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The main objective of this publication is to provide the readers with a wide-scale analysis and generalization of the changes, both essential and significant, for the national security of Lithuania at the international–systemic, regional, and national levels. The book also aims to give maximum emphasis to the specificity of Lithuanian national security issues and comprehensively present them to a widely interested and concerned audience.

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Preface

The Strategic Research Center of the Lithuanian Military Academy and the Institute of International Relations and Political Science of Vilnius University presents its readers the sixth issue of the "Lithuanian Annual Strategic Review" devoted to actualities and issues of the security policy of Lithuania, Europe and the world in 2006-2007.

The first part, called "Global International System and Lithuania", holds three papers dealing with ever urgent contemporary issues. Terry Clark summarizes possible changes in the foreign policy of the USA after the 2006 election to the Congress with the Democratic Party in the majority and states that, in spite of the substantial decrease in the political influence of the Republicans, changes in the foreign policy are highly improbable since the opponents of President Bush are so far incapable of presenting a sufficiently credible alternative foreign policy strategy. Deividas Šlekys presents a comprehensive survey of the specifics and development of the American warfare tradition and aims at evaluating the impact it will have on the developing defense policy and warfare tradition of Lithuania. Egdūnas Račius is critical of the efforts of the USA-led coalitions to implement democracy in Afghanistan and Iraq with the help of external forces relying on the establishment of solely formal democratic institutions without adequately taking into consideration cultural specifics of local communities. The author points out that regardless of obvious achievements in establishing institutions and procedures the situation becomes paradoxical because it is the best-organized radical Islamists, whose coming to power is least welcome, that are most ready to take advantage of these achievements.

The second part of the "Review", "Changing European Security Space", also comprises three texts associated with issues of the European Union. Arūnas Molis explores the development of crises management capabilities and experience of the European Union up to the end of 2007. In the researcher's opinion, in the activity of crises management, the EU gives priority to civilian operations, whereas concerning shortcomings in generating capabilities, the EU will further most frequently assume the responsibility only supplementing the activity of other international organizations in the area of crises management. The article by Gediminas Vitkus and Jūratė Novagrockienė supplies results of the research the aim of which was to measure and characterize in a defined sense the impact of Lithuania on the decisions of the EU Council. This research helped establish that Lithuanian representatives in the EU Council usually communicate with their neighbors – Baltic, Scandinavian countries and particularly Poland – informally and, therefore, remain in the periphery of the informal EU Council decision-making network. Three authors – Rūta Kropienė, Stasys Kropas and Arūnas Dulkys – in their article "The Asymmetry Problem of the European Development" get involved in clearly more active debates on the role of the inflation criterion in the Euro-zone development process and analyze the consequences of the decision by the European Commission to postpone

Lithuania's joining the Euro-zone. The researchers claim that in the future, in evaluating the progress of the convergence, decisions should be prepared and made as transparently as possible, all states should be treated equally taking into consideration economic realities of the new European Union members and the interpretation of the compliance with the criteria based on the economic logic.

In the third part of the "Strategic Review", called "Lithuania's Eastern Neighborhood", readers will find research studies referring to the perspectives of military integration and democratic development of the Eastern neighbors of Lithuania. Gražvydas Jasutis surveys the Collective Security Treaty Organization comprising a part of the states of the former Soviet Union. Algimantas Jankauskas and Liutauras Gudžinskas seek an answer to the question whether the universal democratization theory that took root two decades ago has so far retained its theoretical and methodological capability and can still help interpret the political development of post-communist and particularly post-Soviet space countries when more than a decade has elapsed since "the third democratization wave" hit the post-Soviet space. Vladas Sirutavičius discusses the dynamics of the Ukrainian political regime after the Orange Revolution and supplies a theoretical interpretation of the factors determining the permanent political instability in the Ukraine.

The fourth part of the "Review" covers urgent aspects, issues and cases of the national security of Lithuania and other states. This part starts with a rather extensive study of the energy security of Lithuania by Kęstutis Budrys dealing with the investments of Poland in the energy sector of Lithuania while acquiring a strategic and the only oil-processing enterprise in the Baltic States "Mažeikių Nafta". Though this transaction gave impetus to new expectations concerning the beginning of a new development stage in the partnership between Lithuania and Poland, yet, in the author's opinion, because of different geo-energetic functions of Lithuania and Poland, the perspectives of this cooperation should not be overestimated or more so associated with the guarantee of the energetic security of Lithuania. Alvidas Lukošaitis analyzes a new phenomenon in the political life of Lithuania. For the first time, after the restoration of the independence in 1990, Lithuania is under the Minority Government. Irmina Matonytė and Reka Varnagy take a close look at the consequences and lessons of the protracted political crisis in Hungary in 2006. Irena Gavėnienė presents a comprehensive and thorough survey of the state and problems of the Lithuanian environment protection.

We wish our readers an interesting acquaintance with new research studies on foreign and security policy actualities of Lithuania in 2007. We would also like to remind you of the availability of these and previous volumes of the "Lithuanian Annual Strategic Review" editions at the General Jonas Žemaitis Military Academy of Lithuania website and scientific electronic library at all times.

Global
International
System
and
Lithuania

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U.S. Foreign Policy in the Aftermath of the 2006 Congressional Elections: Neoconservatism and Its Opponents

The terrorist attacks of 9/11 resulted in the Bush Administration (that of the forty third president of the United States) shifting U.S. foreign policy in a direction long urged by a group of intellectuals and policy advocates known as the Neoconservatives. Six years later, it is clear that the U.S. foreign policy community has rejected the Neoconservative argument without coming to consensus on an alternative paradigm. Hence, U.S. foreign policy is likely to be ad hoc in the near to mid-term, dealing with each newly emerging crisis and issue in isolation from others. Given this non-holistic approach, the United States will be forced to attempt to manage global affairs in reactive fashion, ceding the initiative to those states with clearer ideas of their national goals and interests. Among them will be China, Iran, and a newly re-assertive Russia

Introduction

It is generally conceded that the terrorist attacks of 9/11 resulted in the Bush Administration shifting U.S. foreign policy in a direction long urged by a group of intellectuals and policy advocates known as the Neoconservatives. The group had criticized both the Bush Forty-One and Clinton administration throughout the decade of the 1990s for failing to properly assess the looming threats to the international system in the wake of the collapse of the Soviet Union and permitting U.S. military power to erode significantly. The shock of 9/11 not only made the Neoconservative case that the global order was much more fragile than thought, it left it with virtually no other competitor in the competition of ideas on how best to conceptualize the international system and organize an appropriate foreign policy.

Six years later, the mid-term Congressional elections would appear to have dealt a blow to the Neoconservative foreign policy that emerged as a response to 9/11. The 2006 elections swept the Republicans out of power in both

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houses of Congress and replaced them with a majority Democratic Party that, although not of one mind on how best to do so, was decidedly determined to bring about a change in U.S. foreign policy. The precipitating crisis accounting for the Republican defeat was the public perception that the Bush Administration had committed the country to a war in Iraq that was too costly in resources and lives. Strangely enough, however, the president's approval rating, which had long been dependent on the course of the war, was dealt its most serious blow by Hurricane Katrina, rather than the continued insurgency. While the public was increasingly weary of the war, the president had won the 2004 elections by appealing to the claim that his was the most competent to deal with the threat of terrorism. The Administration's slow reaction to Hurricane Katrina signaled ineptness and undermined the public's faith in the president's claim of competence. The result was a vote of no confidence in the president.

Hence, the Democrats were delivered an opportunity to govern without having made any definitive promises, apart from little more than a commitment to change. Furthermore, while they were much more united on what that might mean domestically, they were decidedly less so on foreign policy and the war in Iraq. While some called for an immediate pull out, others urged a phased pull out, and still others supported a pull back to blocking positions. The fissures within the Democrats' ranks assisted the president in overcoming both Congressional resistance and public disapproval to engage in a military surge in Iraq.

Despite this, it is clear that the president and the Republicans will have to shift their strategy in the run-up to the 2008 general elections. Failing to do so, they risk losing not only the White House but sustaining further dramatic losses in the Senate and House of Representatives. Since any fundamental change in strategy entails a rejection of the Neoconservative ideas that led to the strategy in the first instance, this necessarily requires that a new foreign policy paradigm be adopted. I argue in this paper that no new paradigm is available. Indeed, were there one, the Democrats would have been able to rally both their party and the public around it and forced President Bush to accede to their demands instead of engage in the surge operations within Iraq over summer 2007. I begin by reviewing the history of the emergence of the Neoconservative foreign policy paradigm. I then discuss the paradigm itself. I conclude with a consideration of the failed attempts of the effort to displace it. My thesis is that while it has been rejected politically, there is no intellectual commitment to a replacement. I conclude with a discussion of the consequences of this reality for U.S. foreign policy

1. U.S. Foreign Policy during the Cold War

Nation-states need paradigms in order to achieve their foreign policy goals. While such paradigms do not define national interests, those same interests can not be achieved without a worldview that unites foreign policy elites, permits a sustained commitment to a course of action, and convinces the international system of the coherency and commitment to that course of action. Paradigms provide such worldviews.

During the Cold War, the United States' national interests were to assure the country's security by expanding free markets and encouraging democracy. The commitment to free market democracy was rooted in the wide spread perception in the West that World War II had been precipitated by expansionist authoritarian states that had seized upon the misery caused by economic hardship. The best way to guard against dictatorships was to encourage development, which was best done by open, liberal market economies. Building upon this notion, George F. Kennan penned a famous essay¹ arguing that the Soviet Union, like all dictatorships, was inherently expansionist. While it preyed upon the economic fears and misery of its population by promising a restoration of economic well-being, it could not deliver on these promises owing to the serious distortions and inefficiency inherent in the Soviet planned economic system. Hence, the communist ruling elites had to resort to finding an external enemy to blame for the system's inability to deliver on its economic promises, which in turn required some evidence of progress against the external enemy. This could best be demonstrated by expansion abroad. Kennan argued that if the Soviet Union could be contained within its borders, the population would ultimately tire of the regime's failure, and the political system would collapse from within.

Kennan's ideas united U.S. foreign policy elites around the paradigm of containment for most of the Cold War. Indeed, despite severe losses sustained in wars in both Korea and Vietnam, presidents and major political figures in the country's foreign policy community remained largely committed to it. The power and intellectual appeal of the paradigm lay in its elegance and parsimony. Not only did it paint a global system completely defined by a struggle between great contending powers, it was further embedded within a paradigm that raised core U.S. interests in free markets and democracies to the level of virtues. It was for this very reason that East and East Central European publics watched incredulously as then President George Herbert Walker Bush (Forty-One) appealed to legislatures in break away Soviet republic to stay within the Soviet Union. Containment had proven its worth as a paradigm guiding U.S. foreign policy. So much so, that the U.S. did not wish to jettison it. Instead, it hoped to continue managing the global system in a bipolar standoff with the Soviet Union in which the latter would be seriously weakened and free markets and democracy would be pre-eminent.

¹ X [George F. Kennan], "Sources of Soviet Conduct", *Foreign Affairs*, July 1947.

Such was not to be. Indeed, even had the Soviet Union been able to maintain the internal cohesion necessary to such a role, the collapse of its commitment to the socialist bloc meant the end of the international system as it had been. A new paradigm would be needed for this new system, but none was immediately available. This was most evident in President Bush's (Forty-One) National Security Strategy (NSS) issued in the wake of the collapse of the Soviet Union. Titled simply "engagement," it argued for no more than that the United States should remain committed to helping manage the global order. The short document was more a plea than a strategy. Indeed, its target appeared to be domestic, which is not at all surprising considering that the American public had tuned foreign policy out and were fully engaged in a discussion in how best to spend the so-called "peace dividend." The biggest problem for the administration was that it lacked an organizing concept of the global order in the absence of the Soviet Union, as a consequence of which it was unable to focus on existent threats to that as yet undefined order. Hence, it merely called for staying engaged in order to build a "new world order."

2. The Era of Globalization

Two ideas capable of serving as an organizing concept and around which the U.S. might fashion a foreign policy dominated intellectual thinking in the wake of the collapse of the Soviet Union: Francis Fukuyama's "End of History" and Samuel P. Huntington's "Clash of Civilizations."² Fukuyama was far and away the more optimistic of the two. His thesis was that communism was the last major competitor to free market democracy, and that its collapse signaled the end of the struggle over grand ideas. While rogue states would continue to struggle against this reality, no other option was available to the international community. Hence, while inter-state conflict would persist, it would no longer pit powerful states in contests over ideals of human organization and governance. Furthermore, since the stakes would be lower, the likelihood of nuclear exchange or total war was greatly diminished, a fact which would make global governance and conflict management easier.

In contrast to Fukuyama's argument that core U.S. national interests had emerged at the end of the twentieth century as the recognized pre-eminent set of global interests, Huntington contended that the great conflicts of the future would be organized along civilizational lines roughly defined by great religious systems. Largely shorn of their religious content, these systems would nonetheless define ideals. Hence, instead of Fukuyama's universalism, Huntington saw fragmentation. At the heart of most civilizations stood a great power that policed the other states and in so doing provided the civilization

² Fukuyama F., "The End of History?", *National Interest* 16, 1989, p. 3-18; Huntington S. P., *The Clash of Civilizations and the Remaking of World Order*, Simon & Schuster, 1996

with a center of mass that permitted it to play a role in global governance, which essentially amounted to an international balance of power system. The core states of each civilization not only managed their own regions, but they jointly managed international conflict by engaging in fluid alliance behavior, bargaining, and posturing. This Morgenthau-like³ behavior on the part of the core states would occur in two sets of regions: those within civilizations without a core state and those along fault lines between civilizations. The former would be conflict-ridden as states engaged in intra-civilizational rivalries in order to seize the position as the core state. The latter would induce inter-civilizational conflict as a consequence of the uncertainty of its status in a system of states defined by civilizations.

While Huntington's realist notions provided much gist for debate, Fukuyama's idealistic argument offered an easier marriage with U.S. foreign policy thinking. Not only did it universalize U.S. national interests, but it reinforced the view that the United States had emerged in the position of a global hegemon in the wake of the collapse of the Soviet Union. Hence, the "American Moment" had arrived, but what was to be done? Fukuyama gave voice to its arrival, but did not provide a guide to how best to seize upon the opportunity to shape the international system.

That role increasingly came to be filled over the course of the 1990s by globalization. While there was no defining article or moment as there had been during the Cold War with Kennan's article on containment, elites in the foreign policy community slowly converged on globalization as an organizing idea.

Globalization's appeal lay in its claim that the processes by which countries adopted liberal markets and democratic governance systems were inter-linked and in the rational interest of all states. In effect, the process was virtually on "auto-pilot," which meant that management functions were reduced to oversight and facilitation and the need to resort to military force was greatly decreased.

The essential argument of globalization was that all countries wanted to prosper economically and that the only way to do so was to open up their markets to global competition. Failing to do so, they would become impoverished. Opening of domestic markets to domestic competition came attached with requirements for transparency, reigning in of corruption and bureaucratic interference with market operations, and protection for investors, without which global capital would shy away. These reforms were anti-authoritarian in nature. Furthermore, the opening of a country's borders to global capital investment would necessarily subject it to universal ideals on human rights, to include democracy. In a relatively short period of time, all of these forces would ultimately impress themselves upon the social system and lead to demands for political change. The regime would capitulate or risk losing the economic gains that had been achieved.

³ Morgenthau H. J., *Power among Nations: The Struggle for Power and Peace*, 1985.

While Samuel Huntington contended that the cultural norms of distinctly non-western civilizations would permit countries to open their borders to foreign investment and trade while simultaneously rejecting western values, his argument did not receive widespread acceptance among U.S. foreign policy elites who found the idealism of globalization far more appealing. This was clearly evident in Bill Clinton's National Security Strategy (NSS), which was ten times larger than that of George Herbert Walker Bush and appropriately titled "engagement and enlargement." Clinton's NSS not only called on the U.S. to remain engaged in the international system but to work actively to promote both international trade and democracy.

The influence of globalization was also evident in the specific foreign policy approaches in which the Clinton Administration engaged. The administration committed itself to engagement with China in order to bring it into the web of international regimes that would open it up to economic, social, and political change; and in Eastern and East Central Europe, the administration supported rapid privatization and marketization, arguing that this would lead to the emergence of a middle class that would establish the social base for democracy. The approach, which became known as the Washington Consensus, became the norm in International Monetary Fund restructuring programs in Latin America as well as in the wake of the Asian Crisis.

The rising interest in the democratic peace hypothesis further fueled the impetus to export democratic values. As Kissinger points out, the idea that democracies do not make war against each other has been a staple of American idealism informing U.S. foreign policy since at least the time of Woodrow Wilson⁴. In a paper in which they attempted to challenge this quintessentially American ideal, Small and Singer⁵ instead catalyzed renewed interest in it. Scholarship on the democratic peace comprised one of the most expansive research agenda of the 1990s and 2000s and helped to further establish the conventional wisdom that peace could be achieved by spreading American values, and democracy in particular, by liberalizing national economies across the globe.

3. The Neoconservative Whimper

Hence, globalization assumed hegemony status in U.S. foreign policy thinking during the 1990s, as its intellectual opponents were increasingly marginalized. While Huntington's "Clash of Civilization" was read and discussed, its influence amounted to little, and the writings of others were largely ignored. That was certainly the case of scholars laying the basis over the course of the decade of the nineties for what would ultimately become known as Neoconservatism.

⁴ Kissinger H., *Diplomacy*, New York: Simon & Schuster, 1994.

⁵ Small M., Singer J. D., "The War Proneness of Democratic Regimes, 1816–1965", *Jerusalem Journal of International Relations* 1, 1976, p. 50–69.

This relatively small group of intellectuals agreed with the general thesis of globalization that U.S. values had been, and were being, widely adopted across the international system in the wake of the collapse of the Soviet Union. However, they contended that assuring that the process would continue would require active involvement by the United States to “shape” the outcomes. In their view, the United States was instead passively permitting events to unfold without so much as an attempt to create something new⁶. In the absence of a plan or strategy, the opportunity to secure an international order reflecting and supporting U.S. national interests was being squandered⁷. Furthermore, weak American leadership was leading many allies to conclude that the U.S. could not be counted on. This in turn fueled efforts to find alternatives to U.S. leadership in global affairs, a trend that would deny the country the ability to shape the international system in accordance with its own values and interests⁸.

The Neoconservatives were particularly concerned with rogue states that challenged the international order. These dictatorships included Saddam Hussein’s Iraq and North Korea. The solution as the Neoconservatives saw it was to adopt a commitment to “regime change” which would deter such behavior both on the part of these states and emerging powers such as China⁹.

Contrary to the assertions of some, the Neoconservatives were not arguing against globalization. (See, for example, Paul Wolfowitz’s argument for maintaining trade with China¹⁰.) In general, they agreed with the powerful allure that open markets represented. Furthermore, increasing international trade and investment flows did indeed bring with it pressures for political liberalization and democratization. Like Huntington, the Neoconservatives were questioning whether globalization must inevitably follow a benevolent course. The promise of economic well-being alone might not be sufficient to secure the international order. Dictators might not find that sufficient to deter them from disruptive behavior. In those instances in which their behavior threatened U.S. interests or the international commitment to free market democracy, the U.S. had to be ready to use force if necessary, and to do so despite the inevitable charges of heavy-handedness and arrogance that must assuredly follow the use of force. Failing to do so, the international system would be challenged and ultimately undone by a consortium of rogue states bent on ending not only U.S. hegemony but that of free market democracy as well.

