system is a complex, interconnected system that includes the global economy and society, which are themselves highly interconnected and interdependent".

⁴ More specifically, based on the law of the conservation of mass, economic system's inputs are equal outputs to the natural system plus net physical stock change (e.g. Hinterberger et al., 2003).

This explains why a good understanding of an economy's material and energy flows provides the ground for a proper formulation of natural resource and environmental policies.

More specifically, **eco-efficiency** represents an indicator of nature use productivity, in which "nature" is considered as a factor of production. From the perspective of "weak" sustainability approach, it is the rightest response to the more pressing need of reducing the environmental impact of economic processes. In addition, eco-efficiency, a common indicator used for assessing macro-sustainability and quantifying the degree of decoupling economic development from environmental impact, is computed as a ratio between the economic performance (in terms of turnover, value added, GDP at constant prices, etc.) and the environmental impact (e.g. use of natural resources, emissions or waste generated, etc.) induced by it. For quantifying the macro-sustainability degree of an economy, i) the overall energy consumption and ii) material consumption can be used as proxy for the environmental impact.

Due to the lack of a comprehensive and universally accepted methodology for identifying the potential firm-level sustainability-competitiveness synergies, a qualitative approach⁵ appears to be more appropriate and it is consequently used in the third sustainability assessment application.

1. First application: Romanian economy's eco-efficiency in terms of energy consumption

Even though the traditional statistical energy indicator of energy intensity was continuously decreasing in the period 2000-2010, the Romanian economy still remains the most energy-intensive economy in EU-27 (with the exception of Bulgaria), and it is still pretty far from reaching the average energy intensity level of EU-27 (Table 1).

Table 1: Romanian economy's energy intensity in the period 2001-2010 (kgoe per 1000E of GDP)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Romania	869.231	857.738	847.432	766.696	732.991	704.783	659.089	612.759	575.070	588.039
EU-27	187.817	184.979	186.842	184.389	181.283	175.726	169.147	167.639	165.715	167.99

Source: Eurostat, *Energy Indicators*

In addition to the good news of substantial decreasing energy intensity, the share of renewable energy in gross final energy consumption is well above the EU-27 average and very close to the 2020 target⁶ (Table 2).

⁵ Complementary to the "theorist's approach", the English economist Ely Devons names this qualitative approach "the historian's technique". It is "the approach of the reality which tries to understand what is going on by 'soaking oneself in the facts of the situation'. In this approach one has no precise model clearly formulated in advance which one is testing again reality. One may, however, have general considerations in mind of what are important elements in the situation, and one approaches the facts within this kind of vague framework" (Devons, 1959).

⁶ The EU targets set in the Directive 2009/28/EC on renewable energy are: i) EU will reach a 20% share of energy from renewable sources by 2020 and ii) a 10% share of renewable energy specifically in the transport sector - <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=Oj:L:2009:140:0016:0062:en:PDF> .

Table 2: Share of renewable energy in Romanian's gross final energy consumption in the period 2006-2009 (%)

	2006	2007	2008	2009	2020 target
Romania	17.2	18.4	20.5	22.4	24
EU-27	9	9.9	10.5	11.7	20

Source: Eurostat, *Energy Indicators*

According to Leca et al. (2009), the causes of the relatively low level of Romanian economy's energy efficiency (Table 3) are: i) the general lack of concern over the high energy final consumption levels; ii) inactivity of responsible institutions; iii) defective implementation of the energy efficiency strategies and programmes; iv) lack of properly designed penalties and stimuli to energy efficiency increase; v) ineffectual management; and vi) difficult access to the financing programmes.

Table 3: Evolution of Romanian economy's energy efficiency in the period 2003-2008

Indicator	2003	2004	2005	2006	2007	2008
Energy final consumption (1000 toe), out of which:	24201	25497	24664	24771	24022	24887
Industry	10355	10165	9974	9565	9129	9210
Energy efficiency (%) (Energy final consumption / Gross domestic energy consumption)	60.2	64.4	62.9	60.8	59.4	61.3

Source: Eurostat

Fortunately, there is a significant energy-saving potential in the Romanian economy that could be exploited (Table 4).

Table 4: Romanian economy's energy-saving potential

Sector	Average energy-saving potential (% of consumption)
Industry	20-25
Buildings	40-50
Transport	35-40
Overall national potential	30-35

Source: Leca et al. (2009)

In spite of being a raw proxy for the overall economy's environmental impact, gross inland energy consumption can be used in getting the big picture of the economy's eco-efficiency - i.e. as a denominator of the ratio of *GDP* to *Gross inland energy consumption*. In the period 2003-2008, although gross inland energy consumption remained more or less constant in the Romanian economy, the positive evolution of eco-efficiency is explained through a slight energy efficiency increase and mostly to the GDP growth. After 2008, the contracted economic activity led to sharp decrease in both GDP and gross domestic energy consumption (Table 5), hereby leading to higher eco-efficiency levels.

Table 5: Evolution of Romanian economy's eco-efficiency in terms of energy consumption in the period 2003-2010

Indicator	2003	2004	2005	2006	2007	2008	2009	2010
GDP (mil. RON constant prices)	94638	102673	106938	115359	122646	131659	122340	120790
Gross domestic energy consumption (1000 toe)	40234	39597	39236	40730	40467	40616	35506	35708
Eco-efficiency (GDP/Gross inland energy consumption; 1000 RON / kgoe)	2.35	2.59	2.72	2.83	3.03	3.24	3.44	3.38

Source: Own calculations based on IMF Database and Eurostat data

It is worth noting that, despite its accelerating output growth in the period 2002-2010, Romanian industry's final energy consumption decreased, hereby leading to a significant increase of eco-efficiency in terms of energy consumption (Table 6).

Table 6: Evolution of Romanian industry's eco-efficiency in terms of energy consumption in the period 2003-2007

Indicator	2005	2006	2007	2008	2009	2010
Industrial output (mil. RON)	211081.9	247373.1	276110.4	352702.4	308709.5	339392.3
Industry's energy final consumption (1000 toe)	10092	9379	9076	8543	6202	6613
Industry eco-efficiency (RON/toe)	20915	26375	30422	41285	49775	51321

Data source: Own calculations based on data from TEMPO-online of the Romanian National Institute of Statistics

Efforts of reducing Romanian manufacturing industry's energy intensity were significant, taking into account the fact that only 1% of the energy intensity decrease was due to the structural change, while 69% was brought about the energy efficiency increase (and possibly technological change)⁷. In the period 2001-2010, the final energy consumption of manufacturing sectors followed different pathways (Table 7).

⁷ According to the results of the structural decomposition conducted by UNIDO (2012).

Table 7: Final energy consumption in several Romanian manufacturing industry sectors in the period 2001-2010 (1000 toe)

Sector	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Total industry, out of which:	9880	10656	10363	10357	10228	9734	9318	9017	6521	6884
Iron and steel	2836	2893	3039	3482	3632	3629	3373	2862	1789	2000
Chemical and petrochemical	2619	2906	3121	2419	2508	2240	2150	2519	2029	2033
Food and tobacco	784	746	704	887	981	567	697	687	523	557
Textile and leather	320	422	350	338	192	267	297	251	183	181
Paper, pulp and print	295	356	477	286	266	251	251	121	90	165
Transport equipment	170	127	148	123	84	165	185	153	150	114
Machinery	773	812	637	597	519	506	474	465	325	365
Wood and wood products	184	200	121	229	202	243	317	248	194	263

Source: Eurostat

2. The second application: Romanian economy's eco-efficiency computed on the basis of material flow accounts

Developed during the '90s, standardized by Eurostat (Eurostat, 2001) and promoted by the most important international organizations (e.g. OECD), material flow analysis (MFA) is increasingly applied worldwide. Within environmental sustainability assessment context, material flows are regarded as aggregate proxy for the overall environmental pressure induced by an economy, i.e. an economy's environmental performance is dependent on its physical basis, i.e. the volume and structure of material flows induced by the economic activities. The amount of pollutants and waste generated is dependent on the volume of material inputs used in economy. Thus, an economy's dematerialisation through increasing eco-efficiency becomes a solution for reducing its overall environmental impact.

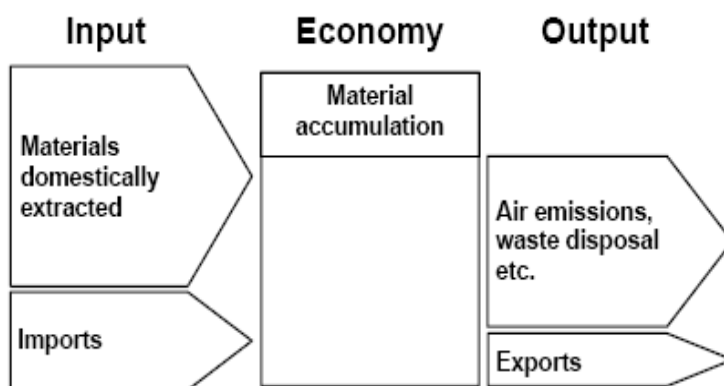
MFA's analytical framework has succeeded in revealing in a satisfactory way the interdependencies between the material flows and overall economic activities. It hereby proves to be a quite sound methodology for capturing an economy metabolism and assessing the sustainability of its development pathway (Figure 2). Based on the theoretical framework of "socio-economic metabolism", the methodology of material flow analysis (MFA) aims mainly to: i) measure the material basis sustaining an economy's production and exports; and ii) compute indicators for macro-level monitoring the management of natural resources, resource use efficiency (i.e. by relating economy-wide material flow indicators such as DMC to GDP)⁸

⁸ That is made possible by MFA methodology's compatibility with the System of National Accounts.

and environmental relevance of an economy's foreign trade flows and structure (e.g. OECD, 2008; Kovanda et al., 2012).