⁶ Ceaser J.W., “The Great Divide: American Internationalism and Its Opponents” in Kagan R., Kristol W., eds., *Present Dangers: Crisis and Opportunities in American Foreign and Defense Policy*, Encounter Books, 2000, p. 25–43.

⁷ Kristol W., Kagan R., “Introduction: National Interest and Global Responsibility” in Kagan R., Kristol W., eds., *Present Dangers: Crisis and Opportunities in American Foreign and Defense Policy*, Encounter Books, 2000, p. 3–24.

⁸ Gedmin J., “Europe and NATO: Saving the Alliance” in Kagan R., Kristol W., eds., *Present Dangers: Crisis and Opportunities in American Foreign and Defense Policy*, Encounter Books, 2000, p. 179–196.

⁹ Kristol, Kagan (note 6).

¹⁰ Wolfowitz P., “Statesmanship in the New Century” in Kagan R., Kristol W., eds., *Present Dangers: Crisis and Opportunities in American Foreign and Defense Policy*, Encounter Books, 2000, p. 324–332.

This would require that the U.S. commit to acting pro-actively to protect the international system, which it dominated. The justification from the Neo-conservative perspective was transparent. A world in which the United States was pre-eminent was necessarily a more just one. Furthermore, assuring the pre-eminence of American values constituted the national interest¹¹.

The Neoconservatives understood that they were departing from traditional American conservative positions on the role of the United States in the international system. Conservatives had either been isolationist or realist¹². The former was the older of the two and deeply rooted in an American sense of exceptionalism¹³. Judging that the international system would be perpetually hostile to American democracy, George Washington, upon leaving office, advised his fellow citizens to avoid “foreign entanglements.” While Woodrow Wilson had been unable to dislodge this commitment to isolation during the inter-war period; the country emerged as a global power in the aftermath of World War II and the Cold War subsequently left it with no other options than to engage or submit to Soviet global domination. Conservatives responded by reluctantly embracing a realist approach intended to secure U.S. interests without being constrained by moral or ethical considerations.

On the other hand, since the time of Woodrow Wilson, the American political left had argued for engagement in international affairs in order to spread and secure U.S. values. The liberal advocates of an active U.S. foreign policy dominated political science departments during the inter-war period and established the idealist paradigm at the center of the discipline. The focus on values placed the Neoconservatives closer to the idealist tradition than either conservative tradition¹⁴. Indeed, many of them strongly criticized the Nixon Administration for sacrificing American ideals in order to placate China. Similarly, others castigated Clinton for supporting Yeltsin’s 1993 coup against the democratically elected legislature¹⁵. This fundamental departure from the conservative approach in favor of a more idealist foreign policy earned the movement the prefix “neo.”

¹¹ Kristol, Kagan, (note 7), p. 24.

¹² Ceaser, (note 6).

¹³ Gaddis J. L., *Surprise, Security and the American Experience*, Harvard University Press, 2004.

¹⁴ See: Bennett W. J., “Morality, Character and American Foreign Policy” in R Kagan R., Kristol W., eds., *Present Dangers: Crisis and Opportunities in American Foreign and Defense Policy*, Encounter Books, 2000, p. 289–306.

¹⁵ Rodman P.W., “Russia: The Challenge of a Failing Power” in Kagan R., Kristol W., eds., *Present Dangers: Crisis and Opportunities in American Foreign and Defense Policy*, Encounter Books, 2000, p. 75–98.

4. The Neoconservative Moment

That the Neoconservative argument fell on deaf ears did not owe to its call to harness U.S. foreign policy to the country's values¹⁶ (see Bennett, 2000), indeed that was the part of the paradigm that most appealed to American foreign policy thinkers. Rather, the emphasis on the exercise of power to achieve U.S. national interests was worrisome since there were no obvious threats. Furthermore, the use of military force appeared to be an unnecessary cost if the ends could be achieved in a more benign fashion, as promised by globalization theory, simply by relying on the logic of global market forces. Finally, there appeared to be no rationale for the use of force as long as the international system was fundamentally stable, and it most certainly appeared to be stable. That is until 9/11.

The blow that 9/11 delivered against the U.S. foreign policy community's faith in the stability of the international system can not be understated. Indeed, al Qaeda was practicing the art of modern war by unconventional means. The Vietnam War marked the end of an era in warfare. Since the French Revolution, armies had fought wars of attrition. The increasing power of weapons of mass destruction beginning with the repeating rifle and extending through to the machine gun, artillery, the tank, and military aviation made the cost in lives of fighting such wars staggering. One of the lessons of Vietnam was that the loss of life involved in wars of attrition could itself result in defeat, even for the side that not only could suffer greater losses but was actually suffering fewer losses. In the wake of the defeat in Vietnam, the U.S. military developed a fundamentally new concept of war. Instead of winning wars by attrition, the U.S. military redesigned its doctrine, tactics, equipment, and training to win wars by targeting the enemy's strategic nodes (those centers essential for the enemy to continue fighting, to include command and control and the materiel base).

The planners of 9/11 targeted the very center of U.S. power, its economic base in New York City. Evidence of the degree to which they almost succeeded is provided by the fact that the attack shut down the New York Stock Exchange. Indeed, the shock that the attack delivered resulted in serious decapitalization (the Dow Jones Industrial Average did not recover its pre-9/11 levels for several years) and a global recession. In a very real sense, the collapse of globalization as a paradigm driving U.S. foreign policy was among the losses suffered on 9/11. It simply could not account for such a serious blow to the international system, and it offered no guide to a response.

The situation in which the U.S. found itself in the wake of the terrorist attacks of 9/11 demanded a new foreign policy paradigm. Neoconservatism offered itself. The fact that several Neoconservatives occupied positions of responsibility within the Bush Administration most certainly influenced the decision to adopt the paradigm. However, it would be a serious mistake not to

¹⁶ Bennett, (note 14).

acknowledge the intellectual appeal of its parsimony and elegance. In a moment of crisis when a guide to action was needed, these qualities were decisive.

Increasing Neoconservatism's appeal was that it held to the basic core of globalization. It merely added the notion that dictators at the head of rogue states bent on destabilizing the international system could not be ignored. Rather, they had to be dealt with. Adoption of the Neoconservative paradigm was therefore a relatively easy matter since it did not involve jettisoning approaches to a wide range of issues and states. The only changes that would be required would be a policy of regime change toward rogue states that refused to acquiesce to international norms. Where the threat they posed was deemed sufficient and in those cases in which diplomatic or economic pressure were not likely to work, resort might be made to military force.

The Neoconservative paradigm, like most paradigms of the international system – to include idealism, realism, and globalization – is state-centric. That is, it assumes that the primary actors in the international system are states. Other actors act through states or their actions are informed by those of states. Hence, the immediate response to al Qaeda, a transnational terrorist organization, was to deny it sanctuary, beginning in Afghanistan. Subsequently, the U.S. engaged in a mix of financial, economic, diplomatic, covert intelligence, and military operations to shut down al Qaeda in other countries across the globe.

The adoption of Neoconservatism by the Bush Administration was formalized in the National Security Strategy issued on September 17, 2002. The document's preamble expressed the essence of the Neoconservative argument. It stated that the U.S. held unprecedented military, political, and economic power within the international system. It would eschew the temptation to use this power for unilateral advantage and instead seize the opportunity to extend freedom, a universal human value, to all citizens of the globe by spreading free market democracy. The United States would work with less developed nation-states to overcome poverty, which provided the soil within which dictatorship and terrorist organizations bent on undermining the prosperity and liberty associated with free market democracy could take root.

The main body of Bush's NSS further emphasized these same points. The opening chapter, "Overview of America's International Strategy," elucidated the idealist vision contained in Neoconservative writings that the U.S. could make the world a better place. The chapter began with the assertion that the United States had emerged from the Cold War as the most powerful country in the world. It then committed the country to use its position to shape the global order by spreading prosperity through free markets and liberty through democracy. Chapter two, which contained a speech by President Bush at the United States Military Academy at West Point, New York, on June 1, 2002,¹⁷ was an unambiguous assertion that these constitute universal human values and goals. Several of the remaining chapters might just as easily have been associated with

¹⁷ The speech was the first public acknowledgement that the administration would commit itself to a Neoconservative foreign policy.

globalization as with the ideas of the Neoconservatives. This was particularly the case for chapters six and seven, which addressed increasing international trade and prosperity, and spreading democracy. What distinguished the 2002 NSS is the emphasis placed on dealing with rogue states, particularly those that had the potential for developing and using weapons of mass destruction. Chapter five, "Prevent Our Enemies from Threatening Us, Our Allies, and Our Friends with Weapons of Mass Destruction" was a critical chapter in developing this theme. The chapter took pains to point out that these states opposed liberty and freedom. It went on to assert that they stood behind international terrorism. Furthermore, their access to technology gave them the potential to develop weapons capable of threatening the international system and the values that it sustained. Hence, the United States could no longer afford to simply react to their initiatives. Instead, it would have to assume a more pro-active posture and engage in pre-emptive strikes when and where necessary.

The concerns the NSS expressed about rogue states and their potential for threatening regional and global security reflected those of prominent Neoconservatives in the 1990s. Among their particular targets was Iraq. The general view was that Bush Forty-One had failed by not removing Saddam Hussein from power. Furthermore, they challenged the assertion that Saddam's regime was essential to the balance of power in the Middle East¹⁸. To the contrary, the possibility that Saddam would develop weapons of mass destruction was the major threat to regional and global stability¹⁹. Therefore, he had to be removed.

5. The Neoconservative Quagmire

The decision to invade Iraq in order to impose regime change on the Middle Eastern country in retrospect dealt what appears to be a fatal blow to the dominant position of the Neoconservative paradigm in U.S. foreign policy. Indeed, given the failure to find significant caches of weapons of mass destruction, the inability to secure the peace after toppling Saddam Hussein, and the potential for the rapid spread of Iranian influence and power throughout the Gulf region once the U.S. withdraws, the Neoconservatives and their ideas have been roundly rejected by all but their most ardent proponents.

As many have observed, the rejection of Neoconservatism owes as much as anything to the ad hoc nature of the war in Iraq. The decision to invade was premised on two arguments. First, Saddam Hussein's nuclear, biological, and

¹⁸ Perle R. N., "Iraq: Saddam Unbound" in R Kagan R., Kristol W., eds., *Present Dangers: Crisis and Opportunities in American Foreign and Defense Policy*, Encounter Books, 2000, p. 99–110.

¹⁹ Abrams E., "Israel and the "Peace Process" in Kagan R., Kristol W., eds., *Present Dangers: Crisis and Opportunities in American Foreign and Defense Policy*, Encounter Books, 2000, p. 221–240; Also see: Perle, (note 17).

chemical weapons programs together with a commitment to unconventional warfare forced upon him by the logic of the asymmetrical power relationship with the United States, meant that these weapons would likely end up in the hands of international terrorists, acting as clients of the Iraqi dictator. Second, the Saddam Hussein dictatorship represented an affront to prosperity and democratic norms laying at the core of the U.S.-led international system. Once it was discovered that Iraq's programs for the development of weapons of mass destruction were far less robust than thought, the first argument quickly unraveled. The second argument was never enough for the Neoconservatives to justify the use of military force to impose regime change. In fact, by their own arguments, force would only be used if the dictatorship threatened the stability of the international order. Otherwise, resort would be made to economic sanctions and the "demonstration effect" of freedom and prosperity in neighboring states to bring the dictatorship to an end. Hence, the unraveling of the first argument left little to no justification for the invasion from the Neoconservative position, at least as the administration framed the issues involved in the decision to undertake the effort.

This need was not to have been the case. In fact, there was a thoroughly logical justification for the war in Iraq. Both Neoconservatism and globalization argue that dictators shut their countries off from international trade and investment capital and in so doing condemn them to poverty. Unlike globalization, which assumes that either internal pressure from popular discontent or the recognition that their own economic interests are being damaged will eventually convince these dictators to open their country's markets, Neoconservatism argues that, in some instances, they may choose instead to mount a challenge to the international system. The Bush Administration chose to truncate the argument at this point and simply contend that 9/11 demonstrated that they could do so using terrorism as a proxy, and that weapons of mass destruction would radically increase the threat that they would pose. Since Iraq had a program for developing such weapons, Saddam Hussein would have to be removed from power.

What the administration and its Neoconservative advisers might have given further consideration to is the mechanism by which dictators remain in power given popular discontent. If they do not manage to divert that discontent, then the globalization thesis is a compelling one. Dictatorships need only be contained until they eventually implode. This was after all what Kennan had correctly predicted would happen in the Soviet Union. However, as the Neoconservatives had pointed out, a decade of containing Iraq with economic sanctions and no-fly zones had resulted in the country increasingly destabilizing the Middle East²⁰. This owed to the continuing Israeli-Palestinian conflict, which Saddam Hussein had a vested interest. As long as the conflict continued smoldering, then he could paint the United States as the chief supporter of the Jewish state and himself as the leader of Arab cause to erase that state from the political map.

²⁰ Perle (note 18).

Indeed, it could be argued that other dictatorships across the Middle East also project their population's discontent from the regime onto Israel. Using their economic and political influence over the Palestinian leadership, they essentially veto any meaningful peace deal in order to assure the Israeli-Palestinian conflict continues to fester unabated, providing them with a source upon which to focus their populations' frustrations. Imposing regime change on Iraq would not only remove a major bloc to the Israeli-Palestinian conflict, it would send a clear message to other dictatorships, such as Iran, Syria, and Saudi Arabia. In essence, Iraq was a necessary step to removing the Israeli-Palestinian as an issue sustaining anti-libertarian regimes. The remaining states in the region, to include Iran, are more thoroughly integrated in to the international trade system. Hence, they would have little other alternative than to engage in political and economic reform or face internal instability.

This more nuanced argument and the strategy that it calls for are far more complex than that which the Bush Administration seized upon in the wake of 9/11 that ultimately led to the war in Iraq. Its adoption might well have resulted in the decision not to invade Iraq given the higher stakes and the more realistic assessment of the time and resources that the effort would require. At a minimum, it would have drawn attention to the wider implications of the war, at least in regards to the potential for conflict with Iran and difficulties with Syria and Saudi Arabia. Had it been adopted, however, both the logic of the strategy and the estimates of what it would cost would have been clearer. Furthermore, the fact that no weapons of mass destruction were found would have been irrelevant.

For whatever reason, the Bush Administration failed to articulate or choose this more integrated, long-term strategy for bringing peace to the Middle East and denying terrorists a cause or a base of support in the region. The consequence of the war in Iraq has been the unraveling of the Bush Administration foreign policy and the political rejection of Neoconservatism by U.S. foreign policy elites. Nonetheless, while Neoconservatism has been rejected as a failed strategy, the problem is that there is no alternative readily available to replace it. Hence, its rejection is based on an assessment of failure in a given instance, but not an assessment that it is comparatively inferior to any alternative approach. This will likely prove highly problematic for U.S. foreign policy in the near to short-term.

6. The Collapse of Neoconservatism: Implications for U.S. Foreign Policy

While the critiques of Neoconservatism have been legion, no intellectually parsimonious or forceful alternative has yet been offered. Former National

Security Adviser to President Jimmy Carter, Zbigniew Brzezinski called for a return to globalization as the guiding idea behind U.S. foreign policy²¹. Starting from the premise that any hegemon will inevitably elicit opposition for no other reason than that it is a hegemon, Brzezinski contends that the U.S. will be compelled to accept some degree of international instability. In his view, Iraq under Saddam Hussein presented an acceptable level of instability. There are, in fact, other regions where the potential for instability is unacceptable. To manage them effectively, the United States must work multi-laterally in conjunction with its allies, building upon and expanding a shared global community of interests.

However, Brzezinski admits that the United States may be compelled on occasion to act unilaterally²². Hence, his primary critique appears to be reducible to a single dimension: the war in Iraq was a mistake. The contention is based on little more than a higher threshold for determining “threats” to the international system. In Brzezinski’s view, the Bush Administration seeks “total” security. He urges the acceptance of an acceptable level of insecurity. In essence, he does not offer an innovative departure.

Joseph S. Nye, Jr. had been among the more persistent critics of Neoconservatism. Like Brzezinski, he argues for a return to globalization as the guiding idea behind U.S. foreign policy. In his view, no dictator can offer a serious threat to the international system. The true threat is that the arrogant use and abuse of U.S. power will persuade a critical mass of the globe’s citizens to band together to oppose the hegemon. Hence, the U.S. must rely more on soft power, that is the persuasive force of its ideals and values, not the hard power of its military. It is soft power that will blunt the efforts of dictators to foment discord and challenge global stability. The United States can markedly increase its soft power by putting its resources to the task of achieving global interests, vice national interests, and working for a socially just economic and political order²³.

Both Brzezinski and Nye contend that the turn to Neoconservatism was rooted in an over-estimation of the degree to which the terrorist attacks of 9/11 destabilized the international system. Indeed, the critiques of Neoconservatism all share the same fundamental faith in the stability of the system, the stability of which is assured by U.S. economic and political power. In their view, the real threat to system stability is U.S. over-reaction to events, resulting in the imprudent use of force. In essence, they are contending for a more pragmatic foreign policy, shorn of the idealism of the Neoconservatives, for whom U.S. hegemony offers the opportunity to shape the globe to reflect U.S. values, to include liberty and freedom. Brzezinski, in particular, focuses on achieving no higher goal than a well-managed international system. Indeed, this is the crux

²¹ Brzezinski Z., *The Choice: Global Domination or Global Leadership*, Basic Books, 2004.

²² *Ibidem*.

²³ Nye J. S., Jr., *The Paradox of American Power: Why the World’s only Superpower Can’t Go It Alone*, Oxford University Press, 2002.

of the difference between the Neoconservatives and their critics. The former wish to shape outcomes, the latter are willing to accept less, their primary goal is being stability.

While Neoconservatism's allure owes much to its quintessentially American idealism, its elegance and parsimony should not be overlooked. Indeed, not only are the arguments of intellectual opponents such as Brzezinski and Nye less idealistic, they are also simply too burdensome to be of use. This is demonstrated by the three year Princeton Project on National Security to forge a bipartisan agreement on a paradigm to guide U.S. foreign policy. Attempting to harness some of the country's finest foreign policy minds to the task of writing a new George Kennan-like "X article," the project's final report confesses that the group was not able to do so²⁴. In fact, the report argues, the complexity of the international system does not permit U.S. foreign policy to be based on a single organizing principle²⁵. Instead, the U.S. must address multiple threats, it must be prepared to use a mix of hard and soft power, it must pursue its interests in collaboration with its allies, it must act on the basis of its values not its fears, it must address the internal dynamics of states not just their external relations, and it must adapt to the information age. While it is difficult to challenge any item on this list, it is no more than that, a list. Absent an organizing principle, the committee could not be expected to come with anything better.