In the European Union, since Eurostat's publication of the methodological guide for the compilation of material flow accounts and the derived indicators (Eurostat, 2001), many EU national institutes of statistics (including Romania's) compile them. In Eurostat (2001), the economy-wide material flow indicators are divided into input, output, consumption and balance indicators (i.e. physical trade). They can be further disaggregated by industries or main material categories, i.e. biomass (from agriculture, forestry and fishery); fossil fuels (coal, oil and gas); non-metallic minerals and metal ores (Hinterberger et al., 2003; Giljum, 2006; OECD, 2008; Kovanda et al., 2012).

Figure 2: Material flows between an economy, environment and the rest of the world



Source: Eurostat (2001)

The main MFA-based aggregate indicators are presented in the Table 8.

Table 8: Main MFA-based indicators

Indicator	Description
Domestic Extraction (DE)	DE includes all renewable and non-renewable raw materials extracted within the borders of a country
Direct Material Input (DMI)	DMI covers domestic extraction used in production and consumption plus material imports
Domestic Material Consumption (DMC)	In addition to DE, DMC includes imports minus exports directly used in an economy
Total Material Requirement (TMR)	TMR is equal to used and unused domestic extraction plus imports plus indirect flows associated to imports (usually calculated estimated by applying a set of coefficients)
Physical Trade Balance (PTB)	PTB is computed as material imports minus material exports
Domestic Processed Output (DPO)	DPO comprises emissions to air and water, wastes deposited in landfills and dissipative flows

Source: Eurostat (2001)

With Eurostat's technical support, the first data and MFA indicators covering the period 1994-2007 were published in Romania in 2008 (Eurostat and NIS, 2008).

Table 9: MFA-based indicators of the Romanian economy (mil. tones)

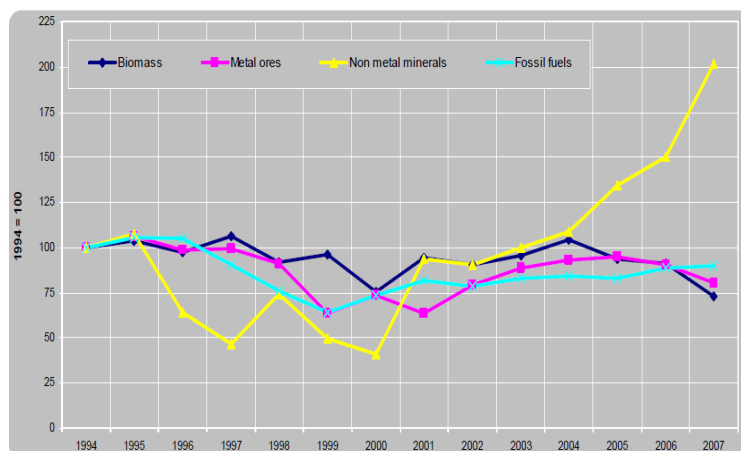
	Indicator	2000	2001	2002	2003	2004	2005	2006	2007
1	DMI	191.1	291.7	283.7	308.1	329.7	360.9	386.6	452.9
2	Domestic unused extraction	28.1	40.7	42.8	44.1	60.0	64.2	72.6	81.4
3	TMI (1 + 2)	219.3	332.4	326.5	352.3	389.7	425.2	459.3	534.3
4	Exports	19.1	18.6	21.5	22.3	24.6	26.5	26.3	24.5
5	DMC (1-4)	171.9	273.1	262.1	285.8	305.0	334.4	360.2	428.3
6	Imports	25.3	28.1	31.1	36.7	40.5	42.2	44.3	50.1
7	Physical trade balance (6-4)	6.2	9.5	9.6	14.4	15.9	15.7	18.0	25.6

Source: Eurostat and NIS (2008)

They are extremely useful in calculating the Romanian economy's eco-efficiency and resource productivity indicators and in assessing the ecological sustainability of Romania's economic development process. A first analysis of this kind was conducted by the Romanian Forecasting Commission (CNP, 2010).

In the period 2000–2007, DMI of the Romanian economy increased by 137%. In fact, the positive rates of economic growth induced an increasing material demand. DMI was made up mostly of domestic used extraction (89% in 2007). In 2007, following an ascendant evolution (Figure 3), non-metal minerals accounted for the high share of TIM (i.e. 68.9%), DMC (i.e. 71.7%) and TMI (i.e. 70.3%). This material category would thus need further sectorial (and even company-level) disaggregation and sustainability assessment of its extraction and use (Eurostat and NIS, 2008).

Figure 3: Evolution of the main components of DMI in the period 1994-2007



Source: Eurostat and NSI (2008)

Both physical exports and imports constantly increased between 2000 and 2007. As imports exceeded exports, the physical trade balance was negative - a fact that shows a certain degree of environmental impact transferred abroad.

MFA-based indicators of eco-economic efficiency associated to the Romanian economy in the period 2000-2007 (i.e. one period characterized by positive economic growth rates) show clearly that its development was not ecologically sustainable (Table 10). Increasing resource consumption associated with economic growth indicate just a relative de-linkage of environmental impact from economic growth.

Table 10: MFA-based eco-economic efficiency indicators of the Romanian economy in the period 2000-2007

Indicator	2000	2004	2007
Eco-efficiency (GDP/DMI, lei/tonne)	0.38	0.28	0.24
Material intensity (tonne/lei)	2.38	3.32	3.92

Source: CNP (2010)

According to the ecologically sustainable growth criterion put forward by Joachim H. Spangenberg, "economic growth can only be environmentally sustainable if it is accompanied by resource productivity increases at a higher rate than the economic growth rate". The criterion of socio-environmental sustainability is given by the following inequality:

$$d(Y/L) < d(Y) < d(Y/R)$$

where Y stands for output, L for active labour force, and R is resource consumption (Spangenberg, 2001). Using it as a sustainability condition, it is evident that Romanian economy was far away from meeting it (Table 11).

Table 11: Indicators pertaining to the Spangenberg's environmental sustainability criterion (GDP/DMC; Euro per kg)

	2002	2003	2004	2005	2006	2007	2008
Resource productivity - EU-27 average (GDP/DMC; Euro per kg)	1.27	1.29	1.26	1.27	1.28	1.3	1.31
Resource productivity – Romania	0.17	0.17	0.17	0.16	0.16	0.14	0.12
Real GDP growth rate – volume (% , percentage change on previous year)	5.1	5.2	8.5	4.2	7.9	6.3	7.3

Note: Resource productivity growth rates were not calculated since they were 0 or negative.

Source: Eurostat

3. Third application: Opportunities for sustainability-competitiveness synergies in the Romanian industrial firms⁹

Some theoretical clarification

Productivity, which is the essence of national competitiveness, is determined by several important factors (e.g. technological readiness, innovation, etc.), whose significance is highly dependent on an economy's stage of development (e.g. World Economic Forum, 2010). Despite being a major goal of economic policy, competitiveness is commonly set without taking into account its long-term convergence with social and environmental objectives, thereby overlooking the ultimate national goal of welfare¹⁰.

At the micro level, there are two main theoretical approaches as to how firms can create competitive advantages. First, according to market positioning approach (e.g. Porter, 1996), the mechanisms of a firm's commercial success are "operational effectiveness" - i.e. superior efficiency - and market "differentiation". In fact, only the latter would represent a genuine competitiveness strategy. On the other hand, the resource-based approach (e.g. Hart, 1995) focuses on the optimization of firm's internal capabilities (e.g. physical, financial and human resources; technological and organizational capabilities), processes and activities. In practice, the two approaches are not completely independent¹¹, and a combination of the two seems to be more desirable. Furthermore, the success of any competitive strategy pursued is highly dependent on other particular circumstances embedding firms – e.g. location, access to factors of production, institutions, political and social context, etc.

Under the increasing stringency of environmental regulation and continuous rise in energy and raw material prices on world market, resource-intensive firms operating in high environmental impact industries see themselves forced to increase resource productivity by investing more in environmentally sound technology, material substitution, and process and product innovation. There are nowadays some favourable conditions for firms to consider balancing their economic performance and long-term social and environmental objectives such as: i) environmental regulation fosters firms to internalize environmental externalities; ii) the adoption of newly developed technologies may be conducive to eco-innovation; and iii) there is a considerable potential of increasing resource productivity through the optimization of material and energy flows (Hargroves and Smith, 2005; Wagner and Enzler, 2006). These two environment-oriented strategies represent in fact major opportunities for firms operating in "production-intensive sectors" (Pavitt, 1984 and 1991). Hence, any firm's attempt to create synergies between environment-oriented technological change and commercial performance has to be rooted in the specific operating context.

Taking an optimistic stance, stage development approaches (e.g. Hart, 1995; Bleischwitz and Hennicke, 2004; Keijzers, 2005) describe the process of firm's phasing in of sustainability

⁹ This section is based on my paper *Drivers and constraints on the integration of sustainability into competitiveness strategy of Romanian Industrial firms*, presented at the 7th International Conference on Management of Technological Changes – MTC2011, Sustainable Development through Technological Change topic, Alexandroupolis, Greece, 1-3 September 2011 - <http://www.cetex.tuiasi.ro/mtc2011/>

¹⁰ Notable exceptions are Aiginger (2006) and the *Sustainable Competitiveness Index* developed by the World Economic Forum (WEF, 2011).

¹¹ For example, a specific market positioning strategy could affect the way of using firm's internal capabilities.

objectives as a progressive evolution from an initially defensive approach (i.e. pollution reduction through end-of-pipe solutions) to a more and more holistic, proactive and interactive approach – i.e. eco-efficiency strategy implementation and finally an environmental management strategy integrated both vertically (e.g. life-cycle thinking) and horizontally (e.g. shared-responsibility). Whether this evolution is a necessary entrepreneurial pathway remains an open question.