Indeed, this is the problem of the moment. The United States foreign policy community has clearly rejected the Bush foreign policy and the Neo-conservative frame work that underlies it. Furthermore, it embraces the core ideas of globalization: the fact of U.S. global hegemony and the benign effects of free markets and democracy. Any U.S. foreign policy will be founded on these assumptions. What is not clear is what are the threats to the system and how are they to be addressed? Absent an answer to these questions, United States foreign policy is likely to be ad hoc, dealing with each newly emerging crisis and issue in isolation from others. Given this non-holistic approach, the United States will be forced to attempt to manage global affairs in reactive fashion. Hence, it will necessarily surrender the initiative to those states with clearer ideas of their national goals and interests. Among them will be China, Iran, and a newly reassertive Russia.

²⁴ Ikenberry G. J., Slaughter A. M., *Forging a World of Liberty under Law: U.S. National Security in the 21st Century*, The Princeton Project Papers, The Woodrow Wilson School of Public and International Affairs, Princeton University, 2006, p. 4, 58.

²⁵ *Ibidem*, p. 13.

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The Importance and Anxiety of the American Way of War

The main objective of this article is an analysis of the American way of war concept, its specifics and also its basic elements. The first part of the article concentrates on the discussion of how this conception originated and evolved due the course of time, how it effects present the USA defense and foreign policy and also how it has influenced it in the past. In the second part of the article the author attempts to analyze what possible impact to the process of NATO transformation this American way of war may have. Finally, in the last part of this article, the author attempts to find out the possible effects of the American way of war on Lithuania's defense policy.

Introduction

Lithuania, being a member of NATO and active participant in various military missions, is catching up at a fast tempo to other Western countries. Politicians, and military often, speak about a transformation, new military technologies (for example the UAV), new military doctrines and tactics¹. The appearance of such discussions and practical solutions is very positive. Being a young country, Lithuania, after the restoration of the independence, created the armed forces and a system of military defense from the scratch. However, the idea of creating a large standing army, domination of the idea about territorial defense, had more resemblance with western armed forces of the Cold war period than with the new type of armed forces that were now beginning to emerge in the West. Western countries, in different temps, started transforming their armies into smaller, more professional armed forces. In Lithuania, these changes that were occurring in the West attracted more attention when it became clear that without new reforms, the successful integration into structures of the NATO will be difficult. These theoretical and political discussions

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¹ When experts of defence, military policy and politicians speak about "transformation" they have in mind military reforms which were started because of technological, geopolitical changes and etc. Americans were the first who started using this conception. Eventually this expression became very fashionable. By using it states purportedly show, that they are following new "trends" in military sphere. Now almost every Western country tries to define its military reform as transformation.

in the West about new threats and new type of weapons, the armed forces step by step attracted the attention of Lithuanian politicians, civilian servants, and soldiers. However, the process of adaptation to all of these changes with Lithuania's needs is quiet difficult.

The attempt to follow the new "military trends" is a very positive thing. However we do not have a clear understanding why some of the concepts, doctrines, and technologies prevail and dominate? Without the intention of downplaying the qualifications and achievements of the people working in the Ministry of Defense and serving in the armed forces, it is important to make one remark: we do not have a tradition of critical assessment and understanding of these global "military trends"². In many cases, particular decisions are made because NATO, the USA, and or other countries are doing this. But not everything that suits the USA or Sweden is suitable for Lithuania. The USA dictates "military trends" in the world, but we must try to understand why Washington is taking these particular actions. An understanding of the US military policy, and its traditions may help us to find out what is useful for Lithuania and what is not.

1. The American Way of War

The United States, being the biggest military power in the world, dictates trends in warfare. All countries in one way or another are trying to copy the USA. If we take a look at history we will see many similar examples, for instance: in XVII century everybody copied Sweden and France; in early XIX century – Napoleonic style of fighting; after 1871 – Germany; and etc. New weapons and also military formations were the most popular things which were copied. However it is important to notice that copying of all technical issues was and still remains an easy task, but to copy or understand the "spirit" and conditions of these changes is not very easy. Every military power had and still has specific fighting traditions, or "ways of war"³.

² In Lithuania only a small group of scholars and experts are doing research about war studies and the related disciplines (strategic studies, military sociology, history of military thought, terrorism studies and etc.): T. Jermalavičius, J. Novagrockienė, K. Paulauskas, E. Račius, M. Šešelgytė, V. Urbelis and some other scholars. The Lithuanian officers also pay little attention to theoretical discussions about military issues. There of course are some exceptions, for example col. G. Zenkevičius.

³ In a broader sense scholars are talking about the western way of war. Its main specific features are discipline, importance of the technologies and etc. Also scholars speak about the British and German ways of war and etc. Military historians till now argue about the British way of war, but they agree that it is a combination of economical pressure, blockade, combined missions on land and sea, and experience which was got policing colonies. The main feature of the German way of war is short, mobile war, trying to annihilate enemy in the battlefield using surprise and maneuver. French D., *The British way in warfare 1688-2000.*, London: Unwin Hyman, 1990; Howard, M., "The British Way in Warfare: A Reappraisal", Howard M., (ed.), *The causes of wars and other essays*, Cambridge, Mass.: Harvard University Press, 1983; Strachan H., "The British Way in Warfare", Chandler D., (ed.), *The Oxford history of the British Army*, Oxford: Oxford University Press, 1996; Citino R. M., *The German way of war: from the Thirty Years' War to the Third Reich*, Lawrence: University Press of Kansas, 2005.

1.1. R. F. Weigley's Conception of American Way of War

Scholars and military men tirelessly argue which elements and features define the American way of war best. However they all agree that such a tradition exists and that it has influenced the way of American fighting since the creation of the state up to present days. The father of this conception is American military historian Russell F. Weigley. In his book *The American Way of War: a History of United States Military Strategy and Policy* he formulated the main features of this tradition⁴.

In his historical analysis, Weigley was using ideas of Hans Delbrück, a prominent German historian. In his research regarding military history since ancient times till Napoleonic wars, this German scholar made conclusion that during all periods there existed two types of warfare. According to him, "the first and most important principle of all strategies is to assemble the army, find the main army of the enemy, and annihilate it in the battle and pursuit enemy until he will agree to make a peace"⁵. This way of fighting he named the "strategy of annihilation". The main purpose of such a strategy is a battle in which the army of the enemy is destroyed.

However results of his historical analysis showed, that the battle did not always mean the end of the war. Delbrück made a conclusion that there exist another way of war – strategy of attrition/exhaustion⁶. The essence of such fighting is a constant wearing down of the enemy – destroying his food, ammunition supplies, dissolving his lines of communication and logistics, and also annihilating detached military units⁷. But this second strategy is not neither a mere variation of the first nor, an inferior form; both strategies are equal⁸.

While performing his research, Weigley interpreted the military history of United States using these two concepts of strategies. He simply looked at which of them was used more often. His conclusion was strict and unambiguous – the essence of American way of war is a strategy of annihilation. In his book he concludes that "at the beginning (War of Independence – D.Š.), when American military resources were still slight, America made a promising beginning with the nurturing of strategists of attrition; but the wealth of the country [...] cut that development (attrition warfare – D. Š.) short, until the strategy of annihilation became characteristically the American way of war"⁹. Afterwards Weigley expressed some doubts that he interpreted complex and interesting military history of the USA using only two conceptions. But he never decli-

⁴ Weigley, R. F., *The American way of war: a history of United States military strategy and policy*, New York: Macmillan, 1973.

⁵ Delbrück H., *History of the Art of War*; vol. 4, trans. Walter J. Renfro. Lincoln: University of Nebraska Press, 1990, p. 293.

⁶ *Ibid.*, p. 294.

⁷ A classical example of such a strategy is the Napoleonic Russian campaign in 1812, when Russians tried to avoid climatic battle and by all possible means tried to exhaust the French army.

⁸ Craig G. A., „Delbrück: The Military Historian“, Paret P., (ed.), *Makers of modern strategy from Machiavelli to the nuclear age*, Oxford: Clarendon, 1984, p. 342.

⁹ Weigley, xxii.

ned his idea that Americans look for the solution in the war by annihilating a hostile army¹⁰. It might look strange when somebody speaks about fighting war without battles. Still, history is full of examples, when both opposing sides reached their war goals without battle¹¹. It is important to keep in mind that when Weigley speaks about the domination of annihilation strategy, what he wants to say is that for Americans victory at the battle is equal with the victory at the war. Americans disregarded the advantages that the fighting side can get from popular resistance or by diplomacy.

1.2. A. H. Jomini vs C. von Clausewitz

Weigley explaining why the strategy of annihilation became dominant in America and gives a simple answer by naming one person – Antoine-Henri Jomini. Those, who are not familiar with USA military history (which sometimes very much contradicts the public image and stereotypes of the American armed forces) may be surprised that ideas of the Jomini are more important for American military and strategic thought than Carl von Clausewitz¹². According to Colin S. Gray, “the true parent of American thinking on national security is Jomini, not Clausewitz. [...] his quest for certainty and his obsession with reducing the complex and ambiguous to a few apparently simple principles has also characterized American military thought and practice”¹³. This small nuance has very important and far reaching consequences. In every book of international relations, security or military studies you can find a chapter where it is stated that Clausewitz is the most influential strategic and military thinker. But the most powerful country of the present day – the United States – pays more attention to the ideas of Jomini, than Clausewitz. This means that the American approach to the strategy and military issues differs from the outlook of other countries. In his book Weigley convincingly shows how in the USA, Jomini became more popular than Clausewitz.

¹⁰ Linn B. M., “The American Way of War Revisited“ with a response by Russell F. Weigley, *The Journal of Military History* 66 (April 2002), p. 501-533.

¹¹ XVIII century is a classical period when states during the wars were avoiding battles. The military leaders preferred long marches, maneuvers and sieges. Reluctances to fight battle were mostly related with a possible loss of soldiers. At that time soldiers were the biggest “luxury” which states could afford and because of that nobody wanted to lose everything in one battle.

¹² Both authors were writing at same time. Both were using Napoleonic wars as departure point for their theories. They thought that these wars were proof that warfare is radically changing. Because they both were influenced by Napoleonic era their writings and ideas in many places were very similar. The fundamental difference between them was that Jomini was more interested in warfare. He tried to find universal principles of war. His ideas were influenced by ideas of Enlightenment thinkers. Especially it is obvious from his inclination to use geometry and mathematical methods. Clausewitz on the contrary was very skeptical about all these attempts to explain war with help of mathematical methods. He analyzed war not as isolated phenomenon but as related to other social activities especially with politics.

¹³ Gray C. S., „Strategy in the nuclear age: The United States, 1945-1991“, Murray W., Knox M., Bernstein A., (ed.), *The making of strategy: rulers, states, and war*, Cambridge: Cambridge University Press, 1994, p. 592.

The USA's first years of independence almost coincided with the Great French revolution. Then, Americans copied Europeans in all spheres, including the military. At that time European warfare was dominated by Napoleonic ideas, whose essence was climatic battle where the hostile army is annihilated. Napoleonic wars were the basis of the Jominian military thought. Napoleon himself expressed positive remarks about the works of the Jomini. All this made the ideas of Jomini very popular in Europe. The essence of his military theory is the principle of massed armed forces which concentrates all its power and attacks the enemy at the decisive point¹⁴. Simply speaking – Jomini was an advocate of offensive war. Also in his theory he paid a lot of attention to the logistical issues, because without a good logistical system, it is impossible to concentrate and supply mass armed forces¹⁵.

The works of Jomini for very long time were one of the basic textbooks in the US West Point Military Academy, where future military leaders of US were taught. The American Civil war is considered as a best example how Americans put ideas of Jomini into the practice¹⁶. After this war his ideas not only preserved its popularity, but were also applied to naval warfare. This shift was done by Alfred T. Mahan. According to him, the main objective of the navy was destruction of a hostile navy. Only by the destruction of the enemy's battleships, the dominance in the seas could be reached¹⁷.

The existence of the principles of war is another example of the Jominian influence on US military policy. These principles were created by Americans during the interwar period. The main purpose of these principles is to ease the job of officers and soldiers by giving them simple, short and exact guidelines for fighting. In the US Army's *Field Manual FM3-0, Operations*, released in 2001, the principles of war are listed as such: mass of forces, clearly defined objective, offensive, surprise, economy of force and etc.¹⁸.

It is also important to say that Americans were familiar with the ideas of Clausewitz. However he became a military icon only in the second part of XIX century. His style comparing with Jomini was more complex and more philosophical. Because of that his ideas were constantly misunderstood and misinterpreted. More over, in many places, his ideas were similar to ideas of Jomini. Clausewitz in his book, more than once speaks about the importance of the battle, concentration of the armed forces, attacking the decisive point and

¹⁴Jomini A. H., *The art of war*, London: Greenhill Books; Pennsylvania: Stackpole Books, 1996.

¹⁵American logistical system always was and still is regarded as the best in the world. According to C. S. Gray, for Americans logistics is one of few elements which helped to conquer vast distances of America and to settle in. Thanks to logistics, settlers could get ammunition, food supplies on time and in many cases it saved their lives. (Murray, *The making of strategy: rulers, states, and war*, p. 590). All this might be one the reasons why Americans liked ideas of Jomini. In his books he always paid a lot of attention to the problems of logistics.

¹⁶Weigley, p. 92-192.

¹⁷Mahan, A. T., *The influence of sea power upon history, 1660-1783*, London: Sampson Low, Marston & co, 1890.

¹⁸US Army, *Field Manual FM 3-0, Operations*, 2001. <<http://www.globalsecurity.org/military/library/policy/army/fm/3-0/index.html>> 25 08 2007.

etc.¹⁹. This superficial similarity of the ideas gave an impression that Clausewitz was not proposing anything new when comparing with Jomini.

There were periods when the idea of Clausewitz attracted the attention of the American officers. He especially became very popular after the Vietnam war²⁰. But these zests of popularity were temporary. After the First Gulf war, when everybody started talking about the Revolution in military affairs (RMA), there were discussions that time of the fact that the C. von Clausewitz ideas have passed. New military technologies, computers and other hi-tech stuff will help to lift the fog of war²¹.

Clausewitz ideas about the friction forces led Americans to feel themselves very uncomfortable²². The idea that the best, ideal plan always will be disrupted because of unknown factors is not very exhilarating for Americans. They think that new technologies: computers, space satellites, communication systems help to eliminate lack of information about enemy's movements and etc. Reading articles of the American scholars and officers, you may get an impression that they are obsessed with the idea, that friction might be eliminated²³. In some cases it possible to find quiet radical proposals. Someone is speaking about using various drugs, which could help overcome fatigue, hunger, pain and etc. There are also serious debates about creating a cyborg-warrior²⁴. Also the US government spends a lot of money for armed forces robotization programmes²⁵. All in all these are attempts to find the way to control men's behavior in the battlefield trying to eliminate friction.

1.3. Other Interpretations of American Way of War

The Weigley's interpretation of the American way of war got enough criticism. Even the author acknowledge that some critics points were correct.

¹⁹ Clausewitz C. von, *On War*: edited and translated by Howard M. and Paret P., Princeton, N.J.: Princeton University Press, 1976, p. 204.

²⁰ After retreat from Vietnam, the US military tried to understand why they lost in Vietnam. At that COL H. Summers, referring to the ideas of Clausewitz wrote a book about the failure in Vietnam. This book became very popular and very influential among military. The main conclusion of this book is that military was tool of politicians and it is important to strengthen ties with them. Only in such way it will be possible to avoid the adoption of the decisions which in military sense are unrealistic. Summers H. G., *On strategy: a critical analysis of the Vietnam War*, New York: Dell, 1984.

²¹ In one of his article W. Murray very precisely and clearly shows how the US military treats and uses ideas of C. von Clausewitz. Murray W., "Clausewitz out, computer in: Military Culture and Technological Hubris", *The National Interest*. June 01, 1997

²² Clausewitz, 104.

²³ Adam T.K., "Future Warfare and the Decline of Human Decisionmaking". *Parameters*. Winter 2001-02, 61. <<http://carlisle-www.army.mil/usawc/Parameters/01winter/adams.htm>> 04 10 2007; Watts B. D., *Clausewitzian Friction and Future War*, Washington: Institute for National Strategic Studies of National Defense University, 2000, 23. <<http://www.clausewitz.com/CWZHOME/Watts2/FrictionTOC.htm>> 13 10 2007; Owens W. A., Offley E., *Lifting the Fog of War*, Baltimore: The Johns Hopkins University Press, 2001.

²⁴ Gray Ch. H., *Postmodern war: the new politics of conflict*, London: Routledge, 1997.

²⁵ Graham S., "America's robot army". *New Statesman*, Monday 12th June 2006.

Mostly he was criticized for oversimplification of US military history, and ignoring some important issues²⁶. Also he was attacked because of inaccuracy of some historical facts and events. However, despite all complaints, the idea of American way of war, that Americans have specific fighting tradition, remained unchallenged. Very soon other scholars started searching and writing about the American way of war. Some of them stated that American warfare is distinct because they consider that fire is much more important than maneuver²⁷. Other's emphasized almost fanatical American belief that new technologies might win the wars²⁸.

Max Boot in some way is the biggest critic of Weigley. He proposed different ideas of the American way of war. According to Boot, Weigley in his book exclusively speaks about conventional, large scale wars. However, Boot says that the US also has another, old military tradition. Since the creation of the state, Americans continuously till nowadays were fighting small wars all over the world. Some of these wars were merely small missions, boarding small units into the shore, but some of them lasted for years²⁹. In his book Boot sets the history of the wars and missions conducted by Navy and marines in Latin America, Pacific, Asia, and Europe. According to him, in many cases, the American society knew little about these missions and achievements of their soldiers. Society at that time was more interested and eagerly read about life of celebrities than about soldiers, fighting hundreds kilometers from their Homeland. The name of these wars as "forgotten wars" appeared not accidentally. However, having in mind, how often these small wars were fought it is quiet reasonable to ask the question – are conventional, big wars is a rule or exception from long American military history?

The experience and lessons which US soldiers, especially marines got in all these small wars looking from today's perspective are very important. During all these conflicts American soldiers were doing the same thing that they are doing right now in Iraq, Afghanistan – state building, peacekeeping, stabilization missions and even fighting Islamic insurgents (in Philippines)³⁰. However the history of all these small wars has darker side – almost in all cases, after the American soldiers went home in all countries stability did not

²⁶ Linn.

²⁷ Scales R. H., Jr., *Yellow smoke: the future of land warfare for America's military*, Lanham, Md.; Oxford: Rowman & Littlefield Publishers, 2003.

²⁸ Boot M., "The New American Way of War", *Foreign Affairs* Vol. 82, No. 4, July/August 2003, p. 41-58; Cebrowski A. K., Barnett T. P. M., „The American Way of War“, *Transformation Trends*, January 13, 2003; Cheney D., *A New American Way of War*, speech for Heritage Foundation, May 1, 2003.

²⁹ Boot M., *The Savage Wars of Peace: Small Wars and the Rise of American Power*, New York: Basic Books, 2002.