Historically, compliance with environmental regulation was commonly considered as hindering firm's competitiveness. The "double dividend" hypothesis (Porter and Van der Linde, 1995) introduced a paradigm shift in the debate on environment-competitiveness relationship: by pursuing a dynamic efficiency strategy, firm's investments induced by stringent environmental regulation eventually become a source of both higher environmental performance and long-term competitive advantages. Environmental regulation would point in fact to the unexploited opportunities to increasing resource productivity, thereby stimulating technological investments, incremental changes and/or product and process innovation. Several empirical studies (e.g. OECD, 2007) confirmed empirically that hypothesis.

Yet, as Kemp (2000) and OECD (2007) point out, innovation seem to be more the result of adjusting firm's internal capabilities to suit particular market conditions than induced by public policy instruments. Second, double-dividend hypothesis cannot be translated into a one-size-fits-all solution and is not universally applicable. The scope and potential impact of both eco-efficiency and eco-innovation are highly industry-specific and even firm- or activity-specific. Furthermore, environment investments i) may not generate competitive advantage, ii) "innovation offsets" may prove to be insignificant or iii) as Orsato (2009) shows, the scope of win-win solutions might be rather narrow. A firm's incremental changes in response to regulation may really result in lower costs and resource productivity increase, but without outperforming its competitors. Despite being an essential part of environment-competitiveness strategy, resource productivity increase is a *necessary but not sufficient condition* for getting competitive advantages. This is much more in line with the traditional managerial preoccupation with economic efficiency than with the creation of market distinctiveness (e.g. Porter, 1996; Norberg-Bohm, 2000).

Towards integration of sustainability concerns into the Romanian companies' competitiveness strategy

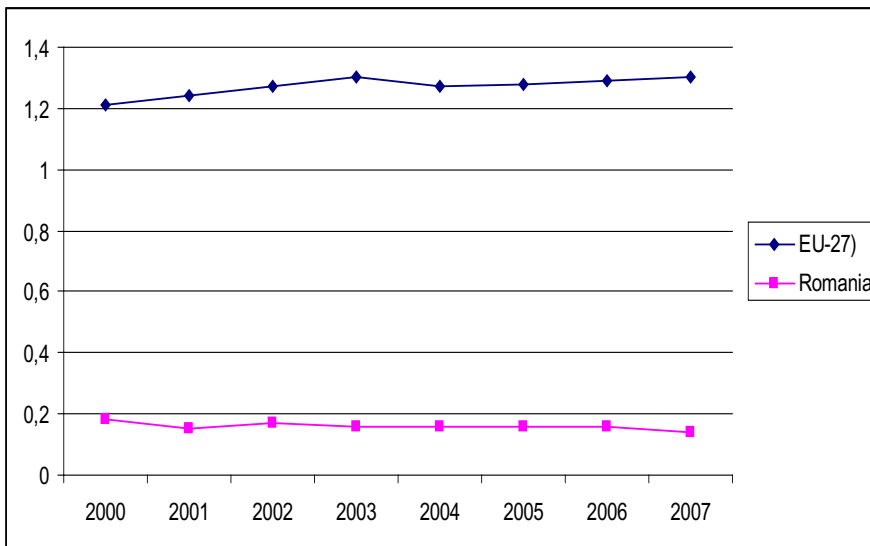
Against this background, it is timely to question whether and to what extent could Romanian industrial firms' pursuit of competitive advantages be matched with their (if any) sustainability objectives? To what extent could the integration of sustainable practices (e.g. eco-efficiency, eco-innovation etc.) into their strategic management become a source of competitive advantage? How extended is the scope of environmental-economic win-win solutions? In order to answer these questions I will try to identify which are the main obstacles and opportunities to incorporating sustainability concerns into Romanian industrial firms' competitiveness strategies by having a look at their embedding conditions and by analysing the most relevant indicators¹².

¹² Thus approach can provide just the big picture. Each economic sector's specific contribution to the overall environmental impact needs deeper examination. Since also the sectoral composition – i.e. in terms of the number and types of operating firms - is extremely relevant, for getting a much clearer picture the assessment must be also deepened at micro level. For example, though the environmental impact of each firm may be relatively low, the sector's total environmental impact may be high due to the large number of compounding firms (Constantinos et al., 2010).

As far as Romanian economy's competitiveness is concerned, according to the European Commission's reports¹³, there are still significant industrial competitiveness performance gaps between Romania and EU-27 average in terms of: i) labour productivity per hour worked; ii) labour productivity per person employed; iii) R&D performed by business sector; and iv) share of high-tech exports in total exports. According to the *Innovation Union Scoreboard 2011*, Romania is still a "modest innovator" with a relatively low share of innovating enterprises and decreasing business investments in R&D. Romania's R&D intensity is far below the EU average (the lowest R&D intensity in the EU - 0.47% of GDP in 2010), its sectoral R&D intensity declining relative to that of the EU. Thus one significant public policy challenge hereby emerges: supporting more and making operative the business support infrastructure (e.g. business incubators, technology transfer offices, science and technology parks and clusters).

The Romanian economy's resource productivity¹⁴ was at the lowest level in EU-27 in the period 2000-2007, far below the EU-27 average (Figure 4). Currently, the predominant business foci are not resource efficiency or any other sustainability concern, but more the relatively low level of labour productivity and benefiting from the predominance of labour-intensive industrial sectors, with competitive advantages based on - even though increasing - the lowest labour costs in EU-27, excepting Bulgaria (Table 14).

Figure 4: Evolution of Romanian economy's resource productivity between 2000 and 2007 (GDP/DMC;Euro per kg)



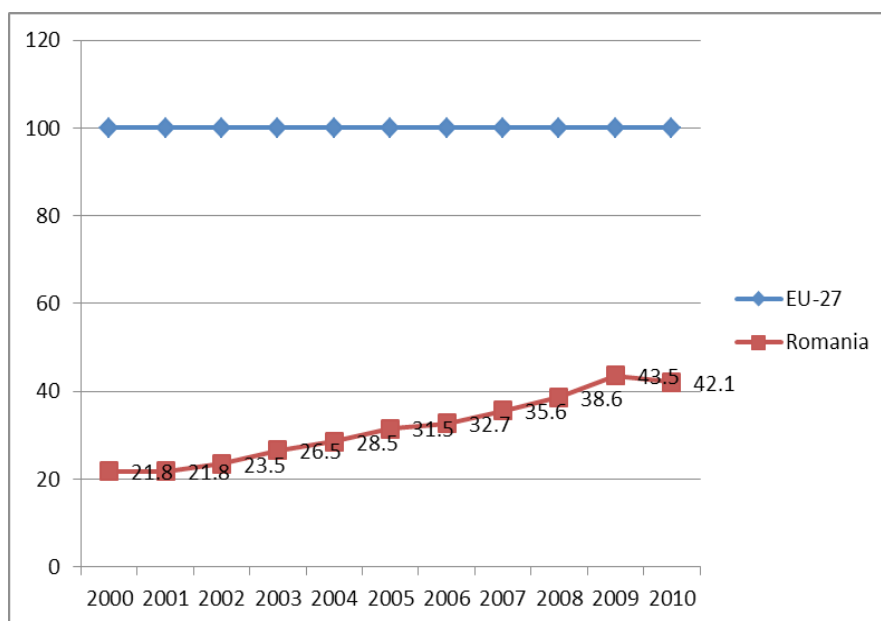
Source: Eurostat

¹³ European Commission (2011a, 2011b and 2011c)

¹⁴ Resource productivity is an indicator of both economic and ecological relevance. Besides being an important economic indicator pointing to the efficiency of an important factor of production, it is a relevant environmental indicator on macro level as well.

While labour productivity per hour worked (Figure 5) has progressively increased over the last years, it was about 58 percentage points below the EU-27 average in 2010. In addition, a cross-cutting challenge is the shortage of a medium and highly skilled labour force. Higher-education attainment still remains the lowest in the EU-27.

Figure 5: Labour productivity per hour worked in Romania (GDP in PPP; EU-27 = 100)



Source: Eurostat

Table 14: Average gross annual earnings in the business economy (average gross annual earnings of full-time employees; NACE Rev.2, section B-N) in 2009

	2009
Bulgaria	3.681
Czech Republic	10.663
Spain	23.714
Cyprus	24.775
Latvia	7.833
Lithuania	6.895
Netherlands	40.777
Poland	8.399
Romania	4.964

Slovenia	16.079
Slovakia	10.162
Sweden	33.613

Source: Eurostat

Due to the predominant cost-based competitiveness of most Romanian industrial firms, identifying material and energy consumption reduction possibilities to lower production process costs represents an enormous potential for both resource productivity increase and competitiveness gains through cost reduction. To this end, the specialized EU funding programmes for eco-efficiency, eco-innovation and competitiveness are opportunities to be fully exploited. In addition, phasing in competitive markets in energy sector will play an important role in stimulating overall economy's eco-efficiency.

Currently the lack of sector-tailored economic-environmental policies is the underlying obstacle to reaping resource productivity benefits. There are also other important obstacles to business firms' adoption of sustainable competitiveness strategy:

- i) Almost exclusively political prioritisation of economic growth was conducive to overlooking the economy's ecological performance in the last two decades;
- ii) Deficiencies in environmental policy design and implementation, as well as the lack of a coherent long-term industrial policy;
- iii) Lack of awareness as to the beneficial role of resource productivity to competitiveness in both policy and business environment;
- iv) Comparatively low level taxes on pollution and resource use (Table 15).

Table 15: Main environmental taxes in Romania, in 2007 (% of GDP)

	Total environmental taxes	Energy Taxes	Transport taxes	Taxes on pollution and resources
EU-27	2.45	1.77	0.58	0.10
Romania	2.07	1.71	0.35	0.01

Source: Eurostat

- v) Industry's out-of-date technological endowment;
- vi) The high share of energy-intensive industries and foreign investments directed mostly towards the low-technology and energy-intensive sectors are resulting in low environmental performance.

Consequently, the need of meeting more and more stringent environmental standards will entail to: i) strengthen institutional effectiveness; and ii) direct more – both public and private - investments for upgrading productive capacities and for new eco-efficient technologies, in spite of the widely persistent effects of financial crisis (also EC, 2011a).

Fortunately Romanian economy's low environmental performance offers a wide spectrum of opportunity, especially in industry. Since industrial competitive advantages are based mostly on „operational efficiency” (i.e. cost-effectiveness) and less on „differentiation” (Porter, 1996), a higher level of resource efficiency, by reducing material and energetic costs, may lead to firms' significant increase of market shares.

Excepting residential consumption, the Romanian industry was the main final energy consumer in 2010 (approximately 31%, Eurostat data). Manufacturing industry deserves special consideration since it is main domain of potential environment-competitiveness synergies in Romanian economy. In 2009 it accounted for 95% of the Romanian exports, 55% of the total energy consumption and 50% of the total hazardous waste generated in Romanian economy (data from Constantinos *et al.*, 2010). It also plays a more important structural role in the Romanian economy than of EU's average (22.4 %, in comparison to 14.9 % of total value added). The share of manufacturing in GDP is one of the highest in EU Member States. In spite of its magnitude, Romanian manufacturing is mostly specialized in labour-intensive industries (e.g. textile) and low-level and medium-high knowledge sectors (European Commission, 2011a). While the rise of manufacturing output is accompanied by the increase of intermediate consumption in the period 2002-2006, the latter's share of the gross value added remained almost constant (Table 16).

Table 16: Evolution of output, intermediate consumption and gross value added in the Romanian manufacturing industry between 2002 and 2006 (mil. lei current prices)

Indicator	2002	2003	2004	2005	2006
Output	94984.7	117276.8	153778.8	171983.9	203400.8
Intermediate consumption	61559.9	76864.2	101717.1	110733.6	130984.5
Intermediate consumption (%)	64.8	65.5	66.1	64.3	64.4
Gross value added	33424.8	40412.6	52061.7	61250.3	72416.3
Gross value added (%)	35.2	34.5	33.9	35.7	35.6

Source: NIS (2009)

In the long term, one of the essential challenges for enhancing the future competitiveness of the Romanian industry will be to facilitate "a shift away from unskilled labour and energy intensive sectors towards more smart, low-carbon and resource-efficient activities" (EC, 2011a).

Given the major differences between SMEs and large firms pertaining to capability endowment, technological change potential and competitiveness-environment synergy scope, separate suitable public policy responses should be formulated. SMEs operating in the Romanian economy (99.6% of the total firms) account for 59% of the total turnover and 52% of the environmental impact, while, despite their small proportion, the large firms account for the remaining 41% of the total turnover (and 50% of the value added), and 48% of the overall environmental impact (Constantinos *et al.*, 2010). Large firms' non-compliance or delays in compliance with the environmental regulation¹⁵, distorting subsidies or preferential access to resources represent important barriers to their implementing of eco-efficiency-oriented strategies. As far as SMEs are concerned, they need to shift from simple compliance with environmental regulation towards more proactive competitiveness-sustainability strategies. However most of them lack financial resources for new technology adoption or for implementation of the costly environmental management systems.

¹⁵ For example, the cases of Arpechim S.A. (<http://www.wall-street.ro/articol/Companii/31846/Rafinaria-Arpechim-nu-se-mai-inchide.html>) and Mittal Steel (<http://www.gandul.info/news/mittal-steel-are-mari-intarzieri-la-investitiile-de-mediu-878192>)

For overcoming these deficiencies and stimulating firm-level sustainability integration, state aid schemes and fiscal incentives directed towards the adoption of the best available technologies supplemented with technological standards could represent effective policy responses. They can stimulate industrial firms to shift the emphasis from simple end-of-pipe compliance to resource productivity increase concerns (e.g. Norberg-Bohm, 2000; Roome and Anastasiou, 2002; Constantinos et al., 2010).

Conclusions

In the period 2000-2007, GDP growth was an important contributor to the Romanian economy's eco-efficiency levels, while the material and energy consumption remained constant or even increased, especially due to several structural deficiencies – e.g. the high share of energy-intensive sectors. In spite of being an indirect and rough proxy for the economy's environmental impact, energy consumption may be used in calculating the eco-efficiency indicators. In Romania, the positive evolution of the energy consumption-based eco-efficiency indicators is due more to the GDP growth than to the energy efficiency rise. A notable exception is industry, where final energy consumption decreased in the period 2003-2007 in spite of the accelerating industrial output growth. Although the resource productivity improved in the period 2000-2007, DMC followed closely the GDP increase, a fact that points to a relative dematerialization of the Romanian economy.

Some framework-conditions of eco-efficiency increase (e.g. economic structure, innovation level and technological readiness) are, at the same time, determinants of competitiveness. Due to its i) significant share in the economy's total value added and exports and ii) high-level material and energy consumption, Romanian manufacturing industry is the sector with the highest sustainability-competitiveness synergy potential.

Further research is needed for: i) sectorial allocation of the economy's environmental impact, thereby identifying the main sectors, companies and socio-economic factors contributing to the relatively high levels of material and energy consumption; ii) determining the sector-specific potential of sustainability-competitiveness synergies; and iii) elaborating sustainable development scenarios based on Hardwick's sustainability criterion and possible future pathways of the national wealth stock and usage.

For resolving all sustainability-related deficiencies presented, a coherently integrated public policy response is needed, including environmental policy, industrial policy and RD&I.

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The Roma as a Protected Minority? Policies and Best Practices in the EU

Sigrid Lipott*

Abstract: *The Roma people are one of the most heterogeneous minority groups in Europe, encompassing a broad variety of cultural traits and linguistic diversity, resulting in numerous sub-groups and fragmented identities. However, the group defines itself as a 'unified non-territorial transnational nation'. The most recent developments at European level show an increasing willingness to adopt minority rights documents directed to autochthonous minorities. This has provided also the Roma, or part of them, with opportunities to be granted effective protection with support in the rights-based approach. The following paper will focus on the issue of Roma minority protection in the EU. The first two sections introduce the key features present in the debate regarding Roma minorities, highlighting the in-group diversity. The third one analyses the different legal status of the Roma communities in the EU. The fourth section highlights the importance of a framework instrument for the protection of territorial minorities at a macro-regional level. The fifth part gives an overview on the European Roma policy and the sixth section looks at best practices in Europe as far as protection of Roma is concerned: lessons can be learned, in this respect, from Slovenia and Sweden. The level of protection will be analysed at both theoretical and empirical level, through the help of the results of a small scale research carried out among minority members.*

Keywords: *minority, Roma, EU, policies, protection*

1. Introduction: terminological premises

Important theoretical distinctions can be made between different types of minorities. The first one concerns the relationship that such minorities have with the territory. From this point of view minorities can be autochthonous or allochthonous.

The former are also called indigenous, historical or territorial minorities; these terms refer to communities whose members have a language or culture distinct from the rest of the population; very often, they became minorities as a consequence of re-drawing of international borders; in other cases they are ethnic groups which did not achieve statehood of their own and instead form part of a larger country or several countries; in some cases they might have migrated to the country very long time ago and therefore are considered territorial minorities. Autochthonous minorities resist assimilation more strenuously, they have a deeper knowledge of the State they are living in and ask not only for equal treatment but also for guarantee of active participation

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in public life through various forms of autonomy. The scope of application of treaties and conventions pertaining to minorities are usually applied to this type of minorities.

The latter are the allochthonous minorities, also called new or non-territorial minorities: these terms refer to groups formed following the decision of individuals and families to leave their original homeland and immigrate to another country for economic, political or other reasons; they consist of migrants and refugees including their descendants.

Where can the Roma be situated? The distinction between these two types of minority can be relative. On the theoretical level, it is not possible to define a clear limit between these two situations. In principle, autochthonous groups can be defined as those who have been living on a territory for a long time so that it has been possible to experiment a mutual adaptation to the physical environment (cultural influence and ecological influence). It is though possible to give some concrete reference in order to distinguish between these two kinds of minorities by referring to a detailed charter of languages at the end of the last period of stability, which is variable, but which, in the case of Europe, comprises a period between the 17th and 18th century (Héraud, 1966: 155-172). In this sense, allochthonous minorities are those stemming from the current migration flows of the last decades.

Taking into account the territory, another useful distinction can be made among three kinds of minorities: spread minorities; islands of minorities; border minorities. Border minorities are usually considered autochthonous or historical minorities, whereas spread minorities and island of minorities can be either autochthonous or allochthonous. Spread minorities are the so called diasporas, they have neither stable nor marked borders neither territorial contiguity; they typically lack a mother land. The Roma, who have been singled out as outsiders, constitute a classical historical example in Europe (Sussi, Boileau, Strassoldo 1992: 65).

Within this framework, they appear to have a rather ambiguous and fragmented status: certain European countries consider them as autochthonous people and as national minorities, according to the time principle; in other countries, distinctions are made between autochthonous Roma, living on the territory since immemorial times, and allochthonous or newly arrived Roma, resulting of massive immigration after WWII and after the collapse of former Yugoslavia.

2. The Romani transnational minority

The Roma community across Europe has been estimated to consist of more than ten million people¹. It is the biggest minority group in the EU. However, there is a lack of precise data throughout Europe on the dimension of the Roma communities: in many countries, in fact, ethnic registration is forbidden while in others official statistics contain no information on ethnicity.

Roma people are one of the most heterogeneous minority groups in Europe. The group's heterogeneous nature encompasses a broad variety of settlement models and cultural, linguistic and religious diversity resulting in numerous sub-groups and fragmented collective identity. Nevertheless, the group has proclaimed to be a unified non-territorial transnational nation². The things that the various groups have in common are of great importance and bind them together in their Romani identity. These are the language, awareness of common origin, similar values,

¹ See European Centre for Minority Issues, <http://www.ecmi.de> (accessed on 11.12.2011).