³⁰ It could be possible to discuss the means and ways which were used at the beginning of the XX century are suitable for contemporary times. Probably the best answer could be the *Small wars manual* which is used by US Marines Corps. This manual was composed in 1940, but until now is considered the best manual about unconventional warfare. *Small Wars Manual*, United States Marine Corps, 1940. <<http://www.au.af.mil/au/awc/awcgate/swm/index.htm>> 15 10 2007.

last very long. One of the reasons why this happened was because all the work of stabilization was done by the military alone; other US government institutions were not interested in participation³¹. That's why American soldiers were forced to come back to the countries (especially in Latin America) which they left few years ago and stabilize the situation again. According to Antullio Echevarria, all this does not deny the theory of Weigley, but on the contrary – supplements it. Both theories agree on one thing: “the American way of war tends to shy away from thinking about the complicated process of turning military triumphs, whether on the scale of major campaigns or small-unit actions, into strategic successes”³².

1.4. The Way of Battle

Echevarria even takes a more radical step than Weigley. Echevarria in one of his articles says that the US till this day does not have its own way of war. All events about which wrote Weigley and other scholars is about the American way of battle, not war. Echevarria says that Weigley was right by saying that Americans always understood war as battle³³. Americans, not unlike many their European counterparts, “considered war an alternative to bargaining, rather than part of an ongoing bargaining process”³⁴.

By introducing his conception Echevarria debates about the American way of war puts in the context of a broader theoretical discussion about relations between two similar and at the same time different phenomenon – war and warfare. These two concepts very often are mixed into one or used as synonyms. One of the reasons of such situation might be the dominant public war image as fight or battle. For the people war firstly is a battle, heroic death during the fighting. Sometimes it is even possible to hear talks, that because there were not battles, the conflict can not be seen as war. However the history is full of examples, when wars were fought without battles³⁵.

The concepts of war and warfare are not equal. War is not only warfare, rude fighting. It is also legal concept, social phenomenon. War also is preparation for the fighting and living after struggle ends. Warfare is only one stage of the war, during which the bloodshed occurs. States and other political entities wage “warfare in order to prosecute their wars”³⁶. According to Gray, Napoleon and German generals in both world wars showed real mastery in the fields of fighting, but it

³¹ Echevarria II A. J., *Toward an American Way of War*. Strategic Studies Institute, U.S. Army War College, 2004, p. 6. <<http://www.strategicstudiesinstitute.army.mil/pdffiles/PUB374.pdf>> 10 07 2007.

³² Echevarria, p. 7.

³³ The idea of job division, which is very advocated by US, confirms this notion. According to Americans, the US will do breaking and entering, which means use of armed forces, and after that Europeans will conduct stabilization operations.

³⁴ Echevarria, p. 1.

³⁵ In this case, the battle is understood as climatic struggle (Borodin, Austerlitz), but not as small encounters, skirmishes.

³⁶ Gray C. S., *War, peace and international relations: an introduction to strategic history*, London: Routledge, 2007, p. 6.

did not help win the wars because victory in the battle does not mean the victory in the war³⁷. It is worth remembering the words of Clausewitz that “war is thus an act to compel our enemy to do our will”³⁸. Fighting is very important, but there are other war tools also. The victory in the battlefield might be transformed into victory in the war. But to do that you must have skills in strategic thinking³⁹.

As was mentioned earlier, according to Echevarria, Americans lack this capability to transform tactical success into strategic. The cases such as that of the Vietnam war and contemporary operations in Iraq, and also Afghanistan are good examples of this. Military victories in these operations were not transformed into strategic success.

Other issues also demonstrate that Americans are not very eager to acknowledge that warfare does not equal war. For example, Americans have very interesting conception -military operations other than war⁴⁰. The idea, that military operations such as peacekeeping, and state building are not part of the war only confirms the idea that Americans understand war as warfare.

1.5. The Experience of Other Nations

This notion of the “American way of battle” becomes clearer when it is compared with military traditions of other countries and regions. The British way of war, compared with its American counterpart is more complex. Brits since the times of Elizabeth I were using various tools of war: warfare on land and sea, economical pressure by capturing enemy’s ships with gold, plundering its colonies⁴¹. The tracks of this tradition are easy to find till the beginning of the First World War. Another specific feature of the British military tradition is related to the expansion and control of its Empire. Trying to preserve their control and power in the colonies, the British had to fight many small wars. It is not so difficult to find many resemblances with these Victorian wars and small wars of US. However, the British, differently than Americans, paid much more attention to this experience and used it in fighting conventional wars⁴². The British theory of war has been “Eurocentric, but the practice has not”⁴³. All this means that while politicians, soldiers, scholars were speaking about wars which United Kingdom fought in Europe, its actual fighting experience came

³⁷ In his book H. Summers remembers conversation with Vietnamese colonel. During this conversation H. Summers told that Vietcong never defeated American soldiers. The Vietnamese colonel agreed with that, but according to him, all this was irrelevant because North Vietnam won. Summers, p. 1.

³⁸ Clausewitz, p. 75.

³⁹ Gray, p. 7.

⁴⁰ This group of missions includes missions of peace keeping, peace enforcement, arms control and etc.

⁴¹ Howard, p. 172.

⁴² For example, the British officer in 1896 published book “Small wars” which till nowadays is one of the best theoretical books about such kind of wars. Callwell C. E., *Small war: a tactical textbook for imperial soldiers*, London: Greenhill Books/Lionel Leventhal, 1990.

⁴³ Strachan, p. 405.

from patrolling missions in colonies. During these “small wars” the British soldiers got a lot of experience as to how to conduct psychological, and also economical operations and how to work with civilians. This tradition of small wars was continued during the cold war: the process of decolonization, and the upheaval in Northern Ireland. Officers with knowledge and experience of such kind warfare even today hold high positions in UK military structures, contrary to the USA⁴⁴. The British way of war is more complex and sophisticated.

Similar conclusions might be said about French military tradition. French, despite inheritance of Napoleonic military tradition, have a lot of experience fighting unconventional warfare. Like the British, the French got this experience by fighting many colonial wars in their empire.

Some defense experts and scholars even started to speak about the European way of war, which is a synthesis of British, French, and German military traditions⁴⁵. The main feature of this European way of war is experience and knowledge in conducting stabilization, peacekeeping, and counterterrorist missions⁴⁶. Mostly it is such type of missions which was ignored by Americans for a very long time. Also missions of such a kind demand very close cooperation between military and civilians.

In conclusion it might be said that the European approach to war is more complex than the American. For them war is not only fighting. However, Boot showed that Americans also have tradition of fighting small, unconventional wars. However looking from a nowadays perspective, it seems that Americans failed to use the experience, which they gained in these wars. It seems, that examples, which were presented by Boot are excellent test papers, which help to identify one more specific feature of American character. According to scholars, this feature has a huge impact as to the way how America conducts foreign and military policy.

1.6. Indifference to History

The examples, given by Boot, contradicts dominant opinion, many time expressed by high ranking officers, that the real and only American military tradition is fighting conventional, big wars. Also it seems strange, that Americans, having such experience in fighting small wars have so many problems in Iraq and Afghanistan. Journals and newspapers are full of amazements and questions how Washington managed to repeat the mistakes of the Vietnam war. Gray and some other scholars propose one, quiet interesting and solid explanation why such things are happening. They think that the answer to question lies in the American attitude toward history.

⁴⁴ Strachan, p. 406; Cassidy R. M., „The British Army and Counterinsurgency: The Salience of Military Culture“, *Military review*, May -June 2005, p. 53-59.

⁴⁵ Everts S., Freedman L., Grant Ch., Heisbourg F., Keohane D., O’Hanlon M., Eds., *European Way of War*, London: Centre for European Reform. 2004.

⁴⁶ Everts, p. 2, 25.

According to Gray, “[...] to some extent in practice United States is still the New World. The study of history is not popular in the United States. [...]. History and historical experience suffer an equal lack of respect from Americans. The United States is not only indifferent to historical experience – its culture is actively anti-historical. [...] each new policy review tackles the future boldly and rediscovers the obvious, committing old errors in new ways”⁴⁷. It is a well known American believe that they are a God’s chosen nation and that they beliefs and virtues must be taken by other nations. The nation of chosen people has not to look to the past, because its actions and policy are correct and right. The most important thing is future, not past.

It is not difficult to find examples which show how such attitudes influence US foreign and defense policy. Present president of the United States George W. Bush, on many occasions spoke about the necessity to expand democratic ideas in the world. Many could argue that such speeches are only camouflage of real, imperialistic American policy which is dictated by ideas based on geopolitical and realpolitik interests. All these arguments are very reasonable, but it is also important to have in mind one important thing. It is really possible, that when George W. Bush and other politicians spooked and still are speaking about expansion of democratic ideas they really believe that Americans are chosen nation which must fulfill its destiny⁴⁸.

Many social researches confirm the words of Gray. Nowadays in American schools and universities the attention to the education of history is below the required minimum. The surveys of schoolchildren and students showed that most of them do not know simple facts from the US history, not to mention knowledge about history of other countries and regions⁴⁹. One of the researches states that “As we move forward into the 21st century, our future leaders are graduating with an alarming ignorance of their heritage”⁵⁰.

The dominant public attitudes by no doubt are reflected in the US

⁴⁷ Gray, *Strategy ins the nuclear age: The United States, 1945-1991*, p. 592

⁴⁸ But it does not mean that fulfilling the God’s will the US have not use aggressive politics. On the contrary – in many cases it is necessity. Robert Kagan in his last book tries to prove that Americans since colonial times were an aggressive nation, which very eagerly used military means to achieve set goals. And the religion in all these matters played very important role. Kagan R., *Dangerous Nation: America in the World 1600-1900*, New York: Atlantic Books, 2006. Walter Russel Mead in his publications analyzes relations between religion and U.S. foreign policy. Mead W. R., *Special providence: American foreign policy and how it changed the world*, New York: Knopf, 2001; W. R. Mead, „God’s country?“, *Foreign Affairs*, September/October 2006.

⁴⁹ Stern Sh. M., *Effective State Standards for U.S. History: A 2003 Report Card*, Thomas B. Fordham Institute, 2003 September. <<http://www.fordhaminstitute.org/institute/publication/publication.cfm?id=320>> 18 10 2007; Martin J. L., *Losing America’s Memory: Historical Illiteracy in the 21st Century*, American Council of Trustees and Alumni, 2000. <<http://www.goacta.org/publications/reports.html>> 18 10 2007. The seriousness of this issue confirms the fact, that U.S. Senate in 2000 issued resolution where the Senate expresses concerns and urge to take immediate measures and eliminate deficiencies in the education of history. S. CON. RES. 129, Expressing the sense of Congress regarding the importance and value of education in United States history, June 30, 2000. <<http://www.goacta.org/publications/Reports/congressres.htm>> 18 10 2007.

⁵⁰ Martin, p. 2.

military education system. According by military experts and military men situation of the studies of history in military colleges, academies are not very optimistic. During the last 50-60 years the attitude to history in American military education institutions radically changed at least three times. After the end of Second World War history was one of the most important courses in studies curriculum. However in 1950s and 1960s, because of dominant position of positivistic ideas in social sciences, appearance of nuclear weapon, more attention was given to studying management, system analyzes. Studies of history almost disappeared from curricula⁵¹. The situation again changed after the Vietnam war, when military men started asking themselves why they lost in Vietnam. And they were looking for answers in the past. History, especially military history suddenly became one of the most important courses during all studies. However, according to scholars and officers, after the First Gulf war the situation again started changing. Belief that new military technologies will help win the future wars once again put the history into the corner⁵². It was asked – what is the purpose to look at the past, if new technologies will change the character of warfare irreversibly. Ironically, it seems that American soldiers have not learned from history and started repeating mistakes of the Vietnam war. It seems that attitude to the importance of history changes with every new generation of officers. Such frequent swinging of the attitude is not helping American soldiers to learn from history and mistakes, done in the past.

If we will try to look closer at the present US defense policy, dominant military ideas and theories we could find many examples which confirm the notion that Americans lack historical understanding. The “forgotten wars” of Boot and experience which they brought today are discovered anew⁵³. In such context the expression “forgotten wars” does not seem very comical, but is very good illustration, how Americans treat history and how it influence practical policy⁵⁴.

Reluctance and incompetence to learn from mistakes of the past is one of the reasons why the strategy of annihilation still dominates in the US defense policy and military tradition. Because they pay little attention to history, US

⁵¹ Sinnreich R. H., „Awkward partners: military history and American education“, cited from Murray W. and Sinnreich R. H., ed., *The past as prologue: the importance of history to the military profession*, Cambridge: Cambridge University Press, 2006, p. 58-59.

⁵² Van Riper P. K., “The relevance of history to the military profession: an American Marine’s view“, cited from Murray W. ir Sinnreich R. H., ed., *The past as prologue: the importance of history to the military profession*, Cambridge: Cambridge University Press, 2006, p. 52-53.

⁵³ There is also one more reason why the lessons of these small wars were ignored. In almost all these wars and missions participated only Marines, which for very long time were disliked by other military services, especially by Army. The competition between branches of armed forces is not unique, but in U.S. it has very deep historical roots.

⁵⁴ Powell doctrine is one of the best examples, which shows how tradition of “small wars” is neglected in the Washington. This doctrine is one of the most important “products” of the U.S. defense policy in the last two decades. Its essence is that United States will take actions in such military conflicts which are vital for the national security of U.S, have clear goals and objects, where exists plausible exit strategy and etc. Simply saying U.S. will participate only in the big scale military actions and will take actions only in the fights (battles). Powell C. L., “U.S. Forces: Challenges Ahead“, *Foreign Affairs*. 1992 Winter.

military has a poor understanding about existing alternatives to the strategy of annihilation. It seems, that words, which were said hundred years ago by President Theodore Roosevelt, that “Americans learn only from catastrophes and not from experience” are still valid⁵⁵.

1.7. Revolution in Military Affairs

Assessing trends which at the present time prevail in US military, Echevarria makes a conclusion that Washington continues to treat war as “battle”. According to him, the idea of “revolution in military affairs” (RMA) or transformation is the best proof of this trend⁵⁶.

Over the last two decades the US military and security community without a break is discussing the importance of RMA. Precise guiding munitions, smart bombs, UAV, computerization of military sphere, virtualization, doctrine of network centric warfare, space satellites and etc. All this, according to experts, officers and politicians, brings radical changes in the military field. The speed becomes the most decisive element of war – information is collected, analyzed, and transferred to the battle field and orders are executed at tremendous speed. Consequently contemporary armed forces must be mobile, small, agile, and easily deployable. To reach all these tasks will be more easily if there could be joint armed forces⁵⁷. All this is the core of all present discussion in the large defense community. Experts are arguing about different aspects, nuances, but they all in principle agree that RMA really is happening. Even more, some of them are saying, that because of achievements in the fields of biosciences, nanotechnologies we are approaching another RMA.

However if we will look to all these changes from the angle of tradition of the American way of war we possibly could tell that new achievements are not changing this tradition, but enhances it. According to retired General A. Zinni, “the U. S. military is becoming more efficient at killing and breaking”⁵⁸. All these new capabilities, weapons, doctrines make American armed forces almost invincible in the battlefield, but not in the war. It seems that last 18 years American political and military bureaucracies put all their energy and attention to the questions, which give the answers as to how to win in the battlefield, but not how to make these tactical victories into success in the war. Even despite clear lessons learned in Iraq and Afghanistan it is very difficult to imagine, that Americans suddenly will change their attitude.

⁵⁵ Roosevelt T., *Theodore Roosevelt: an autobiography*, New York: Da Capo, 1985, p. 204.

⁵⁶ Echevarria, p. 8.

⁵⁷ Cebrowski A. K., and John Garstka J., „Network-Centric Warfare: Its Origin and Future“, *Naval Institute Proceedings Magazine*, 1998, January. <<http://www.usni.org/Proceedings/Articles98/PROcebrowski.htm>> 10 07 2007; Murray W., „Thinking About Revolutions in Military Affairs“, *Joint Force Quarterly*, 16, Summer 1997, 69-76. <http://www.dtic.mil/doctrine/jel/jfq_pubs/1416pgs.pdf> 28 08 2007; Edwards S. J. A., *Swarming on the Battlefield: Past, Present, and Future*. RAND, 2000. <http://www.rand.org/pubs/monograph_reports/MR1100/index.html> 20 08 2007.

⁵⁸ Echevarria, p. 10.

From all this, what was said one conclusion might be formulated – the American way of war till this day is way of battle, not war⁵⁹. Even more, this tradition is spreading around the world, because other countries are copying the American military transformation and are also are copying their fighting tradition⁶⁰.

2. American Military Tradition and Transformation of NATO

The transformation of NATO is one of the examples showing how the American notion about war, warfare are transferred and adopted in other places of the world. The definition of military reform as transformation is sufficient proof, showing what country NATO regards as example.

The story of NATO transformation started in November of 2002 in the Prague summit. In the declaration of this summit it was stated that leaders of NATO countries agreed to create NATO Response Forces (NRF), transform the structure headquarters⁶¹. The biggest pushers to start the process of transformation in NATO were Americans. They were worried, that European allies were lacking far behind in developing new military capabilities. Such situation threatened future military cooperation between Americans and Europeans. Therefore the US proposed to start a transformation process hoping that it will help European countries to close existing gap between allies.

NRF are considered as the axis and catalyst of the transformation process inside the NATO. The Prague Summit Declaration stated that NRF will be forces “consisting of a technologically advanced, flexible, deployable, interoperable and sustainable force including land, sea, and air elements ready to move quickly to wherever needed, as decided by the Council”⁶². Practically all this might be interpreted as Washington’s encouragement trying to persuade European countries to transform their armed forces following American example. Because without changes in the national armed forces it is quite difficult to imagine that any changes may occur on NATO level.

The NATO transformation is not only changes in the structure of armed forces, creation of new military units and etc. It is also a means, that it forces changes in the field of military thought, military doctrine and tactics. Like in

⁵⁹It is important to say, that the defense community in the US is very big and there are circulating a lot of different ideas and opinions. It would be incorrect to deny that there nobody proposes different scenarios of military transformation. But all these ideas are not dominant.

⁶⁰The case of American idea of *Network centric warfare* is good example illustrating how other countries react to U.S. military transformation. Network centric warfare concept is one of the axis of all American transformation. That’s why other countries are copying it or creating their own concepts. At this moment at least few countries have similar concepts. The UK has concept of *Network Enabled Capability*, Sweden - *Network-Based Defense* concept, Australia - *Network Enabled Capability/ Network Centric Warfare* concept. Other countries like France, Netherlands at this moment are creating similar concepts.

⁶¹Prague Summit Declaration, <<http://www.nato.int/docu/pr/2002/p02-127e.htm>> 20 08 2007.

⁶² Ibid.

the case of NRF, NATO there also is copying Americans. For example – NATO concept of Network enabled warfare capabilities is a copy of American concept of Network centric warfare⁶³.

The main task for the NRF is participation in the battle. These forces are designed so, that it could as fast as possible to reach the place of crises and try to stop the eruption of violence. But NRF are not designed to conduct stabilization and similar missions. It could do that, but their main business is fighting. The discussions and doubts expressed after the NRF participation in Pakistan relief mission, are a good indicator showing for what purpose these forces were created.

Because of the pressure from Washington, the NATO transformation, and especially the creation of NRF, is the main questions on the NATO agenda. It means that all NATO institutions more or less are concerned with the creation of military structures capable to win a battle. But what about winning the war? In this case NATO is in a better position than the U.S. The advantage of an Alliance is that despite the dominant role of the U.S. other member countries also have strong positions. The United Kingdom, Germany, and France have their own military traditions. Therefore these countries might be more critical about a transformation scenario proposed by Americans. At the same time these countries, because of their rich military experience and knowledge, may propose alternatives to the American's ideas. Also the existence of NATO's political institutions is important factor, which gives insurance that a victory in the battlefield could be transformed strategically into success.