² Delegation for Roma Issues Fact Sheet, JU 2006:10.

traditions, cultures and experiences, all of which have made the Roma culturally indomitable in the face of all attempts to assimilate them. Their common language Romani, or É Romani chib/Romani, is related to Sanskrit and consists of some 60 dialects, if not more.

The word Roma or Romanies also needs clarification. By that we mean all those individuals who identify themselves as Romanies as well as those groups of Romanies included in the minority policies of the States. The Council of Europe and OSCE recognize five main groups, which may be further divided into more subgroups. The exact number of all subgroups is still uncertain.

Across Europe the Roma experience greater social exclusion than the majority community, especially in accessing employment, education, health and social services: they still present high rates of illiteracy and poor school attendance of children. Roma is a minority group whose minority rights and in some cases human rights exhibit the lowest level of implementation in all European countries, in spite of attempts to harmonization of linguistic and cultural rights (Kai, Pejić, 2010:5).

As a largest transnational minority in Europe, the Roma experience very divergent attitudes. In many European countries Roma is not recognized as a national minority, yet a number of states have recognized Roma through the international instruments such as Framework Convention for the Protection of National Minorities (FCNM), bringing forward the development of national strategies for Roma inclusion.

3. A protected minority?

Virtually every EU country hosts Roma minorities (see table n. 1). Though, their legal status differs from country to country and also from group to group; a considerable part of the Roma population in the European member States does not even have any authorized legal status. Overall, most of EU countries recognized Roma among their ethnic minorities gave them full rights as citizens and launched development plans aiming at their full integration into public life. Nevertheless, a lot of divergences still exist among national legislations.

Table no. 1: Presence of Roma in the EU

Country	Minimum	Maximum
Austria	20,000	25,000
Belgium	10,000	15,000
Bulgaria	700,000	800,000
Cyprus	500	1,000
Czech Republic	250,000	300,000
Denmark	1,500	2,000
Estonia	1,000	1,500
Finland	7,000	9,000
France	280,000	340,000
Germany	110,000	130,000

Greece	160,000	200,000
Hungary	550,000	600,000
Ireland	22,000	28,000
Italy	90,000	110,000
Latvia	2,000	3,500
Lithuania	3,000	4,000
Luxembourg	100	150
Malta	?	?
Netherlands	35,000	40,000
Poland	50,000	60,000
Portugal	40,000	50,000
Romania	1,800,000	2,500,000
Slovakia	480,000	520,000
Slovenia	8,000	10,000
Spain	650,000	800,000
Sweden	15,000	20,000
United Kingdom	90,000	120,000

Source: data provided by the European Roma Rights Centre, 2011

The status of Roma is related to the period of migration of the groups and to the recognition in each country as an ethnic or national minority. Some groups of long-established migration are citizens of the country where they live where they are considered national minorities or ethnic minorities and have full citizenship. In the same countries some other groups are considered refugees or asylum-seekers and have no residence permit; in other countries they are considered asylum-seekers/refugees, but not in the condition to obtain the status. In most of the countries, many of the Roma are still considered illegal immigrants.

After ratifying the Framework Convention for the Protection of National Minorities (see section 3), every State was supposed to list its national minorities falling within the scope of the Convention and therefore enjoying special treatment. But many countries have never listed explicitly their national minorities whilst others have basically considered all minorities as national minorities, thus creating a lot of confusion in the application of the Convention.

Some times the terms used are also ambiguous and in some cases it has been “considered” or “assumed” that the Framework Convention would *de facto* cover certain groups. In some countries, Roma are considered national minorities but they have not clarified the personal scope of application to be given to the Framework Convention.

The topic of the legal status of Roma people is therefore complicated and should be analyzed country by country. The following table presents a rough summary of the status of Romany communities in the EU landscape.

Table no. 2: Legal status of Roma communities in the EU

Country	Recognition <i>de jure</i> or <i>de facto</i> of Roma as a territorial minority	Remarks
Austria	Yes	It is not explicitly mentioned whether they are included in the scope of application of the FCNM.
Belgium	No	-
Bulgaria	No	-
Cyprus	No	-
Czech Republic	Yes	The specification of national minorities seems to be auxiliary to the definition of national minority. Scope of application of FCNM is not clear.
Denmark	No	-
Estonia	No	-
Finland	Yes	The term national minority (or an analogous one) is not provided in Finnish legislation
France	No	-
Germany	Yes	Roma and Sinti who reside traditionally in Germany and have German citizenship
Greece	No	-
Hungary	Yes	Regarded as ethnic minorities
Ireland	No	-
Italy	No	-
Latvia	No	-
Lithuania	Yes	Any ethnic/linguistic minority is regarded as a national minority
Luxembourg	No	-
Malta	No	-
Netherlands	No	-
Poland	Yes	Regarded as ethnic minorities
Portugal	No	-
Romania	No	-
Slovak Republic	Yes	Regarded as nationalities
Slovenia	Yes	Regarded as ethnic minority with special status
Spain	No	-
Sweden	Yes	-
United Kingdom	No	-

Source: table drawn up by the author

As we can see, only a small number of EU countries give full legal recognition to Roma people. And even in such countries, although they are recognized as indigenous minorities, there are many ambiguities concerning terminology, so that some times it is not clear whether they are regarded as national minorities or as minorities with special status. Another issue regards the enormous gap between an official recognition and the actual implementation of laws through *ad hoc* policies.

4. An official recognition at European level?

Since 1990, the protection of minorities became an important content of multilateral and bilateral treaties and various international bodies, international organizations, sub-regional integration forms were created with the mandate of monitoring the treatment of minorities³. However, Roma people remained for long time excluded from such documents and did not gain the same attention as other historical minorities within the EU.

The Council of Europe, which has played the lead role in relation to minority issues and in the development of minority rights standards in Europe, partly filled this gap when it decided to draft a framework convention setting out the principles for the protection of national minorities, adopted in 1994 and entered into force in 1998. The *Framework Convention for the Protection of National Minorities* represents one of the weightiest contributions to the international protection and promotion of minority rights as well as one of the most comprehensive documents.

Unlike most other international instruments on minority rights that contain only political obligations, the Framework Convention is legally binding for member States of the Council of Europe. The Convention represents an important step towards the creation of a coherent minority protection system in Europe.

However, the Convention does not contain a definition of the concept of national minority nor does it define its application *ratione personae*. As there is no general definition agreed upon by all members of the Council of Europe, each party is given room to assess which groups of persons are to be covered by the convention within their territory, leaving it a wide margin of discretion in the application of the Convention. This selection must be made in good faith and in accordance with general principles of international law and the fundamental principles set out in article 3 of the Convention itself.

The lack of a definition of minorities also means there is no strictly worded distinction between “traditional national minorities” and the so-called “new minorities”. Likewise, it is not necessary for these national minorities to be citizens of the given country. The legislator did not explicitly provide the inclusion of Roma minorities in the notion of national minorities, since discretion is left to the States, though it encourages this kind of interpretation.

Several States have formulated declarations regarding the notion of national minorities upon ratification of the FCNM, while others have only made declarations giving their interpretation of the notion of national minorities. Some States have explicitly listed the groups of the people to which the FCNM applies within their territory (Denmark, Slovenia, Sweden, the Netherlands, Germany).

³ The Council of Europe documents: The Framework Convention for the Protection of National Minorities (1994); The Charter on the Protection of Minority and Regional Languages (1992); The High Commissioner on National Minorities and European Commission Against Racism and Intolerance.

The Framework Convention applies in principle to all parts of the ratifying states, unless a particular article carries an “area” designation. That means that a minority group in a certain country can be considered as a minority only in a particular territory within the country. For example, Slovenia makes a distinction between the national autochthonous minorities and the Roma/Gypsy community. Sweden distinguishes between recent immigrants and others. Germany makes a difference between national minority and ethnic groups traditionally resident in Germany including Roma/Gypsy and Sinti.

The FCNM provides for a certain flexibility dependent upon the type of minority group, typology of rights and particular circumstances of each State. In any case, the Convention and its Explanatory Report, referring to certain provisions on the use of minority language in public administration and on public signs and relating to education in the mother tongue may be invoked only by persons belonging to a national minority living either traditionally in a given area or in a substantial number and only if there is a real need or a sufficient demand.

The Convention elaborates on the obligations of States towards national minorities in such spheres as non-discrimination and promotion of effective equality, promotion of conditions favouring the preservation and development of culture, religion, language and traditions, education, learning of and instruction in the minority language, use of one’s own name in the minority language, topographical names in the minority language, participation in public life and cross-border contacts.

In spite of some shortcomings (absence of explicit recognition of collective rights of minorities; absence of a definition of national minority; limited standards; absence of a clear distinction between ‘old’ and ‘new’ minority categories, absence of clarification on means and on implementation of the rights, etc.), the FCNM remains the most important European document on the protection of national minorities; it does not officially recognize the role of Roma minority at European level but it is, indirectly, an instrument which is likely to influence positively the situation of Romany communities in those countries that explicitly recognized them under the scope of application of the Convention.

Other documents, signed at regional level, try to provide a framework protection for Roma minorities; one praiseworthy example is the Instrument for the Protection of Minorities adopted by the Central European Initiative, though such documents are only politically (and not legally) binding.

5. European Roma policy

EU legislation, with the Race Equality Directive, requires Member States to give ethnic minorities, such as Roma, equal access to education, housing, health and employment. Though, in 2010, the Commission’s Roma Task Force underlined the need for more proportionate measures in order to tackle the social and economic problems of a large part of the Roma population and to ensure that national, regional and local integration policies focus on Roma in a specific way.

On these premises, in 2011 the EU decided to work out a specific Roma inclusion strategy to work on national programmes in order to improve Roma integration and inclusion. The EU Framework identifies four pillars where national efforts to improve the integration of Roma are required, regardless of the legal status granted to Roma communities by individual States. These are: education, ensuring that all Roma children complete at least primary school; employment,

cutting the employment gap between Roma and other citizens; health, reducing the health gap, for example by cutting child mortality among Roma; and housing, closing the gap in access to housing and public utilities such as water and electricity.