The mission in Afghanistan for an Alliance is important because it helps to sidetrack the attention of member countries from NRF formation. At this moment NATO has two main goals – NRF formation and the mission in Afghanistan. NRF will give forces the capabilities to win battles. On the other hand the experiences of Afghanistan will give necessary knowledge of unconventional warfare, stabilization missions, and etc. All this is an optimistic scenario. But everybody knows about the problems of the mission in Afghanistan. This mission and the success of the NRF formation will be the main indicators showing the effectiveness of NATO as a military alliance.

Speaking about the influence of American way of war to the NATO transformation, few words might be added. Concentration with a formation of the NRF means that less attention is paid to the development of capabilities that might be needed for other kinds of operations. Having in mind that NATO is a huge bureaucratic structure, it will not be easy to change one policy to another even if the political will of such a change does exist. American military tradition might effect NATO through its member nations. An alliance is very good mediator between the U.S. and European countries. It is not only a forum, where countries may exchange ideas and learn from each other's mistakes,

⁶³ NATO C3 Technical Architecture Volumes <http://194.7.80.153/website/book.asp?menuid=15&vs=0&page=volume1%2Findex%2Ehtml> 15 07 2007.

but it also has institutional and administrative power directly or indirectly to thereby force member states to transform their armed forces in a particular way. However it also means that if NATO someday will decide to develop different capabilities and military formations, member countries will be a very big obstacle to do this. Defense reform is very long and most importantly – a very expensive process and one which cannot be changed in one day.

3. The American Way of War and Lithuania's Defense Reform

As small country, Lithuania can not afford the luxury and make experiments with their defense reform, or to have various other capabilities. Its financial and human resources are very limited. Therefore the decision concerning Lithuania's future armed forces is particularly important. Maybe it is not worth investing into transforming the army into expeditionary forces. Maybe Lithuania must pay more attention and develop niche capabilities (civil-military co-operation specialists, experts of psychological, human intelligence operations, etc.)

At this moment it is clear that a defense reform in Lithuania is in progress. The question of the armed forces professionalization de facto is decided. The defense community more and more speaks about transformation. Especially these talks became very intensive after NATO started to push harder on these questions.

It is clear, that global military trends have reached Lithuania. As was said Lithuania, after the reestablishment of independence, started creating armed forces which were suitable for the Cold war period, but not for post-cold war era. More serious changes in the military sector occurred from 1999-2000 which accelerated after 9/11 events and membership in NATO. The armed forces gradually changed their focus from territorial to collective defense and preparing for overseas missions. All this might be considered as a clear example that contemporary western and American military ideas do have their audience in Lithuania. The reduction and professionalization of the armed forces, and concentration on qualitative, not quantitative aspects – all this is proof that western military trends are put in practice there - and the U.S. is dictating these trends. It could be argued what impact to all these military trends is doing to other Western countries, but the United States is the biggest military power in the world and that means something. All other countries in a lesser or a bigger extent are copying the U.S. and of course, countries with richer military history and traditions are capable to transform, and adapt American ideas to their particular needs. However other countries mostly are doing technical copying and do not try to understand how and why these new doctrines, ideas, structures and technologies appeared. Lithuania belongs to this group. Being a young country it still does not have the tradition of critical thinking and this applies to the military sector too. We are trying to copy, adapt for our own needs, but we are not asking why we should do this and in that manner. We still have to learn not to be afraid to ask such kinds of questions.

Having in mind the tradition of American way of war and its influence on NATO transformation it is possible that in the future Lithuania will have to meet a lot of challenges. It could be said, that Lithuania unconsciously transforms its armed forces and prepares them to win future battles, but not wars.

Simplified American military tradition could be described by such words—shoot first, ask later. It is important to have in mind that Americans think that military solution is an alternative to diplomatic negotiations. It means that there is big possibility that in the future the U.S. might be involved into various military conflicts. Such single sided policy and tradition could be named “venturesome”. The war in Iraq could be named as a “big venture”, which Washington started very hastily and did not consider all possible options. For Lithuania which declares that the United States are its strategic partner it is useful to know what weaknesses its partner has. It also might be very useful for preparing Lithuania’s position for NATO political discussions.

Speaking about the armed forces, this possible American “venturesome” outlook might be dangerous for Lithuanian soldiers, together with Americans serving in overseas missions. Again, Iraq might be the case⁶⁴. The mistakes, done during preparation for his mission later backfired. The attacks of the insurgents and terrorists were unpleasant surprises for Americans and nations, which sent their soldiers to Iraq.

Lithuania at this moment gives more attention to the development of capabilities which will be more suitable to take actions in missions where strategy of annihilation will be employed. The reform of the motorized infantry brigade “Iron Wolf”, its logistical support is the main concern for military planners⁶⁵. Also, like in many other countries after 9/11 special operations forces have strong backing in the Ministry of defense⁶⁶. However such kinds of forces mainly participate in the fights, but not in the stabilization missions and etc.

The biggest challenge for Lithuania in the future will be the creation of a balanced armed forces, finding ways and resources for the development of

⁶⁴ Among defense experts was a very popular anecdote when after taking the Baghdad Donald Rumsfeld turns back and asks generals – “And what next?”

⁶⁵ Krašto apsaugos ministro gairės 2008–2013 m. [Guidelines of the Minister of National Defence 2007-2012] (in Lithuanian); Krašto apsaugos sistemos plėtros programa [National defence system’s development program], (in Lithuanian); Baltoji Lietuvos gynybos politikos knyga, 2006 m., [White Paper Lithuanian defence policy 2006] (in Lithuanian).

⁶⁶ BNS, Lietuvos „žaliukai“ - Amerikos karinės vadovybės dėmesio centre [American military leaders are interested in Lithuania’s special operation forces], 2006 m. gegužės 10 d. (in Lithuanian); Bačiulis A., Samuolytė V., „Misija Afganistane“ [Mission in the Afghanistan], Veidas, 2002 m. rugsėjo 26 d. nr.39 (in Lithuanian); BNS, Lietuvos “žaliukai“ - patikimą reputaciją pelnę kariai, teigia JAV generolas [American general: Lithuania’s special operation forces are very respected], 2006 m. balandžio 29 d. (in Lithuanian); BNS, Lietuvos Specialiųjų operacijų eskadrono misija Afganistane - generalinė repeticija prieš įsiliejimą į NATO greitojo reagavimo pajėgas [Participation in Afghanistan mission for Lithuania’s special operations forces is general repetition before becoming part of NRF], 2004 m. lapkričio 12 d. (in Lithuanian).

capabilities suitable for post-conflict missions. Having in mind the forecasts about future threats and the nature of the conflicts is clear that the need of various stabilization missions will increase. Terrorism, shortage of water, fertile lands, increased migration in such regions as Africa, Near East, and Central Asia will increase tensions between states and even might cause conflicts. Crisis in Darfur is a model and example of the future conflicts. It is very likely, that Lithuania, as member of NATO and European in the future will participate in resolving these conflicts.

Therefore the mission in Afghanistan is very important. The experience and lessons learned in this mission will be very useful for preparing and training soldiers for future missions.

It also important that not only Lithuania's armed forces should be prepared for the future missions. The institutions of the government and political leaders must also be ready and have to know how successes in the battlefield transform into the strategic advantage. For that reason, it is very important to develop necessary skills, strengthen cooperation among institutions and make their work more effective. Assessing the present situation it might be said, that situation in this field is not very promising and encouraging⁶⁷. All this must be done if we do not want that the efforts of our soldiers could be wasted in vain. Lithuania has to learn to use military means and to understand their usage in a broader context, otherwise Lithuania's military tradition could be named as a "way of battle", but not as a "way of war".

Conclusion

R. Kagan in his latest book named Americans as a "dangerous nation" because they always were practicing aggressive foreign policy and used military means very often. The researches by other scholars, like Boot, only confirm this idea. Therefore it is very unlikely that the U.S. suddenly will change its old habits and traditions. It will remain a "dangerous nation" and military means will be considered as essential for conducting foreign policy.

However the American military tradition, which during centuries was affected and influenced by many factors, might be called as a way of battle, it means that for Americans warfare equals war. The incapacity of American politicians and soldiers to understand that military actions and fighting is only one part of the war is a matter of the great concern. American history has many examples showing how the U.S. failed tactical success in the battlefield, to transform it into the strategic victory. This is the most important lesson which must be kept in mind by other countries, including Lithuania when they are dealing with United States.

⁶⁷Račius E., Maskaliūnaitė A., Šlekys D., Urbelis V., *Tarptautinės antiteroristinės kovos iššūkių Lietuvai analizė* [International fight against terrorism and its challenges for Lithuania], Vilnius: Vilniaus universiteto leidykla, 2007 (in Lithuanian).

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The Devaluation of Democracy: The Cases of Afghanistan and Iraq

Efforts at democratization in the Middle East resemble a wavy sea, where a short-term wave of reforms leading toward democratization is immediately followed by a period of reform-crippling or even destructive “low tide”. Seeking to revive, enhance and speed up the stumbling democratization in the region the Bush lead U.S. Administration practically unilaterally undertook an unprecedented wide range of direct activities in the region. Revulsion at nation-building expressed by G. W. Bush during the election campaign in 2000 later during the occupations of Afghanistan and Iraq put the U.S. into a precarious situation – the state whose leader publicly denounced nation-building by will of the very same leader is now forced to lead two grandiose nation-building operations. In both cases the USA chose the perceived quicker path – through the creation of central structures of governance needed for institutional democracy. The biggest paradox of the democratization in the Middle East is that since the USA started actively implementing democracy in the region (through democratization from the outside, sometimes called “democratization by force”) the demand for democracy (and perspectives for democratization from inside) has shrunk, while artificially created institutional democracy by Americans in the pilot projects of Afghanistan and Iraq has been used to their advantage by not necessarily democratically inclined forces.

1. Inside Efforts at Democratization in the Middle East

Though there is no definite and all-encompassing agreement on what countries should be included into the scope of the Middle East, most academics around the world are inclined to consider that the region of the Middle East in the broadest sense is composed of 19 member states of the “League of the Arab States” from Morocco in the North-Western corner of Africa to Oman in the South-Eastern end of the Arabian Peninsula (thus excluding the remaining three member states of the organization, namely the Comoros, Somalia and

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Mauritania), non-Arabic, yet Muslim, Turkey and Iran and a non-Arabic and non-Muslim Israel.¹ The region can tentatively be divided into the subregions of Maghrib (the Arabic North Africa), Egypt and Northern Sudan, Near East (South-Western corner of Asia, including Turkey), and the Arabian Peninsula and Northern Persian Gulf. The current U.S. Administration sees Afghanistan as a part of the widened scope of the region, called by it the Broader Middle East. And though technically (geographically, historically, culturally) Afghanistan is not to be included into the Middle East, in the frame of this article it will be treated as a part of this wider region.

Some 300 million people live in the Arabic countries of the region (the most populous country is Egypt with over 75 million), Turkey and Iran each boasts around 75 million, Israel has a population of 6 million (of whom Arabs make roughly a quarter). Afghanistan's population is estimated at 29 million, while that of Iraq at 24 million. And though it is predicted that the number of inhabitants of the region in the near future will not increase as rapidly as it has been until recently, it is estimated that by the year 2050 it will double and in some countries (for example, Saudi Arabia and Yemen) it will increase even three-fold. The populations of Egypt and Iran are expected by then to surpass 100 million in each.²

Efforts at democratization in the Middle East resemble a wavy sea, where a short-term wave of reforms leading toward democratization is immediately followed by a period of reform-crippling or even destructive "low tide". Practically all (with the conditional exception of Israel and Turkey) regimes of the Middle Eastern states were until the 1990's un-representative and non-democratic. With the end of the Cold War, the collapse of the USSR and with it the binary system of the world, because of the outside (first of all from the side of the USA and Europe) but also inside pressure, leaders of the states of the region were compelled or found strength in themselves to undertake certain political and social reforms.

Thus, for example, in the monarchies of the Arabian Peninsula, constitutions until then not heard of, were adopted, parliamentary work (Kuwait, Bahrain) renewed or new consultative councils (Saudi Arabia, Oman) established. In some other Arab countries (Yemen, Algeria, Tunisia, and later Jordan) multi-party systems were introduced. In addition to these most well known steps toward democratization reforms in the legal and educational systems, as well as social care aimed at improving the situation of human rights, were announced. In several countries of the Middle East the economy was significantly liberalized.

Unfortunately, by the mid-1990's, the reform movement not only failed to produce any lasting changes but even began waning. The old ruling regimes in almost all Arab countries of the region reversed their policies and resumed

¹ On the historical evolution of the scope of the Middle East, see Davison R. H., "Where is the Middle East?", *Foreign Affairs* 38, 1960, p. 665-675.

² Population Resource Center, *Executive Summary: The Middle East*, <http://www.prdoc.org/summaries/middleeast/middleeast.html>, 21 09 2007.

their oppressive and undemocratic practices thus stifling the democratization initiatives rising both from the government and civil society sectors. Even worse, Saudi, Tunisian, Egyptian, and Iranian reformists either found themselves behind the bars or were forced to leave their countries. The remaining reformists-turned-extremists declared as their immediate goal forceful removal of the ruling regimes (especially in Egypt and Saudi Arabia), which, it was argued by them, would open the way for unobstructed reforms, however, now seen through the prism of reislamization.

In part as a consequence of the EU initiated Barcelona process, but mainly due to renewed pressure by the White House under G. W. Bush, some of the Arab governments lately renewed their declarations of willingness to implement political and social reforms. The first ever elections (albeit only partial and tightly controlled) in Saudi Arabia took place in 2005; in 2006 the first truly democratic elections to the Palestinian Parliament also took place; the same year Lebanon, despite ethno-confessional tensions, held successful democratic elections to its Parliament; even the Egyptian regime allowed individual members of the outlawed Islamist political organization the "Muslim Brotherhood" to stand in the parliamentary elections. This way, ruling regimes reintroduced democratic vocabulary into usage.

However, though the usage of democracy related vocabulary in the Arab countries today in the public discourse is getting more widespread than ever, experiences of Afghanistan, Iraq and other Middle Eastern countries in introducing democracy into their political systems are symptomatic: not seldom governments speak of Arab (or Middle Eastern) democracy which supposedly differs from the Western democracy. Moreover, Westerners in their turn arguably have no understanding of this and through their interference (by means of various initiatives and military intervention) only obstruct the already ongoing process of reforms. But according to local regimes even introduction of "Arabic" democracy today is made difficult because the global challenge of terrorism consumes much of government attention and steals it from the reforms. One has to concede that the spread of terrorism in the region is indeed a big challenge to democratization there, and a parallel growing wave of social reislamization with all its consequences is even a greater challenge to the outcome of democratization.

Seeking to revive, enhance and speed up the stumbling democratization in the Middle East, the Bush lead U.S. Administration practically unilaterally undertook an unprecedented wide range of direct activities in the region.

2. The Role of the USA in the Middle East

The dynamics of relations between the countries of the Middle East and the USA throughout the entire post World War Two period was very stormy – relations between the USA and individual states of the region would perma-

nently swindle from all-embracing support and collaboration to open hostility and even hatred and back. For instance, the American – Iranian relations went from active support and mutual commitments and obligations after the CIA inspired coup in the mid-1950's through a phase of close collaboration until 1979 when in the aftermath of the Iranian revolution they entered a period of mutual distrust and confrontation which not only continues to this day but is getting even deeper.

Though the quality of relations between states frequently depends on the tone imposed by the stronger side (in this case the USA), the position of the American administrations vis-a-vis one or another regime in the Middle East can and in fact has been influenced by the ability of those regimes to sell themselves as American partners and allies. For instance, the long-serving autocratic leader of Egypt Husni Mubarak publicly insists that he is committed to friendship and cooperation with the U.S. and in principle supports American policies in the region. But in real terms, there is very little democracy in Egypt – freedom of speech is severely restricted, not only illegal but even legal opposition is persecuted and harassed by special services, citizens are intimidated and even physically prevented from taking part in elections, election results are constantly rigged. Despite all that, this unrepresentative and undemocratic Egyptian government is annually provided with colossal financial and other aid and awarded lucrative military contracts by the USA.

The late Iraqi dictator Saddam Hussein reveled in his status as an American ally for almost a decade in the 1980's in his own initiated aggression against Iran with the very same Donald Rumsfeld, who two decades later so vehemently sought Hussein's death, visiting him in Baghdad and warmly shaking hands. Back then the American government shunned talking of threats stemming from Iraq though already then Hussein had been pursuing biological, chemical and even nuclear weapons programs, the first two of which he tried in practice on Iranians and Iraqi Kurds. Hussein's regime at that time was handy for the USA, which saw in it only its enemy's (Iran's) enemy and through this – its ally.

In the case of Afghanistan, the USA willingly provided aid to the pre-Communist Afghan governments, then lavishly supported rebels throughout the 1980's in their fight against the Communist Kabul regime and its master the USSR but later turned away from the victorious mujahidin who came to power in that war ravaged country. The successor regime in Kabul, the Taliban, became mortal enemies of the USA. The fortunes once again changed with the forceful removal by the Americans of the Taliban and installing in power the current Karzai regime, which is publicly called "friendly". Similar stories (different only in details, dates, names and scope) abound in other parts of the Middle East, among them the cases of Iran, Libya, Somalia, the Sudan, Lebanon to mention just several.

Though the Clinton lead U.S. Administration throughout the 1990's emphasized necessity to democratize the region, in reality (physically) it did not take part in the democratization of the Middle East. With the indirect American involvement in the cancellation of the democratic experiment in Algeria

in 1991-1992, which led to a brutal civil war, and after suffering a painful blow to its efforts to stabilize Somalia in 1993, the Clinton Administrations chose an ambivalent and at times even indifferent position vis-à-vis the Middle East. Thus, the USA, by not reacting actively to paralysis of political and social reforms in the region, left the development of democratization entirely to the discretion of local non-democratic regimes. The perceived or real legacy of Clinton was the impression that the USA is not only uninterested in an active pursuit of democratization in the world (and particularly the Middle East) but is incapable of leadership. But the year 2001 changed it all.

The situation started changing with the accession to the White House in the beginning of 2001 of the G. W. Bush lead Administration of the neo-cons, who were in favor of cardinal reforms in the Middle East. Beginning from the autumn of that year and especially with Bush's State of the Union speech in the beginning of 2002, the new American administration concentrated its attention exclusively on the Middle East (admittedly, perceived by it in a somewhat broader geographical perspective than traditionally, and labeled by it the Broader (Wider) Middle East). In November of 2003 Bush unequivocally declared that:

Sixty years of Western nations excusing and accommodating the lack of freedom in the Middle East did nothing to make us safe (...). As long as the Middle East remains a place where freedom does not flourish, it will remain a place of stagnation, resentment, and violence ready for export. And with the spread of weapons that can bring catastrophic harm to our country and to our friends, it would be reckless to accept the status quo.³

Gradually the Bush doctrine was formulated where one of its declared fundamental pillars was democratization of this vast region encompassing more than two dozens of states.⁴ Since then the American president has many times reiterated⁵ that his ultimate goal is the implementation of democratization in the Middle East, the goal he has been seeking to achieve in part through the U.S. pursued global antiterrorist campaign called by Bush the "war on terror". Democracy and terrorism in the rhetoric of the American president and other officials in his administration were in an inverse relationship – the more there is of the one, the less there is of the other. It would follow that in order to counter the seemingly unchecked terrorist threat one has to wholeheartedly support the spread of democracy in the otherwise terrorism-permeated lands of the Middle East.