The EU Framework raises Roma inclusion to the EU level for the first time and clearly links it with the Europe the 2020 growth strategy. Up to the present, only 12 countries have clearly identified allocated funding and presented strong inclusion policy measures in their strategy papers.

However, this EU Framework does not replace Member States' primary responsibility for Roma protection, which is still differing from country to country.

6. Best practices in Slovenia and Sweden

Field studies, State reports on the application of the FCNM and Council of Europe's opinions show that two EU countries seem to have chosen two models of minority protection which have proved effective, given the low degree of interethnic tensions. This is the case of Slovenia and Sweden. They both developed a system of protection and integration which, in some aspects, at least on paper, goes even beyond EU's existing standards.

This is particularly true as far as their "historical minorities", stemming from border re-drawing, are concerned. Nevertheless, they also dedicate special attention to the issues of Roma protection: as a matter of fact, they both include the Roma/Gypsy among their territorial minorities, creating legal prerequisites for the non-discrimination of their members and formal equality for all the legal aspects. This means that they have increased opportunities to influence how issues concerning them directly on a national level are handled.

These two countries can be, each one in a particular field of protection, taken as paradigmatic example, having activated best practices with their 'politics of recognition'. Like all other countries, they have, of course, chosen different types of 'minoritization' for different minorities, and the level of protection of Roma people cannot be equalled to the one of other national minorities; nevertheless, the introduction in the legislation of the concept of minority areas or ethnically mixed areas provide prerequisites for basic minority rights and leaves room for further developments. In the next sections, we will be looking at Roma minority protection in both countries taking into an account five main headings: the educational system, the use of language, political participation and representation, cultural life, information and the media.

7. Lessons from Slovenia

Slovenia is one the few countries which treat the Roma as an autochthonous ethnic community. In the Republic of Slovenia, the Roma community is a minority community recognised by the Constitution; it does not, however, have the status of national minority, but it is a minority community specifically mentioned in the Constitution (art. 65) and granted special protection by law.

Slovenia has chosen a selective extending model (Komac, 1999) i.e. general constitutional provisions for the protection of the Roma community, completed with provisions in legislation and specific policies regarding education, culture, local government, etc. However, this applies only to autochthonous Roma, as Slovenian law distinguishes between "autochthonous Roma" and other Roma. The term "autochthonous Roma", however, is not defined in law, but all

autochthonous Roma are by definition citizens. Non-autochthonous Roma have fewer rights even if they are citizens.

In spite of this, Slovenia has been generally considered an excellent example in the field of minority protection and a good example in the field of Roma protection in particular. In 1995, the Government adopted the Programme of Measures to Assist the Roma, which defines areas of activity of government bodies and municipalities such as improvement of the housing situation, creating options for education and employment, development of culture, dissemination of information and preserving ethnic identity, encouraging political participation of the Roma in the local community, managing public and social matters, in particular solving problems linked to social exclusion faced by Roma in housing conditions, unemployment and low educational level.

In 1999, the Government adopted a decision requiring all bodies dealing with Roma issues in various fields to earmark additional budget funds for this purpose. In 2004 the Government adopted decisions for follow-up activities in this field, namely decisions concerning measures to be taken in individual areas. These measures ask that government bodies consistently include solutions concerning Roma issues in their programmes, prepare action programmes for their implementation, as well as other programmes and measures.

With the Law on Roma Community (March 2007), Slovenia is the first country in the EU that has a special law on the Roma Community. This law actually defines the whole situation of Roma people in Slovenia from their housing to education and employment and provides the establishment of a Roma Community Council to deal with Roma interests, rights, culture and international cooperation. Facts show that the State is not inactive as regards Roma's status, but the difference between their protection and that of the two other autochthonous communities is evident. CERD explicitly criticised this discrepancy, whereas the European Commission, in its report about Slovenia joining the EU, although emphasizing the achievement of all policies of the Copenhagen criteria, it urged for additional measures concerning the Roma position. However, Slovenia is one of the few countries in EU 27 protecting the Roma constitutionally and as an autochthonous minority and taking specific actions for their best interest.

At the last available census (2002) 3,246 inhabitants declared themselves as members of the Roma ethnic community and 3,834 people stated Roma language was their mother tongue. Though, according to the data from 2003 provided by social work centres, there are supposedly 6,264 Roma living in Slovenia and according to the data from 2004 provided by the municipalities where Roma are settled historically, 6,448 members of the Roma Ethnic Community are supposedly living in these municipalities. Despite the official data of the census, the Office for National Minorities of Slovenia estimates that between 7,000 and 10,000 Roma live in the Republic of Slovenia.

The historical data mention Roma living on the territory of today's Republic of Slovenia since the 15th century. Research shows that the Roma living in Slovenia today came from three different directions: the ancestors of the Roma living in Prekmurje came to this region across the Hungarian territory, the Dolenjska group of Roma came across the Croatian territory, and in Gorenjska there were small groups of Sinti that came from the North across the Austrian territory. Even though primarily these groups were nomads or semi-nomads, and in the past they frequently changed the position of their settlements, today we can firmly talk about specific regions where these groups settled indefinitely: in Prekmurje, Dolenjska, Bela Krajina and Posavje. In these regions the Roma ethnic community lives traditionally, historically, and has

preserved its more or less permanent and specific settlements. Data provided by municipalities show that in 25 Slovenian municipalities there are 90 Roma settlements. The largest Roma settlement is the local community of Pušča in the Murska Sobota Municipality. More recently, Roma have formed an emigration settlement near Maribor, though mixed with Albanians and other ethnic groups.

The majority of Roma, however, still reside in settlements isolated from other populations or on the borders of settled areas in circumstances that are below the minimum living standards. Data show that nearly 40 per cent of Roma live in brick houses and only a small number of Roma families live together with the majority population and were able to reach a satisfactory level of socialization and to become involved in the local environment and the society.

Education of Roma people presents various difficulties, first of all because of the gap in communication: Roma have developed a verbal communication which is sometimes only orally transmitted, from generation to generation; moreover, the language is very linked to the territory and although there are similarities between the various 'dialects', it is not always possible to speak about a common Roma language understood by all Roma people. Another even more important problem is the high rate of illiteracy and school drop out.

Thus far, there are no schools in Slovenia where the Romany language is the medium of instruction: the Slovene government tries to integrate Roma children into the general education system. To that end, Slovene schools with Roma pupils have smaller classes, in order to be able to teach Roma children in smaller groups. Since 2011, long-term initiatives are carried out following the goals set out in the EU Framework Strategy. In schools where an interest is manifested, the optional subject "Roma culture" is available; programmes addressing intercultural co-existence have been prepared; educational text books in the Roma language have been published; training seminars for teachers dealing with Roma are being carried out.

Further measures to be achieved by 2015 are inclusion of Roma assistants in the educational process, early inclusion in educational processes, setting up conditions for inclusion in preschool education, raising the quality of education provided to Roma children, establishment of a support for learning network, in particular for secondary school Roma students.

The main problem is still the lack of staff that are able to speak the Romany language. However, in its report, the Committee of Experts see it as a very important task to raise the prestige of the Romany language and practical problems are no reason to prevent teaching the language at some level (Klinge, 2004).

As concerns the use of language more generally, no act contains special provisions for the use of their minority language for official purposes. Therefore, Roma currently do not have the right to use their language for official purposes and before administrative bodies or courts.

In the areas where they live, the Roma have the right to at least one representative in the municipal council. Following the decision of the Constitutional Court in 2002, the Law on Local Self-Government has been amended so as to provide for at least one Roma representative in 20 municipal councils. This means that Roma have now an embryonic right to representation in elected bodies.

In Slovenia, several societies and cultural associations of national minorities, including the Romany community, are active. However, most of cultural and other associations of diverse ethnic communities were established on the basis of private law.

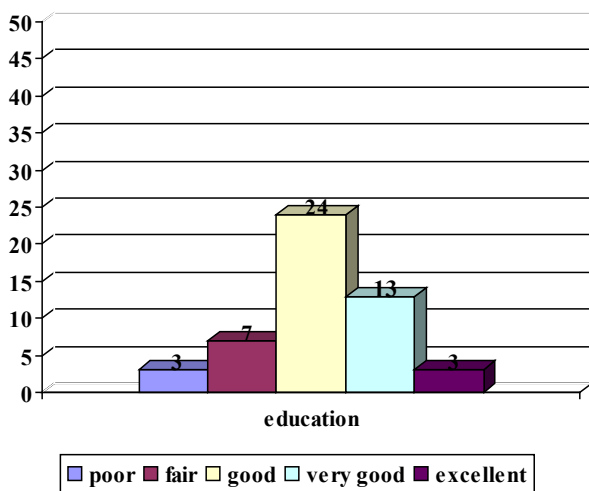
Roma media are still a rare occurrence in Slovenia's public service network (Gosselin, 2002:12). The Romany community disposes of a bilingual newspaper, *Romano them*, in

Slovene and Romany language, and of some broadcast programmes that are co-financed by the Ministry of culture, radio *Romskih 60* and *Studio D* with weekly bilingual programmes, and TV programme *TU As* broadcasting occasionally. However, some relevant attempts have been made and lately the Roma programs aired irregularly by the station have turned into a regular specific show.