³ United States Chamber of Commerce, "President Bush Discusses Freedom in Iraq and Middle East", Remarks by the President at the 20th Anniversary of the National Endowment for Democracy, Washington, D.C., 2003-11-06, <http://www.whitehouse.gov/news/releases/2003/11/20031106-2.html>, 21 09 2007.

⁴ Sharp J. M., "The Broader Middle East and North Africa Initiative: An Overview", CRS Report for Congress, Order Code RS22053, 2005-02-15, <http://italy.usembassy.gov/pdf/other/RS22053.pdf>, 21 09 2007.

⁵ United States Chamber of Commerce, "President Bush Discusses Freedom in Iraq and Middle East", Remarks by the President at the 20th Anniversary of the National Endowment for Democracy, Washington, D.C., 2003-11-06, <http://www.whitehouse.gov/news/releases/2003/11/20031106-2.html>, 21 09 2007.

Iraq, after relatively short and hasty preparations by the USA, became the pioneer state of this ambitious program of the American lead perestroika of the world. During their preparations to invade Iraq, and in the beginning of the occupation, the American leadership had been constantly persuading the world that with the commencement of decisive (understood as forceful) implementation of democracy in one of the countries in the Middle East the others, because of the double pressure from within and outside, will be forced to reform themselves. This way democracy would gradually spread throughout the region and with the help of the USA would become an irreversible process.

3. Pilot Projects of Democratization from Outside – Afghanistan and Iraq

3.1. Democratization without Nation-Building – Creation of Shell States

Revulsion at nation-building expressed by G. W. Bush during his election campaign in 2000⁶ later during the occupations of Afghanistan and Iraq put the U.S. into a precarious situation – the state whose leader publicly denounced nation-building by will of the very same leader is now forced to lead two grandiose nation-building operations. In both cases the USA chose the perceived quicker path – through creation of central structures of governance needed for institutional democracy. But already back then keen observers accused the USA and its allies of too a narrow concentration on the state-centered approach, which dominated the process of nation-building and ignoring its community level.⁷ Basing on Hippel's argument that "democratization efforts are part of the larger and more comprehensive nation-building campaign,"⁸ one might argue that the USA has among all constituting components of nation-building focused exceptionally on a single one, e.g. democratization.

Forced promulgation of new constitutions and national, municipal, and, in the case of Afghanistan, presidential elections became the axis of this bastardized speedy "nation-building". In both countries elections took place in 2004-2005 and were relatively successful in terms of security and participation – citizens in fairly

⁶ For example, during an election debate with the then vice-president of the United States and presidential candidate Al Gore on October 11, 2000 Bush unequivocally declared: "I don't think our troops ought to be used for what's called nation-building." Washington, W., "Once against nation-building, Bush now involved", *Boston Globe*, March 2, 2004, http://www.boston.com/news/nation/articles/2004/03/02/once_against_nation_building_bush_now_involved/, 21 09 2007.

⁷ Sedra M., "Afghanistan: It is Time for a Change in the Nation-Building Strategy", *Foreign Policy in Focus*, November 15, 2002, p. 2.

⁸ Hippel K. von, "Democracy by Force: A Renewed Commitment to Nation Building", *The Washington Quarterly*, Winter 2000, p. 96.

free and democratic elections chose political forces and individuals they wanted to see at the helm of their recreated states. Moreover, the new governments are seen as legitimate by majority of population and indeed are fairly representative. This gave an excuse for the American administration to declare the fact of the constitutional referenda and the elections as the victory of democracy. In the mind of the American government institutional (formal) democracy was equated to “nation-building” without investing more human and financial resources into a “more comprehensive nation-building campaign”.

This is especially valid in the case of Afghanistan, in which the USA since the very beginning of the occupation pursued the “light footprint” (coined by the then UN envoy to Afghanistan Lakhdar Brahimi⁹) approach – to use as few foreign troops and civilians as possible and to leave the task of “nation-building” to Afghans themselves. In the words of Barnett Rubin, who has been analyzing Afghanistan for the past two decades, the USA chose the “NO to peace support, NO to nation-building” path¹⁰, and instead focused on hunting the al-Qaida and Taliban rank and file on the run. Already in the second half of 2002 during the American run-up to the invasion of Iraq, even that minimal attention shrunk further. In the opinion of some observers, this was the time when the “nation-building” in Afghanistan was inexcusably abandoned because the American “failure to invest adequately in either security or reconstruction and the diversion of US political, intelligence, military, and financial resources to Iraq left the Afghan government unable to satisfy popular expectations for security and development”¹¹ and “it became understood in Pakistan and Afghanistan that the US was not committed to nation-building and that their importance on the US agenda was marginal compared to Iraq.”¹²

As post-elections processes showed, after formally passing on governing of the states to the democratically elected governments, the USA soon lost control of the situation on the ground – the local governments would not always obey the American will and themselves, and because of various insurmountable obstacles were not capable of reigning in the situation. In Iraq, after the last elections in the end of 2005, the entire government changed once and several ministers of the current government have already resigned too. With the elected governments losing trust by citizens and the ever-increasing discontent with economic, social and political processes in both countries, in inverse proportionality criminal and anti-governmental (as well as anti-occupational)

⁹ Vienna International Centre, United Nations Information Service, *Secretary General, Special Representative Brahimi tell Security Council rapid disbursement of funds pledged essential for Afghan recovery*, 2002-02-07, <http://www.unis.unvienna.org/unis/pressrels/2002/sc7295.html?print>, 21 09 2007.

¹⁰ Rubin B. R., “Salvaging Afghanistan”, Testimony before the United States Senate Armed Services Committee, March 1, 2007.

¹¹ Rubin B. R., “Salvaging Afghanistan”, Testimony before the United States Senate Armed Services Committee, March 1, 2007. See also Dobbins J., “Ending Afghanistan’s Civil War”, Testimony before the United States Senate Committee on Foreign Relations, March 8, 2007, p. 1, 3.

¹² Rashid, A., *Security, Nation Building and Democracy: Pakistan, Afghanistan*, Center for Peace and Human Security, April 27, 2006, p. 3.

players and marginal political and militant groups gained in strength while the societies more and more perceive the presence of foreign troops in their countries as occupation.¹³ The annual UN compiled maps¹⁴ of unsafe (and uncontrolled) regions of Afghanistan evidently show that the insecure zones in the country are constantly expanding thus making the entire country ever less stable. The situation until very recently has been very similar in Iraq: even the capital city of Baghdad was beyond the government control, the level of civil war in which has been quelled only with the help of pulling significant numbers (the so-called “surge”) of American troops to the city. But in the end it might turn out to have been only a temporary remedy – once Americans pull out or significantly reduce their military presence the city is likely to plunge into violence and anarchy again.

In Afghanistan, the Karzai government does not face such obstacles as the Iraqi government does. But the Afghani government, due to its weakness (it does not wield the power monopoly because neither army nor police are trustworthy), indecisiveness and financial constrains (unlike Iraq, Afghanistan does not boast natural resources which in the world market can be easily exchanged for hard currency) and also the ever-expanding insurgency, does not control huge sways of the country’s territory. In the words of Dobbins, the argument that little effort from the side of the international community (in this case the USA) bears little fruit proved true: “If one applies low levels of military manpower and economic assistance to post conflict reconstruction, one can expect to see low levels of public security and economic growth.”¹⁵

The lack of conditions for nation-building in both countries is attested to by the damaging stumbling of reforms in security and legal sectors. It is widely acknowledged that security structures (army and police) in Afghanistan and Iraq have not yet attained the level of training and readiness so that they could perform their functions on their own and without outside assistance; moreover, they are not paid for enough and therefore are themselves (especially police) corrupt. For instance, the Afghanistan national police in the volatile south of the country are neither adequately trained nor equipped; moreover, in the face of attacks by insurgence it cannot always count on assistance from the occupational forces. Loyalty of the army and police file and rank to the government is often questionable for there have been a number of instances when entire army and police regiments not only refused to fight insurgents but even went over to them with all their weapons and ammunition. Judicial reforms in Afghanistan have come to a standstill (therefore corruption in the courts system of the country is staggering) and in Iraq the parliament composed of members representing

¹³ Rubin B. R., “Saving Afghanistan”, *Foreign Affairs*, January/February 2007.

¹⁴ For instance, comparing “Afghanistan: Security incidents and high risk areas”, July 2003, <http://www.reliefweb.int/rw/RWB.NSF/db900LargeMaps/SKAR-64GF26?OpenDocument> and “Afghanistan UN Security Accessibility Map” (as of June 20, 2006), [http://www.reliefweb.int/rw/fullMaps_Sa.nsf/IuFullMap/5DFAD86624D16A10852571F10074210A/\\$File/aims_ACC_afg200606.pdf?OpenElement](http://www.reliefweb.int/rw/fullMaps_Sa.nsf/IuFullMap/5DFAD86624D16A10852571F10074210A/$File/aims_ACC_afg200606.pdf?OpenElement), 21 09 2007.

¹⁵ Dobbins J., “Ending Afghanistan’s Civil War”, Testimony before the United States Senate Committee on Foreign Relations, http://www.rand.org/pubs/testimonies/2007/RAND_CT276.pdf, March 8, 2007, p. 3.

different ethno-confessional communities have so far failed to reach common ground on essential legal issues (such as the nature of the state, federalism, the status of autonomies, the role of religion).

3.2. The Fate of the "Social Contract"

Besides the implementation of institutional democracy, nation-building is supposed to include renewing or drawing anew of the "social contract" (or "the nation"). This social contract, in its turn, is to be built on the basis of official recognition of sound expectations of all social, economic, religious and political groups of the country and elimination of factors obstructing its implementation. In Afghanistan, one such factor is warlords and drug barons.

After deposing the Taliban regime, warlords of the years of the civil war in the early 1990's along with the drug-lords, due to shortsighted U.S. policy of "NO to nation-building", reemerged as almost uncontested leaders on local and sometimes even regional levels and became a formidable, albeit not united, political power in the new Afghanistan. Much like back in the first half of the 1990's and without any meaningful presence or intervention from the side of the Karzai government on the provincial level, they renewed scramble for expansion of their fiefdoms at the expense of their rivals. When given a chance (especially before the national elections), seeking to secure security of their person, amassed wealth and clientelist structures and hoping to directly influence the governance of the country, they *en masse* became politicians. Indeed, it is these new-old "feodals" who triumphed in the 2005 elections to the Lower House (Wolesi Jirga) of the Parliament of Afghanistan – through both legal and illegal means they managed to secure majority of votes of people in districts they ran (which more or less overlapped with the territories under their control and where people were in clientelist and therefore dependent relationship to them). Likewise, in the case of the Upper House (Meshrano Jirga) – a score of "feodals" were appointed to it by either the president himself or the Provincial Councils heavily dependent on those same feodals. The most significant of the warlords, like Ismail Khan, Abd ar-Rashid Dustum and several others were co-opted into the Karzai lead government itself.

This unfolding of the political process in Afghanistan in part pacified the "feodals." - brought to Kabul and formally (through the ID of an MP or member of the government) related to the government, they were rather successfully co-opted by the president's administration and thus neutralized (though critics rightfully remind that at the same time this allowed for self legitimization of various individuals suspected of war and other heavy crimes). Unfortunately, the lack of traditions of parliamentarism (especially of parliamentary fractions based on political parties) presupposed amorphous work of the Afghani Parliament. In addition, a part of the MPs are, if not altogether anti-systemic, than openly anti-Karzai and anti-American. Ultimately, their cooptation through elections and other means is only a temporary solution. And if the Parliament is not delegated greater law-giving powers (today Afghanistan is in effect a presidential

republic) a score of PMs might soon start sabotaging the fledgling nation-building process in the country. After adding the ineffectiveness of Provincial Councils, infested with war-lords and drug-lords of lower rank and their representatives, the perspective for the renewal (or redrawing) of the “social contract”, in the face of the apparently ever expanding insurgency, becomes obscure on all levels.

In Iraq, the perspectives for the “social contract” look even bleaker: the entrenched hostility between the Sunni and Shii branches of the Arab component of the Iraqi society is now supplemented by intra-confessional rivalries. Thus, for instance, among Arab Sunnis in the al-Anbar province, groups supportive of insurgents and those cooperating with the occupational forces actively fight each other. In the south of the country dominated by Shiis, groups professing different (and clashing) ideologies (as a rule, Islamist) also fight among themselves. The work of the Iraqi Parliament has also been paralyzed because the MPs representing parliamentary factions formed along ethno-confessional lines by following their narrow ethno-confessional interests effectively block adoption of vital laws. Thus, for instance, adoption of the law on division of the income from the oil exports essential to the “social contract” has been unforgivably stalled.

The Afghani middle class and intellectual elite were almost entirely destroyed during the two decades of conflicts. Consequently, the creation of a civil society (recreation of open educational system, emergence of free media, and development of non-governmental sector) in Afghanistan requires colossal human and financial resources and is a long-term process. In Iraq, the on-going (some would argue assisted) shrinking of the indigenous middle class and intellectual elite began immediately after overthrowing of the Hussein regime. According to the UN and other estimates, since the beginning of the occupation no less than a million and a half Iraqis have left their country and around the same number became internally displaced. A big part of these people are from the middle class including the country’s intellectual elite. Civil society is the guardian of the “social contract” and with its extinguishing, an imminent threat to the survival of the nation itself arises. Unfortunately, in both states civil society either has not reached critical numbers yet (Afghanistan) or has lost them (Iraq) and therefore cannot meaningfully influence the fate of the “social contract”.

Summarizing the achievements so far attained by the occupational coalitions in both Iraq and Afghanistan one may draw a conclusion that only sham democracy has been created where creation of formal institutions due to weakness of local governments ripped apart by inner tensions and lacking resources has not yet lead to either consolidation of democracy or creation of “social contract” essential to the nation-building. One even observes an opposite trend – since 2006 Iraq has plunged into a civil war and in Afghanistan’s South and East activities of the rejuvenated Taliban insurgency are on the rise. Next to this, since 2004 Afghanistan is the single biggest producer of opium in the world.¹⁶

¹⁶ United Nations Office on Drugs and Crime, *Afghanistan Opium Survey 2007*, p. 4, http://www.unodc.org/pdf/research/AFG07_ExSum_web.pdf, 21 09 2007

3.3. The Cultural Awareness Factor

In trying to answer the question of why it happened so that the spread of democracy in the Middle East (and first of all in the cases of the pilot projects of Afghanistan and Iraq) “devalued”, it is worth paying attention to an often ignored conceptual factor in the process of nation-building – “cultural awareness”. Though failures of nation-building in Afghanistan and Iraq were caused by the multiplicity of domestic and outside causes, the lack of “cultural awareness” by Americans and their allies in too many cases contributed to the deterioration of situation in both countries as well as to the negative image of the forced democratization from outside and its chief executioner, the USA.

“Cultural awareness” here means at least the elementary acquaintance with history and life-styles of societies one is engaged with. The concept of “cultural awareness” was first introduced into the American and British military terminology when a need for specific training (usually called “cultural awareness training” or simply “cultural training”) and printed materials for military personnel posted overseas (especially in Muslim countries) was realized. As such advocates of “cultural awareness” like I. Skelton and J. Cooper, both members of the House Armed Services Committee, argue, “a combat brigade would not be deployed into hostile territory without maps. The beliefs of a culture are as critical as terrain features. The unit should have those coordinates as well.”¹⁷ Moreover, according to them, “it is cultural awareness that helps determine whether a host population supports long-term American military presence – and may determine the outcome of the mission.”¹⁸

One might even argue that “cultural awareness” is an essential condition in any trans-ethnic situations, both in military and peace-time encounters – it would enhance mutual understanding and assist in sparing human and material resources. Deeper “cultural training”, for instance, courses in history, languages, religion and studies of relevant societies would allow for a more profound understanding of intellectual currents and undercurrents, social stratification, informal authorities, folk religious practices, all this to be strengthened by learning of a local language.¹⁹ And though one cannot expect every individual clerk or soldier serving overseas to be thoroughly versed in intricacies of the country he or she is serving in, it is desirable that persons charged with decision-making and on whose decisions local societies depend either themselves possess

¹⁷ Skelton I. & Cooper J., “You’re Not from Around Here, Are You?”, *Joint Force Quarterly*, XXXVI, 2004, p. 14.

¹⁸ Skelton I. & Cooper J., “You’re Not from Around Here, Are You?”, *Joint Force Quarterly*, XXXVI, 2004, p. 12. See also Duffey T., “Cultural Issues in Contemporary Peacekeeping”, *International Peacekeeping*, VII: 1, Spring 2000, 151, where she forcefully argues that “maintaining good relations with the local community, a prerequisite for successful operations, relies on peacekeepers’ understandings of the local population’s culture and respect for their cultural traditions.”

¹⁹ Duffey, when speaking about “cultural training”, distinguishes between ‘culture-general’ and ‘culture-specific’ components. Duffey T., “Cultural Issues in Contemporary Peacekeeping”, *International Peacekeeping*, VII: 1, Spring 2000, p. 164.

enough “cultural literacy” or have informed advisors, because only decisions stemming from “cultural awareness” (or even better, “cultural literacy”) have propensity to be welcome by people affected by them.

E. Said, analyzing the 19th century trans-cultural colonialist encounters, has passionately argued in his *Orientalism*²⁰, that too often imperial European (and recently American) decision-makers and policy-makers assumed to have grasped the essence of respective non-European societies (their cultures) and acted upon that perception, while in fact they were acting upon wrong assumptions and misjudgments. Said would argue that both contemporary Europeans and Americans are captives of their own invented and cultivated stereotypes about the “Orient” who have not managed to free themselves from applying phantasmagoric images of the “Orient” and “Orientals” to “non-Westerners” in their decisions with practical consequences. Persistence of such orientalizing images of the “Other” without doubt prevents one from acquiring new and objective view of remote (especially Asian) societies. Indeed, failure to acknowledge, perceive and appreciate cultural differences is one of the features of the continuous pervasive, often latent, Orientalism among the Western societies of today.

One of the biggest dangers and mistakes that has been seeping into the trans-cultural cooperation (part of which is nation-building) until now is biased and arrogant behavior by Western politicians and military which antagonizes and marginalizes target groups (in this case, Afghani and Iraqi societies or parts of them) and thus unwillingly facilitates their negative and often violent reaction. Ultimately, due to “cultural ignorance” (on both sides, one has to admit) the “nation-building” efforts tend to slide into cultural conflict, sometimes called “clash of civilizations”.

3.4. Consequences of Cultural Ignorance

In Afghanistan, the resolve of Americans and their allies to create conditions for the development of democracy may be evaluated through the prism of the Provincial Reconstruction Teams (PRT). The main tasks of the more than two dozen PRTs are set as strengthening of the influence of the Afghanistan’s central government in provinces and creation of conditions suitable for reconstruction of provinces (and ultimately the entire country). But observers point out that the activities of different PRTs are developed very unevenly. Next to the security situation, surviving infrastructure, and also topographic and demographic features of individual provinces, the scope of activities of individual PRTs are heavily circumscribed by the measure of willingness of the PRT lead-nation to contribute to a full-fledged nation-building. In any case, most of the PRTs permanently lack specialists versed in socio-political history of Afghanistan with a firm grasp of its today’s social realities who would in

²⁰ Said E., *Orientalism*, London: Penguin Books, 2003 (1978).

addition be able to communicate in either Dari or Pashto. Under conditions of lack of “cultural literacy” even the best intentions and finances spent on their implementation often do not bring desired results.

Culturally ignorant (and thus effectively impotent to adequately perceive the situation) the USA in the beginning of the occupation of Afghanistan relied heavily on the earlier mentioned anti-Taliban inclined warlords from the previous civil wars, who were given free reign to run their fiefdoms. Unfortunately, these “allies” soon turned out to be lukewarm if not altogether hostile toward democratization and any wider nation-building and rather used the Americans (and the coalition) to enhance their personal fortunes. Their legitimization through election to the Parliament and appointments to important governmental positions further jeopardized the entire nation-building process.

A good example of the incapacity of the Americans (caused by apparent persistent cultural ignorance) to identify reliable partners in Iraq, is Ahmed Chalabi’s career. In the run-up to the invasion and even the entire first year of the occupation a secular Shii Chalabi, who had been living outside of Iraq for several decades, was one of a few pillars and a major mouthpiece of the American administration. Unfortunately for him, in the wake of the invasion tipped as a possible leader of the post-Hussein Iraq, within a year of the occupation Chalabi not only lost trust and support of the USA, quarreled with the Provisional Coalition Authority then governing Iraq but even was accused of graft and passing on of classified information onto unidentified enemy side; his office and home were raided by security services. Meanwhile the USA discontinued the monthly support of the three-hundred thousand US dollars for Chalabi’s organization that it had been financing since 1998.

As surveys conducted by the Oxford Research International and others have revealed, Chalabi in February of 2004 was favored by just a little bit more than 1 per cent of Iraqis, while almost 18 per cent absolutely mistrusted him. To compare, according to the Oxford Research International²¹, when replying to the question (asked in June of 2004, prior to the formal handing over of governing back to Iraqis) on what leader they trusted most only 1.3 per cent of the respondents identified the then American hand-picked temporary president Ghazi al-Yawar (Saddam Hussein was favored by 1 per cent), while a staunch anti-American Muqtada as-Sadr was favored by 7.4 per cent. The most favored of all was Ibrahim al-Jafaari with 13 per cent, one of the leaders of the Shii Islamist party “Da’wa” (later to become the first Iraqi Prime Minister after the first democratic general elections only to be pushed out by the Americans in a year after assuming the position).

If the results of such surveys are representative to any degree, it would follow that the USA constantly chose as partners whom they showered with financial and human investment people least trusted by Iraqis. And vice versa, the most favored individuals by Iraqis were totally marginalized and

²¹ Oxford Research International, *National Survey of Iraq*, http://news.bbc.co.uk/nol/shared/bsp/hi/pdfs/15_03_04_iraqsurvey.pdf, 21 09 2007.

even vilified (as in the case of as-Sadr) by Americans. No wonder then that the American protégés (the temporary president al-Yawar and Prime Minister Alawi) and their blocks failed badly in the democratic elections and the earlier marginalized politicians were spirited by the popular will into the positions of power. One may draw a conclusion that the U.S. Administration before the handing over of the governing of the country to the elected government either ignored the realities (local public sympathies) or it simply lacked “cultural awareness”. In any case, the American political investments into preferred politicians did not pay off. U.S. choice before the elections to support future absolute losers sowed the seeds of tensions between the elected government (which incidentally included not only Iran-backed Shii Islamist parties but also an open anti-American as-Sadr’s political block) and the USA.

In a broader context, apparent American and also their allies’ cultural ignorance is manifest in talks by politicians and assessments by media of democratization in Afghanistan and Iraq. For instance, in summer of 2006 international think tank *Senlis Council* published its report “Afghanistan Five Years Later - The Return of the Taliban”²² that provoked furious reaction from the side of the British government. *Senlis Council* in its two hundred page long report argues that the situation in Afghanistan is critical and getting ever worse; the blame for which it put on the occupying coalition. The executive director of the organization, Emmanuel Reinert, when talking about the report, directly accused the USA, for according to him, U.S. policy in Afghanistan “has recreated the safe haven for terrorism that the 2001 invasion aimed to destroy.”²³ Such blunt critique drew equally blunt negation by both the British government and the NATO.

Clash between *Senlis Council* and the British government and the NATO is symptomatic for it shows that the situation in Afghanistan is perceived (or at least publicly maintained) radically differently by different actors. Some might accuse *Senlis Council* of unwarranted scandalizing without knowing the situation on the ground. However, this organization for the past several years (until its activities in Afghanistan were banned by the Karzai government in 2006) has had field offices in Kandahar, Hilmand and several other provinces of Afghanistan, where it had been continuously conducting in-depth research among the locals. Therefore *Senlis Council* felt the real situation on the ground very well and in its reports spoke with deserved authority.

The world’s media since the very beginning of the occupation of Afghanistan (and a little later of Iraq also) has found itself in the midst of the furious information war. There are several dimensions of this war, one of which is between the PR campaigns of the occupying powers and that of the insurgents. Much less attention so far has been paid to its another dimension –

²² Senlis Council, *Afghanistan Five Years Later - The Return of the Taliban*, http://www.senliscouncil.net/modules/publications/014_publication, 21 09 2007.

²³ Ibidem.

information war “at home” – in Europe and North America, where on the one side are local governments and their PR apparatus, and on the other one finds non-governmental organizations, at the helm of which stand such independent “culturally literate” think tanks as *Oxford Research International Ltd.*, *International Crisis Group* and *Senlis Council*.

4. Forecast: Consequences of the Pilot Projects to the Perspectives of Democratization in the Broader Middle East

The biggest paradox of democratization in the Middle East, however, is that since the USA began actively (through military invasions followed by occupations) pursuing democratization from outside (therefore some call it “forced democratization”) in the region, demand for democratization (and perspectives for democratization from inside) has been proportionally shrinking while the American created artificial institutional democracy in the pilot projects in Afghanistan and Iraq has been used to their advantage by not necessarily democratically inclined forces. Even worse, the bigger part of the societies in these countries not only do not see any real benefits of such democratization, they even suffer from economic deprivation, social turmoil and in certain regions from civil war. Arab satellite television channels make sure that such an unappealing image of consequences (or side effects) of democratization reaches other Middle Eastern societies this way inciting anti-American feelings and feeding Islamist forces. In other words, the American lead democratization from outside in the pilot projects has damaging and maybe even potentially deadly consequences for democratization in the entire Middle East.

Some of them are already observable. For instance, intensification of anti-American feelings in the region. It first of all manifests itself through escalation of repugnance toward the U.S. policies in Iraq in both local and international Arab media.²⁴ Governments of some Middle Eastern countries (first of all Iran, but also the Sudan, Palestine (Hamas), even Saudi Arabia) renewed or intensified their anti-American rhetoric. Public opinion polls also reveal negative attitudes of many Middle Eastern societies toward the USA, something that was notably on the rise in 2003-2004.²⁵ As Kohut argues, “Muslims are increasingly hostile to Americans as well as America; in the past, as the 1983 Newsweek survey showed, people did not let their distaste for U.S. policies affect their view of the American people.”²⁶

²⁴ Shanahan, J. and Nisbet, E., “The Communication of Anti-Americanism: Media Influence and Anti-American Sentiment”, Executive Summary, Report Presented to the United States Institute for Peace, May 2007.

²⁵ The Pew Research Center, *Pew Global Attitudes Project*, <http://pewglobal.org/reports/display.php?PageID=802>, 21 09 2007.

²⁶ Kohut, A., “Anti-Americanism: Causes and Characteristics”, The Pew Research Center, <http://peoplepress.org/commentary/display.php3?AnalysisID=77>, 21 09 2007.

Growth of anti-American feelings in the region has in part facilitated another phenomenon – since 2005 one clearly sees the rebirth of Islamism and “Islamic democracy” when with more and more Middle Eastern states holding at least partially democratic elections Islamist (who at the same time as a rule are anti-American) forces perform very well (in Egypt, Saudi Arabia) or even triumph (as in Palestine) in them. Admittedly, there hardly is any direct relation between peaceful participation of Islamist parties in the political life of their countries on the one hand and American actions in Afghanistan and Iraq. And though itself the opening of political systems may in part be perceived as giving in to American (and to a much lesser extent European) pressure, electoral success of Islamists is more conditioned by an ever more clearly expressed need for reislamization by the majorities in the Middle Eastern societies. Therefore, in many Middle Eastern countries a union between democratization and reislamization is apparent. A side effect of such a union is a frequent increase in anti-American feelings among citizens of given countries. The best example of this is Hamas victory in Palestine.

If reislamization of the Middle Eastern societies is not necessarily a threat to Western (and world) security, a parallel process to peaceful (democratic) reislamization, the spread of global jihadism definitely is. But the latter also can be seen as a direct consequence of the American policies in Afghanistan and Iraq.

At least several dozen radical Muslim groups, in the two decades preceding invasions of Afghanistan and Iraq, had been actively engaged in terror in the Middle East. They would constantly form, splinter and disappear only to be once again recreated. However, in the last decade of the 20th century many of these groups underwent an evolutionary transformation that in the beginning of the 21st century has brought them to a qualitatively new level of terrorism – global jihadism. In its rationale, violence has become an objective in itself for those extremists among Muslims to whom violence is handy and who have absolutized and raised it to the level of religious (sacred) duty. The best example of the global jihadi culture is obviously Usama bin Ladin himself and his lead al-Qaida.

The Al-Qaida since its inception has undergone several evolutionary phases: from a fairly compact group in the sea of radical Muslim groups in the Sudan period (between 1992 and 1996), al-Qaida grew into an umbrella organization during the Afghanistan period (between 1996 and 2001). After the forceful removal of the Taliban regime in Afghanistan and annihilation of the network of jihadi training camps al-Qaida, not without unintended assistance by world media, became the symbol and equivalent of the fight by armed radical Muslims. In other words, in the present phase al-Qaida is more of a way of thinking and acting than a physical organization. After the unprecedented attacks of 2001 attributed to bin Ladin and his cohort, the al-Qaida, has become a symbol ideologically uniting the like-minded radical Muslim groups around the globe, who, however, not necessarily coordinate their activities. Some of these groups have proclaimed to belong to al-Qaida or named themselves after

it. This way al-Qaida in a very short span of time from a network that existed in a physical reality became a mental construct providing psychological comfort to thousands of radical Muslims within and without the Middle East.

One of the most famous terrorist groups openly sympathizing with bin Ladin and al-Qaida was an Iraqi "Tawhid wal-Jihad". This group led by a late Jordanian Abu Musab az-Zarqawi was active in Baghdad as well as the so-called Sunni triangle North-West of Baghdad. It is believed that it was composed of some 200 foreign jihadis and undefined number of Iraqis. But az-Zarqawi by far was not the sole product of the al-Qaida inspired jihadi culture; other examples include perpetrators of attacks in Riyadh, Khobar, Casablanca, Bali, Madrid, London and many others. Groups like the one that called itself "al-Qaida in the Arabian Peninsula" which was especially active in Saudi Arabia in 2005 when it targeted foreign residents in the Kingdom and the "al-Qaida in the Islamic Maghrib" active in both Algeria and Morocco are other examples.

Today, the merging of democratization from inside and outside (the so-called forceful democratization) in the Middle East bears contradictory results. Looking formally, there is undoubtedly much more institutional democracy in the region that five years ago – in many countries democratic or partially democratic elections take place with political forces representing divergent ideologies taking part in them. On the other hand, the real and potential winners in this democratization process are those political forces who in the West traditionally are suspected of being least democratic – e.g. Islamists. But ultimately, the biggest challenge to democratization comes from the rising tide of global anti-American (and anti-Western) jihadism in big part born by forced democratization from outside. The process of democratization in the Middle East has been locked in a vicious circle – the more inner democracy there is in the countries of the region the more reislamization of Middle Eastern societies one observes; and the more democratization from outside there is the more forceful jihadi reaction rises. No recipes have yet been offered for breaking this circle without stopping the democratization itself. But even if democratization is discontinued it would be naïve to hope that Islamism and Jihadism would abate in the short-term perspective.

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Changing European Security Space

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EU Crisis Management - A Strategic Approach

This article provides theoretical assumptions of crises management operations and gives a short overview of all EU civilian and military missions conducted at the end of 2007. Reasons regarding why the EU has chosen to develop their mostly civilian crises management capabilities and cooperates so closely with other international organizations in this regard, are also presented in the article. The conclusion is that the EU in its external relations tends to use similar instruments such as strengthening EU internal integration. That is why the development of civilian crises management capabilities most likely will remain faster comparing to development of military ones. Besides that, due to obvious shortages in capabilities generation process, the EU in crises management will commit itself, most often only complimenting the activities of other international organisations.

Introduction

The threat of the Soviet Union during the Cold War years was one of the engines for European integration and the creation of military aggressions among “modern” European states. On the other hand, this did not prevent the rising of regional conflicts in the Balkans at the end of the last century. A military threat against the security of Europe enhanced the integration of EU countries in the areas of foreign policy, security and defence; this gave rise to the European Neighbourhood Policy and projects on Wider Europe initiatives. Europe has created “a ring of friends” around the continent, but terrorist attacks revealed the new “truth” – that the threat of military conflicts among “modern states” was replaced with “modern threats”. Terrorism, the proliferation of weapons of mass destruction, regional conflicts, failed states and organised crimes – these are the today’s security challenges for Europe. In response to them, Europe has not only reinforced cooperation in the fields of internal affairs, foreign policy, security and defence, but also started implementation of crisis management operations in 2003.

Crisis management is usually understood as the application of a variety of specific political, diplomatic, economic instruments and/or measures invol-

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ving the employment of force in response to peace-threatening situations. Crisis management operations are aimed at the minimisation of tension, prevention of conflict escalation and contribution to such conditions that would enable the peaceful settlement of existing or pending conflicts. On a theoretical level, the systematic research in crisis management (or peace) operations sped up in 1999, when the number and effectiveness of the operations considerably increased. Writings publicised on these issues since that time may be categorised into five groups:

- Peace operations in international relations theory (Bellamy 2004, Aksu 2003);
- Case studies, including empirical studies on the effectiveness of peacekeeping (Surkhe 2001, Dobbins 2005);
- Peacekeeping and peace-building functions (Stedman 2002, Paris 2004);
- National and regional approaches to peacekeeping (Fleitz 2002, Gray 2004);
- Peace operations capacity, doctrine and reform (Durch 2003, Hansen 2002).

In this article, the theoretical premises of Bellamy, Aksu and Paris serve as the basis for explaining the motives of recently intensified EU activities in the crises management field. However, the aim of this article is more “inaugural” – to present and to analyze the most important tendencies of EU crises management activities. Therefore, referring to the primary sources (such as official information of EU Military Staff) the attention first of all is focused on a description of the last EU crises management operations, but not on their theoretical reasoning. Nevertheless, the classification of EU crises management capabilities, as well as the assessment of the EU capabilities to conduct autonomous operations, creates added value and stimulates further research in this field.

1. Theoretical Assessment of EU Crisis Management Initiatives

According to Bellamy and Pugh, authors of research into crisis management operations in international relations theory, in regards to their strategy for thinking about peacekeeping, is to divide the field into ‘problem-solving’ and ‘critical’ approaches. The ‘problem-solving’ paradigm accepts that the world order has serious weaknesses, which may at least to a certain extent, be settled conducting peacekeeping operations. In this respect, crisis management operations are understood as efforts taken in order to minimise strain, prevent escalation of conflicts and contribute to such conditions that would enable peaceful settlement of existing or pending conflicts¹. According to Bellamy, to reach these goals military force may be used, especially if ordinary

¹ Gourlay C., “Partners Apart: Enhancing Cooperation between Civil Society and EU Civilian Crisis Management in the Framework of ESDP”, 2006. http://www.cmi.fi/files/partners_apart.pdf, 12 09 2007.

instruments of a Westphalian system are incapable to re-establish peace and security in war-torn regions. It is important to mention that according to the 'problem-solving' approach towards peace operations, crisis management capabilities may be employed to rebuild liberal-democratic values even without the consent of the host state.

'Critical' theory, on the other hand, advocates a more sceptic approach to crisis management: it attempts to challenge the prevailing world order by analysing the interests it serves for and, ultimately, offers to transform it in a manner that better serves those who are "disadvantaged". Theorists who support this approach see crisis management operations not only in the light of their usefulness in the settlement of particular problems of one or several states: evaluation is given to regional or global importance of the operations as well as conformity of the operations to the requirements of transparency, democracy and accountability. In this context Roland Paris draws a conclusion that other long-term trusteeship strategies may in fact be much more effective than peacekeeping operations.

Statements of Javier Solana, EU High Representative for the Common Foreign Policy, show that the EU tries to combine both 'problem-solving' and 'critical' approaches to the peacekeeping, pace building and long-term ensuring thereof. According to Solana, "the EU implements crisis management operations in response to the UN's call, are taking into consideration the interests of the Member States and the needs of countries exposed to crises. The EU is persistently responding to the changing security situation – even in such cases when doctrines and structures are not yet fully adequate for the achievement of new tasks"². In other words, missions are started if concrete security related problems should be solved – be it consolidation of rule of law or safeguarding basic human rights. However, this does not mean, that the EU by implementing similar goals always prefers crisis management operations. On the contrary, crises prevention mechanisms, such as EU Special representative institution, neighbourhood policy, membership negotiations, etc. are maybe even more important for the EU security policy. On the other hand, EU 'capacity building' or 'monitoring' operations related to strengthening of mutual trust, establishment of democratic institutions, etc. could also be treated as preventive activity in the field of crises management.

Diplomatic instruments of the EU's external policy are not enlarged in this article. However reasons of intensified EU activities in the field of external relations are worth discussing in more detail. According to Hedley Bull, the development of EU crisis management capabilities is inevitable in view of the vulnerability of Western Europe: at the end of the Cold War, there supposedly were no other possibilities to stop the expansion of the Soviet Union by any

² Solana J., "Speech by Javier Solana, EU High Representative for the Common Foreign and Security Policy. Graduation Ceremony ESDC High Level Training Course, Stockholm, 17 March 2006". http://ue.eu.int/ueDocs/cms_Data/docs/pressdata/EN/discours/88870.pdf, 17 10 2007.

other means but developing the crisis management capabilities³. Arguments relating to the expansion of democracy, stability and the security zone within and outside Europe are currently prevailing in explanations of EU involvement in the performance of tasks that in fact are attributed to military alliances. On the other hand, threats to security of European countries due to regional conflicts, failing states or proliferation of nuclear weapons in Europe or its neighbouring countries (North Africa, Asian countries) have been relevant for more than several decades. Neither national states, nor acting supranational organisations managed and/or manage to neutralise them, but the EU (or its member states) was not so actively involved in crisis management operations. Therefore, such engagement of the European Union may be explained based not only on liberals' reasoning, but on the arguments of realists as well, i.e., highlighting not the standards of values, but the interests of the EU (or the biggest Member States). In other words, the EU's striving to activate its role in the field of crisis management may be regarded not only as "preventive self-defence", but also as efforts of the biggest Member States to reinforce the status of the EU and their own status as that of "global actors". One more popular form of reasoning in relation to the more active engagement relates to the reinforcement of inner integration within the EU: ESDP is often referenced as the key instrument likely to lead the EU out of crisis⁴.