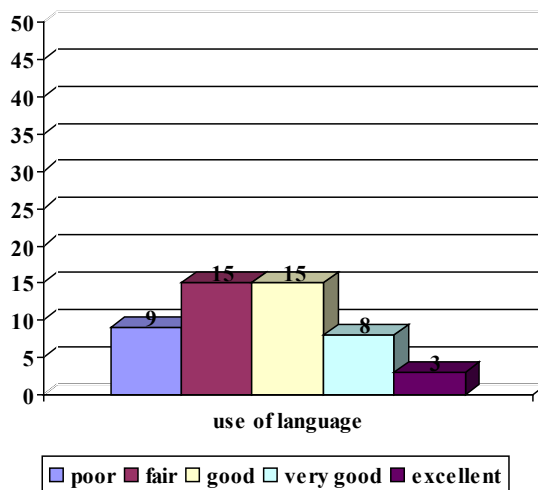
In 2011, a small-scale field research has been carried out among Roma by the author by means of a structured questionnaire aiming to identify the perception of the level of protection for each of the previously analysed fields, in order to find out discrepancies between the protection of ethnic minorities as enacted and framed in the government policies and in the legal system, and the perception of the members of the minority themselves. The sample consists of 50 cases and the chosen methodology is chain-referral: accessing Roma populations through probability sampling was either not applicable (Sweden) or it provided low response rates (Slovenia). Snowball methods usually do not demand to have scientific accuracy but, if biases are limited, they can however provide an interesting portrait of social phenomena, especially when hidden population are involved. Initial subjects of the chain were chosen among experts in the field, professors, researchers, representatives of national minorities at the institutional level etc. The main results will be now shortly presented through graphic solutions.

The survey was conducted in the Roma autochthonous settlements of Prekmurje. The respondents are 50% women and 50% men, most of whom have primary or lower secondary school degree, covering all age groups. Regarding minority protection field by field, several differences can be noticed from one field to another. Overall, it is deemed at least as sufficient in most of sectors. In particular, the fields of education and cultural life are deemed to be very good or excellent by 32% and 38%, respectively, of respondents. By contrast, the fields 'information and media and 'use of language' are considered the most problematic ones, with half of respondents judging the protection in these fields as 'poor' or 'fair'.

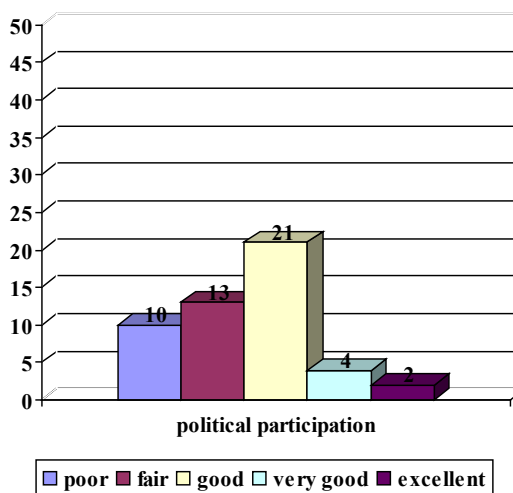
Graph no. 1: Perceived protection in the education field



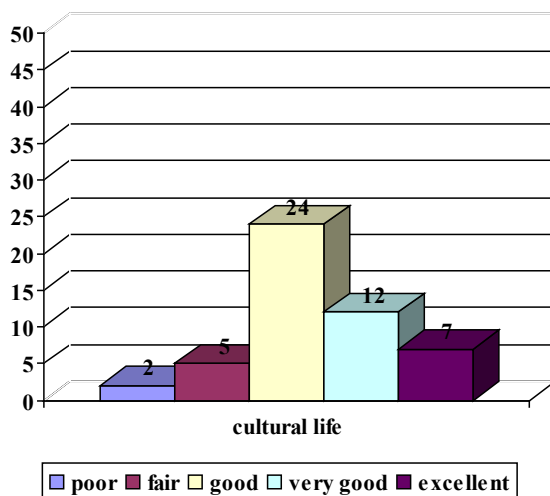
Graph no. 2: Use of minority language



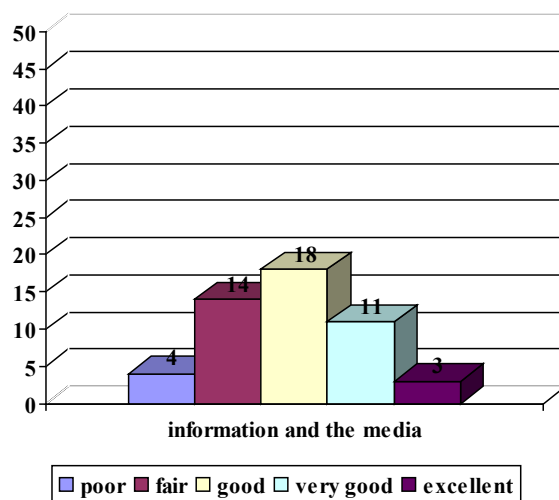
Graph no. 3: Perceived protection in the field of political participation



Graph no. 4: Perceived protection in the cultural life field



Graph no. 5: Perceived protection in the field of information and media



The survey shows that, although Roma are not particularly satisfied with their minority rights in all considered fields, they judge positively at least two of them and, on average, fairly the other three. The hypothesis of Slovenia having a rather developed minority protection system as far as Roma are concerned is therefore, if not totally, at least for the most part, confirmed not only by the analysis of literature and existing legal provisions but also by the voice of the community.

8. Lessons from Sweden

According to a report submitted to the OSCE by the International Helsinki Federation for Human Rights in 2005, Sweden hosts the largest number of Roma in the Nordic countries. The number of Roma living in Sweden is currently estimated at 40,000 – 50,000 people. As a result of several waves of migration from the 16th century until today, Sweden has a heterogeneous Romani population with linguistic, religious, and cultural variations.

In spite of this, Sweden recognized Roma people as a national minority only when the parliament adopted the government's proposition 1998/99:143 *National Minorities in Sweden* in December 1999. The official recognition was followed by the ratification of the FCNM.

The history of the Roma in the Nordic area is little known. Sweden has had a Romani population at least since 1500. They were firstly referred to as Tater and later as Tattare or Gypsies. A great number of them were deported over the centuries to Finland, which used to be part of the Swedish empire. In Sweden as elsewhere, the secular and ecclesiastical authorities issued various edicts during the 17th century decreeing that the Roma were to be driven out of the country. During the 18th century many Roma were drafted into the army. Others were dispatched to forced labour or forced settlement. A ban on Romani immigration was introduced in Sweden in 1914 and remained in place until 1954. During the period between the two world wars, the Gypsy issue was the subject of a fierce debate which had racist overtones and frequently drew on racial biology.

The Swedish government officially divided the heterogeneous minority into five groups (Kai, Pejčić, 2010:5) : (a) The Finnish Kalé Roma, one of the oldest groups, which is made up of around 10,000 – 12,000 people; most of them migrated from Finland in the 1960s and 1970s; (b) The Travellers, whose origin is still debated: they originate from the very first Roma migrants to Sweden in the 16th century and, according to some sources, from German and French soldiers who came to Sweden during the wars of the 17th century; however, they are probably the most ancient group and are estimated to be around 20,000 – 25,000; (c) the Swedish Kelderash Roma, who are estimated about 4,000 – 5,000. Most of them emigrated from Russia around the end of 19th century; (d) The “non-Nordic” Roma, which is the largest group and is estimated to be about 15 000 in number; it is a very heterogeneous group with several subgroups and mainly consists of immigrants who came to Sweden from different European countries in the end of the 1960s and in the 1970s; they have different religious confessions and at least four languages; (e) one last group, mostly from Bosnia and Herzegovina, Serbia and Kosovo, who came to Sweden as a result of the collapse of former Yugoslavia, and which comprises at least 5,000 Roma. This group also is heterogeneous. These are also newly arrived. It is mainly Romani asylum seekers and refugees such as Erli och Gurbeti Roma.

Although the last two groups are not technically autochthonous territorial minorities, Sweden decided not to make any distinction among the various groups and to confer them all the status of national minorities, therefore implying their long- lasting presence on the Swedish territory.

It must be noted that this categorization is largely inclusive: each of these Roma groups contains several other sub-groups and the classification is often rejected by many Roma communities or individuals: it is in fact based on a sequence of historical migrations, whilst Roma generally focus on innate transnational diversity (for example such groups as Lovara, Arli, Gurbeti, etc. identify themselves as *one* group even though people belonging to them can have

different nationalities, religious confessions, dialects). Moreover, one individual can identify him/herself with more than one group: for example he/she can belong to the Finnish Kalé Roma and to the Travellers at the same time. Some Travellers regard themselves as *resande*, an identity that has become more accentuated in line with the new differentiated minority politics.

Sweden is certainly one of the few countries in Europe in which the Roma minority presents such innate diversity which often leads to fragmentation, first of all in terms of identity and consequently in terms of representation. The different groups, in fact, often do not cooperate or even mix between each other. It is estimated that 13 – 14 varieties of Romani Chib are spoken among Sweden's Roma and some times these languages do not imply mutual intelligibility. The main distinction is noted between Wallachian and non-Wallachian dialects/languages. The former developed among the Roma who were detained in Vlach and Moldova from the 14th to the 19th century, whilst the latter developed among the groups who began to migrate to other parts of Europe in the 15th century or earlier. The different varieties of Romany Chib – Finnish Romani, Kelderash, Lovari, Tjurari, Sinto, Arli, Bugurji, Gurbet and Swedish Romani – spoken in Sweden are protected as one language.

In spite of the important changes Sweden's minority policy underwent during the last decade and the tightening of the anti-discrimination laws, the Roma – without any significant differences among the various groups and sub-groups – live in exposed situations in all relevant social aspects, often experiencing individual and structural discrimination.

Since the autumn of 2006 the Government appointed the Delegation for Roma Issues with the task of improving the situation of the Roma in Sweden. The delegation's main tasks are: to inform and disseminate knowledge about Roma and their situation in Sweden and to encourage the exchange of knowledge and experiences; the delegation consists of ten members, half of whom are of Roma origin; b) to promote and support municipal projects and activities aimed at improving the situation of Roma and c) to gather experiences in the areas of settlement and submit proposals for how the living conditions of Roma in Swedish society can be improved. The work requires a close dialogue and cooperation with Roma. The Government has annual consultation meetings with the representatives of the national minorities, including Roma.

In Sweden there is an extensive legislation against ethnic discrimination. Since Roma as a group are particularly adversely affected by prejudice and discrimination the Ombudsman against ethnic discrimination has received additional funding for Roma related issues.

The practice of Roma minority protection in Sweden was introduced only recently but it has already shown rather successful in at least some of the fields of protection. Romani Chib is deemed to be a non territorial language; nevertheless, some ordinances (SFS 1994:1194 and SFS 1992:394) lay down special rules for mother-tongue education in Romani languages: the speakers enjoy this right even if the number of students is less than five. Roma students with foreign background are the only group entitled to mother-tongue education in two languages, if they need it.

In order to accomplish the goal set out in the EU Framework Strategy, Sweden has taken numerous measures with the aim to bring about real changes in Roma pupils' performance at school. These include the organization of courses to train bridge-builders in day-care, pre-school classes and primary and lower secondary schools in the pilot municipalities in order to improve the educational situation of the Roma minority, increased security for all children, publication of teaching material in Romani Chib for use at all school levels.

No right to use the language in the contact with the public administration has been granted,

so far. The Roma people do not have a representative body at national level, though they can have some influence on matters concerning them through the Roma Council, composed of ministries and Roma representatives working together with the task of submitting proposals and draft laws that can promote the situation of the Roma minority in Sweden. The Roma Council was created in 2002, replacing the Roma Working Group of 1996. The Roma National Associations are another example of representation at the national level. At the local level, various associations and organisations have tried to avoid this problem by including in the Board of Directors members from all five Roma groups, like the Roma Cultural Centre in Huddinge (Stockholm).

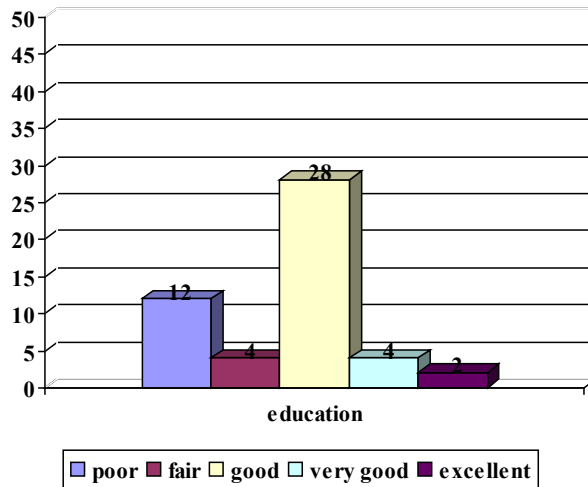
The Swedish National Council for Cultural Affairs is responsible for implementing the national cultural policy, including minority policies, in fields as literature, museums, exhibitions, concerts, arts, etc. Since the introduction of the minority policy, the minorities' national organisations, including those of Roma, have been able to apply for a grant for their activity on annual basis. The funds are allocated in accordance with the Ordinance on Government Support for National Minorities (2005:765).

Radio Romano has been established, in 2001, in the international unit of the Swedish Radio. It broadcasts in Romany Chib a few hours per week. The Roma minority has also its own magazine, *E Romani Glinda*, since 1998. *E Romani Glinda* is a politically and religiously independent magazine primarily targeted at Roma, but also at various organizations and agencies that come into contact with Roma or Roma-related issues, and at all those interested. It is published in Swedish language but deals with topics that concern Roma people both at national and international level (culture, events, ongoing projects, experiences, etc.).

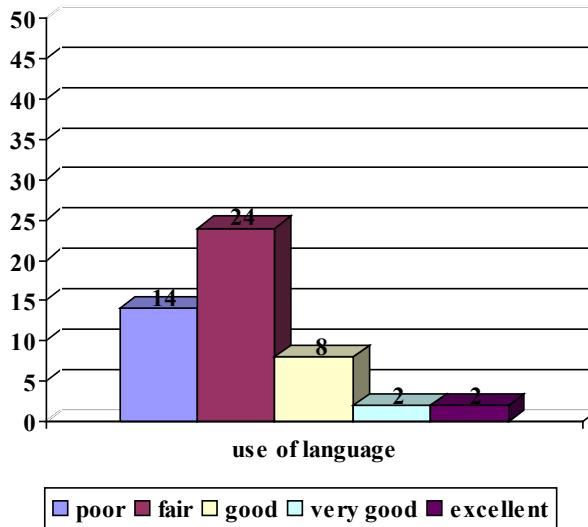
A field research was carried out also in Sweden, using the same methods applied to the Slovenian Roma minority as described above. In the research, all six Swedish Roma subgroups have been taken into consideration in order to obtain a more complete view on Swedish Roma's opinions. However, using a snowball method, it was not possible to respect the percentages of the different groups composing the social landscape, although we have tried to take into account different age groups and education levels.

As regards minority protection field by field, the protection is considered good in some and less good in others. Protection in the field of education and promotion of cultural life is deemed to be 'good' by the majority of respondents, whereas it is perceived to be scarce in the other fields. In particular, 40% of respondents consider minority protection in the field of political participation as 'poor' and 28% consider the protection regarding the use of language 'poor' as well. The vast majority (48%) consider protection in the information and media sector as 'fair'.

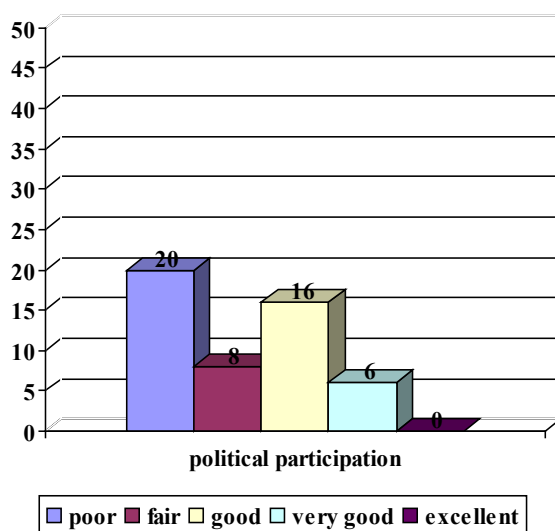
Graph no. 6: Perceived protection in the education field



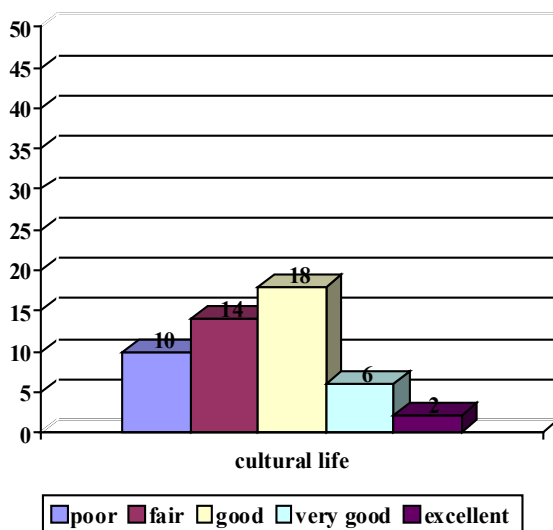
Graph no. 7: Perceived protection in the use of minority language field



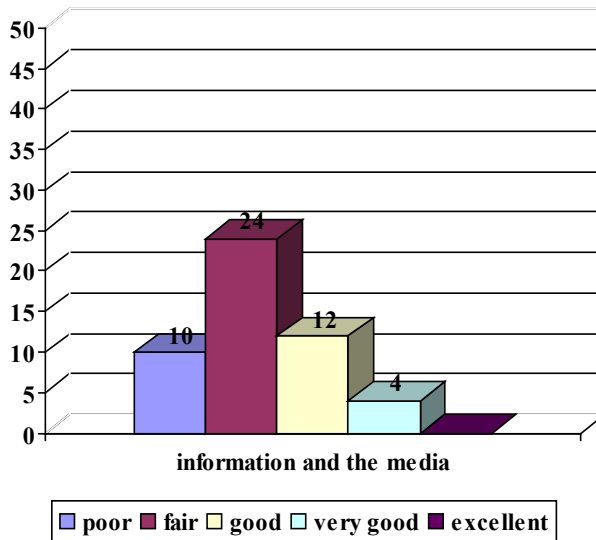
Graph no. 8: Perceived protection in the political participation field



Graph: no. 9: Perceived protection in the cultural life field



Graph no. 10: Perceived protection in the information and the media field



Although Swedish legislation provides a good legal basis for Roma rights, the survey shows that these rights are probably not sufficiently translated into practice or made effective yet.

9. Conclusions

Slovenia and Sweden, in spite of the relatively recent practice of Roma minority protection and implementation both of internal legislation and of European documents, have become two examples in the field. Both countries include Roma among protected minorities, although they apply different methods: Sweden considers them as a national minority whereas the exact expression used in Slovenia is special ethnic community⁴. However, both countries apply the norms contained in the FCNM also to the members of the Roma community.

Some limits can be found in the legal uncertainty with regard to the distinction between autochthonous and non-autochthonous Roma (in Slovenia) and in language rights restrictions (in Sweden).

Nevertheless, best practices can be detected at least at three different levels, as it emerges from our analysis: (a) they have, compared to most other EU countries, a rather rich legislation in the field of Roma protection, incorporated in or backed by numerous programmes, strategies and resolutions in different social areas; (b) they are deemed to be carrying out some of the best measures with regard to the implementation of the EU Framework Strategy on Roma and; (c) empirical results regarding perception of protection by Roma minority members leave margins

⁴ See also Office for National Minorities, Government of the Republic of Slovenia, http://www.unv.si/en/minorities_national_communities/roma_ethnic_community.

for optimism, especially in the field of education which is at the core of EU policies towards Roma.

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Rien ne se crée sans les hommes. Rien ne dure sans les institutions.

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