2. Classification of EU Crisis Management Operations

The EU's responsibility in regard to crisis management is defined by ESDP activity trends defined in Article 17 of the Treaty on the European Union ("Petersberg Tasks") and by the European Security Strategy (ESS). The "Petersberg tasks" provides for EU engagement in peace-keeping tasks, humanitarian and rescue tasks. The European Security Strategy expands the mentioned activities of the European security policy and adds there to joint disarmament operations, the support for third countries in combating terrorism and security sector reform⁵. In November 2006, the EU Council Secretariat published 'Development of European Military Capabilities: The Force Catalogue 2006'⁶ portraying five *illustrative scenarios* to facilitate the use of EU civil and military capabilities: (1) separation of parties by force, (2) stabilisation, reconstruction and military advice to third countries, (3) conflict prevention, (4) evacuation operations, and (5) assistance

³ Bull H., "Civilian power Europe: a contradiction in terms?", *Journal of common Market studies* 1 (2) 1982-1983 p. 149.

⁴ Hettne B., Soderbaum F., "Civilian power or soft imperialism? The EU as a global actor and the role of interregionalism". *European foreign affairs review* 10 (4) 2005. p. 538

⁵ Lindstrom G., "Enter the Battle Groups." *Chaillot Papers* 97, 2007, <http://www.iss-eu.org/chaillot/chai97.pdf>, 10 11 2007.

⁶ Document drafted considering the force requirement approved in "Headline Goal 2010" in 2004.

to humanitarian operations⁷. This document concluded to describe the scope, where EU military and/or civil instruments may be applied.

During the period of 2006 – 2007 around 10,000 EU military and civil officers took part in EU operations. The operations were implemented in Europe, Africa and Asia; they were long-term and short-term, military and civil ones. Civilian crises management operations are divided into capacity building, rule of law and monitoring operations⁸. In most cases the EU implements Capacity Building crisis management operations, i.e., assists local authorities in the training of police officers. In 2004-2005, the EU implemented a Rule of Law mission (*EUJUST Themis*) in Georgia to assist in the penal system's reform in Georgia. In 2007 the EU started a similar mission in Afghanistan, assisting in the creation of the local police force. The key goal of EU monitoring missions is to monitor the implementation international agreements, control the activities of border-crossing posts. It is worth to mention, that the launching of civilian crisis management operations does not require the approval of the UN Security Council, as these operations do not involve military force (except self-defence). In addition, such missions are usually launched at a request of the host countries themselves.

Military EU operations may be divided into “low-intensity” (implemented absolutely autonomously by the EU) and “high-intensity” operations, which require logistic and military support from the NATO. The EU has completed or has been implementing 5 military operations so far – two in the Balkans (Bosnia & Herzegovina and Macedonia) and three in Africa (two in Congo and one in Sudan). The planning process of one more massive operation (in Chad and Central African Republic – CAR) was started at the end of 2007. The EU-led missions in the Balkans involved the support from the NATO, while lower-intensity operations in Africa were implemented by the EU autonomously. *Table 1* illustrates the characteristics of all EU-led operations carried out in 2006-2007⁹.

⁷“Development of European Military Capabilities: The Force Catalogue 2006.” http://consilium.europa.eu/uedocs/cmsUpload/MilitaryCapabilitiesFC06backgroundNov06_en.pdf, 12 09 2007

⁸“EU Missions and operations”. *IMPETUS. Bulletin of the EU Military Staff*. Spring/Summer 2006. p. 8-11.

⁹ The mission in the Former Yugoslav Republic of Macedonia (*CONCORDIA*) and the mission in the Democratic Republic of Congo (*ARTEMIS*) were launched and completed in 2003 therefore they are not in the table.

Tabel 1. EU operations and missions launched in 2006-2007 m.¹⁰

Operation	Region, State	Duration	EU partners	Personal	Budget (million Euros)	Mission description
MILITARY OPERATIONS						
EUFOR ALTHEA	Balkans, Bosnia & Herzegovina	2004 12 02 -	NATO, third states	6000 troops from 34 states	71.7 - total	So far this is the greatest EU mission that was taken over from NATO. The key aim of the mission is to supervise the implementation of the Dayton Accords and to ensure the development of security and stability in the region. The Supreme Commander of the operation is the Deputy Supreme Allied Command Europe (D-SACEUR), who is also EU Operations' Commander.
AMIS II Support	Africa, Sudan, Darfur province	2004 06 18 -	African Union	From EU: 16 pol. officers; 19 operation planners; 11 military observers	212 – EU; 30 – EU member states	The EU's aim is to assist the African Union in organizing and implementing the promotion of stability in the region. EU has been providing support in logistics, military and civil trainings (trained 5000 troops) and air transportation. Compared to other NATO and EU military operations, the EU has shown considerable regard to civil support of AMIS II. The operation had been mandated on 11 June 2004 by UN resolution No.1574 and EU Special Representative for Sudan was appointed to oversee the operation.

¹⁰ Source: "Decision making. Mission building. Strategic Planning". *IMPETUS. Bulletin of the EU Military Staff*. Autumn/Winter 2007. p. 10-12.

EUFOR DR Congo	Africa, DR Congo	2006 07 30 – 2006 11 30	UN	1000 troops from EU	16.7	The EU's aim was to help UN during the elections in Congo: to provide support to UN Monuc operation in stabilizing the region and to capacitate the holding of free elections. The key areas of responsibility for the EU was: ensuring the security of civilians and Kinshasa airport. The EU had dislocated around 1,000 troops and declared the preparedness to transfer another battalion-sized military unit from Gabon. EU launched this operation (headquarters in Potsdam) on 27 April 2006 under the UN SC resolution No.1671.
CIVIL OPERATIONS						
Capacity building operations						
EUPOL- COPPS	Near East, Palestinian Territories	2006 01 –	-	11 officers from EU	6.1 per year	The EU aim: to assist the local law enforcement in organizing modern and effective police forces, capable of ensuring domestic security and contributing to the revival of the Palestinian economy. The operation has been planned for an initial duration of 3 years. Non-armed EU officers coordinated the supply of international relief and advised local law enforcement in criminal judiciary. The operation is directed by the Operation Commander and EU Special Representative for the Middle East Peace Process (MEPP).
EUPM	Balkans, Bosnia and Herzegovina	2003 01 01 -	Third states	200 officers from 32 countries	12 – total	The aims of this first EU civil mission: to support the reform and modernization of police forces and to provide assistance in the fight against organized crime and corruption, raising the effectiveness of practice and strengthening financial accountability. The operation is directed by Head of Mission and EU Special Representative for Bosnia and Herzegovina.

EUPAT	Balkans, FYROM	2005 12 15 – 2006 06 15	Third states	120 pol. of- ficers 30 civil	1.5 – total	The <i>EUPAT</i> mission was launched after the completion of <i>CONCORDIA</i> mission and the successive <i>PROXIMA</i> mission. The aim of <i>EUPAT</i> was to develop an efficient and professional police service in FYROM based on European standards of policing. In June, 2006 <i>EUPAT</i> mission was substituted with <i>EU Cards</i> program, which supports the FYROM police financially.
EUPOL Kinshasa	Africa, DR Congo, Kinshasa city	2005 01 01 – 2007 06 30	UN	25 pol. officers 5 civ. + 29 pol. 2006 07-2006 11	8 – total	The EU executed its first civil mission in Africa in coordination with the UN <i>Momuc</i> operation. The key objectives of this mission: the establishment of international police standards in DR Congo, the consolidation and democratization of domestic security system. The experience in the Balkans was adapted to this mission. The operation was directed by Superintendent and EU Special Envoy for the African Great Lakes Region.
EUSEC Congo	Africa, DR Congo	2005 05 08 -	-	8-35 military & civil experts	6 – so far	Mission aim: to assist DR Congo in the security sector reform. EU managed to integrate former soldiers into the army of DR Congo by promoting international humanitarian law, democracy standards and the principals for effective public governance. By cooperating with the in-between government of DR Congo, the EU has been reaching towards the security of inhabitants, national reconciliation and regional stability. The mission was initially planned for the duration of 2 years.

Monitoring operations						
AMM	Southeast Asia, Indonesia, Aceh province	2005 09 15 – 2006 05 15	ASEAN, Norway, Switzerland	226 – 85 non-armed observers (36 of them from EU)	10.8 – EU 6 – partic. states	The mission was launched a month after the Aceh rebel movement (GAM) and the army of Indonesia signed a peace treaty. Although this mission is considered a monitoring mission, it involved other crisis management aspects as well, including military. The mission revealed that EU's military and civil cooperation can be quite effective in a crisis management operation, even when it is outside of EU borders. Additionally, it proved once again, that EU is capable of cooperating with other international organizations in the field of crisis management (EU and ASEAN officers worked side by side in all structural chains of the mission).
EU BAM	Eastern Europe, Moldova-Ukraine border	2005 12 01 – 2007 12 01	Recipient States	175 customs, police and border officers from EU + 74 local officers	20.2 – total	Mission aim: to improve the abilities and capabilities of Moldavian and Ukrainian officers' in customs control and border surveillance, to suppress illegal migration, etc. The long-term objective is to establish the setting for solving the Padnestre conflict. The legal status of the mission was set in the memorandum signed by Ukraine, Moldova and the EC. Under the guidance of the EU Commission the mission is directed by Head of Mission and the EU Special Representative for Moldova. This mission has closer ties with the first EU pillar, it relates to the second pillar only through its "EU mission" status and its structural ties to CFSP (Head of Mission is a member of EU SR for Moldova headquarters).

EU BAM Rafah	Middle East, Palestine-Egypt border	2005 11 30 – 2006 11 30	-	70 officers from EU	11.5 – total	The aim of this first EU mission in the Middle East was to capacitate the Palestinian government with the responsibility to maintain public order. That was achieved by assisting the monitoring of movement through the Rafah crossing point and training Palestinian officers. The mission was directed by Head of Mission and the EU Special Representative for the Middle East Peace Process.
Rule of law operations						
EUJUST LEX	Near-Middle East, Iraq	2005 06 01 – 2007 12 31	-	n.d.	10 for first year - EU	Mission aim: to improve the professional skills of Iraq justice system upper and middle levels officers in performing criminal investigations and to promote the collaboration of criminal justice system officers. EU has allocated 10mil. Euros per year for trainings of over 1000 Iraq officers. Trainings usually take place in EU countries; there's a Mission relations office in Baghdad. The Mission is directed by my head of command.
EUPOL Afghanistan	Asia, Afghanistan	2007 06 -	UN, NATO, US	160 police officers from EU	40 for 2007	The aim of this future EU mission in Afghanistan is to contribute to the establishment of effective Afghan police forces in accordance to international standards. EU arranges trainings, mentors and monitors the Ministry of Domestic Affairs and local police departments. The mission involves around 160 police and justice experts personnel, dislocated in Kabul, provinces and regions. The mission is intended to last for a period of at least 3 years.

Future operations						
EUPT KOSOVO	Balkans, Kosovo	2008 -	n.d.	~ 2000	n.d.	<p>NATO is still responsible for peace keeping in Kosovo, although EU is providing continuous support. Few years ago NATO claimed that the circumstances for EU to take over the responsibility are still inadequate'. Despite that, EU Planning Team has been operating in Kosovo since May 2006, contemplating a possible EU crisis management operation in the field of rule of law. A total of around 40 people are involved in planning a mission in Kosovo that could necessitate around 2000 personnel. Such an operation will be launched when the final status of Kosovo will be declared. Mission Planning Team consists of Head of EUPT Kosovo, Police, Justice and Administration groups.</p> <p>The task of in eastern Chad and in the north of the Central African Republic (CAR) located troops there would be to ensure a safe and secure environment in the area where tens of thousands of Sudanese refugees are starving in camps. At the same time the Mission should provide cover for the planned Darfur military intervention by the UN and the African Union. A police force under the UN flag would be responsible for maintaining order in the camps. French troops will account for slightly over half of whole EU contingent.</p>
EUFOR TCHAD/ RCA	Africa, Chad / Central African Republic	2008-	UN, Afri- can Union	Up to 4000 officers	~ 100 - EU	

3. EU choice – Autonomous Civilian and Common Military Operations

3.1. EU Motives to Develop Civilian Instruments for Crises Management

As it can be seen from the data provided above, 17 operations have been initiated within an ESDP framework: 4 of them were of a military nature, 3 were military-civilian, and the other ones were civilian. At the end of 2007 the EU rule of law and police mission in Kosovo (biggest civilian mission ever implemented by the EU) and military operation in Chad/CAR were being planned. Solana has mentioned the possibility to launch a crisis management operation in the regions of “frozen conflicts” in South Caucasus. Presumably, the needs of the region and the EU’s prospects to commence new operations there have been analysed by the Solana’s office. In parallel, capacities to lead crisis management operations have been strengthened as well: a post of a Civilian Operations Commander has been introduced; and plans to establish headquarters for civilian operations have been developed. In this context the EU theoretically has developed all instruments required for crisis management operations and enshrined a more or less clear scheme for the planning and implementation of (decision making in) crisis management operations (see figure 1). There were no fundamental problems with the financing of civilian missions, which have been normally funded through the EU CFSP budget (separate CFSP budget line provides for EUR 340 million to be assigned by 2013) or by the European Development Fund (EU operations in Africa and the Caribbean countries). Some funds may be assigned by the Member States on the *ad hoc* basis as well. Therefore some authors argue that in the environment of the increased need for the instruments of civil response there is no other organisation that would be capable of such an effective simultaneous performance of crisis prevention, stoppage of the commenced armed conflicts and stabilisation of post-conflict situations¹¹.

¹¹ Cerny P.G, “The new security dilemma: divisibility, defection and disorder in the global era”. *Review of international Studies*, 4, 2000, p. 623

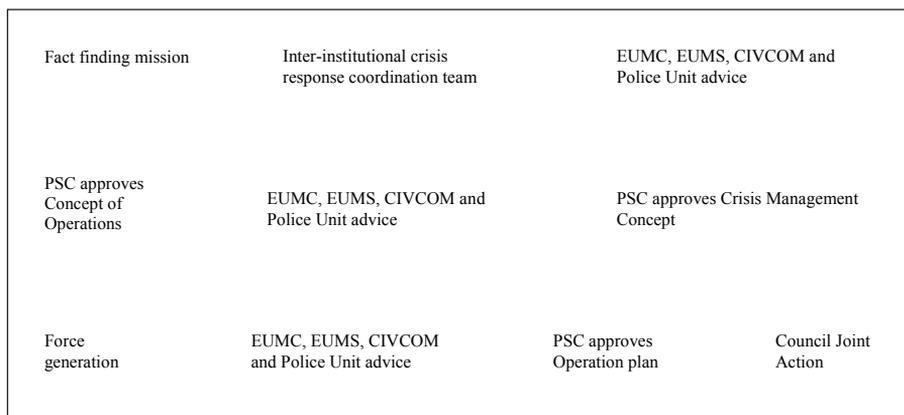


Figure 1. **Decision making proces in EU crises managment**¹²

Whereas the identification of common EU priorities, as well as the creation of appropriate instruments in the military sphere are not so smooth. In military operations initiative usually belongs not to the supranational EU institutions, but to other subjects of international relations (UN, NATO, African Union), or simply to EU member states. None of EU regional policies could be entitled as coherent, so therefore the use of military instruments usually has only the short term goal in which to stabilize the situation. In other words, it is extremely difficult to identify “common” crises management priorities, which could determine “commitments” of the whole EU regarding one specific region. The results of a lack of a common approach are most obvious then talking about the harmonization of decision making procedures in three EU pillars and the financing of EU military operations:

- In essence member states do not propose any ways for how to coordinate the EU initiatives in the first and second pillars. There is almost nothing done in order to see that more responsibilities are assumed by the EC or more discretion given to coordinate the relations between the EU and other entities engaged in operations is given to EU Special Representatives;
- The funding of military operations is too complicated and not sufficient¹³. The most common principle is that that any country that contributes troops is obliged to pick up all the costs¹⁴. In case of *CONCORDIA* and *ARTEMIS*, *ad hoc* mechanisms were built to cover common operational costs in order to minimise the costs of the countries directly involved in the operations. After doubts regarding which costs should be attributed to common costs and which to individual ones emerged, the ATHENA mechanism was created for the funding

¹² Source: Nowak A., “Civilian crisis management: the EU way” *Chaillot Papers* 90, 2006, <http://www.iss.europa.eu/chaillot/chai90.pdf>, 19 08 2007.

¹³ According to Article 28 of the Treaty of the European Union, funding of EU crisis management operations depends on the nature of operations, i.e. is it civilian or military.

¹⁴ The so-called “costs lie where they fall” principle.

of subsequent EU military operations. This mechanism provides for allocation of common and individual costs among the Member State according to a gross domestic product scale¹⁵. In addition, some defence-related authorities (e.g., European Defence Agency, European Institute for Security Studies, European Union Satellite Centre) have their own budgets available for supporting some ESDP initiatives. Some ESDP projects are co-financed by international organisations or private companies together with the EU and the Member States. Such an abundance of mechanisms and procedures sometimes gives rise to long disputes, as to the application thereof. In its turn, this has negative effects on the commencement of operations and is the reason of low effectiveness thereof.

There are several explanations as to why the EU, seeking for the recognition on international stage, tends to develop civilian rather than military crises management instruments. Some say that open declared values, such as dialogue building, respect to different interests, interregionality, pluralism, democracy, social justice, multilateralism, respect to the international law are still relevant for the EU¹⁶. This argument is well illustrated by the Force Catalogue 2006: except for 'separation of parties by force', all *illustrative scenarios* of the use of EU capabilities would require military-civil or merely civil intervention. Other civilian crises management instruments development related arguments may be summarized as following:

- Shortcomings in the field of EU civil crisis management are much less important than institutional and organisational problems in the implementation of military operations:
 - The EU has established rapidly deployable civil crisis management capabilities (IPU, FPU, CRTs¹⁷);
 - Decision making and mobilisation of resources for civilian operations are quite expeditious (as proved by EU-led mission *Artemis*, *AMM*, *EUBAM Rafah*);
 - Experts from the Member States participating in civil crisis management operations are probably the best qualified in this area;

¹⁵ It seems that application of this mechanism will be extended: on February 2007, the European Council resolved to extend the scope of application of this mechanism by covering such fields as maintenance of the EU operational headquarters staff at the place of dislocation, data acquisition, acquisition of incidental means, security of static forces, etc.

Bendiek A., Whitney-Steele H., "Financing of EU's CFSP. Solving the Conundrum". SWP Comments 2006. http://www.swp-berlin.org/en/common/get_document.php?id=1726, 12 10 2007

¹⁶ On the other hand, according to Robert Kagan, this choice is not coincidental: it is the natural choice of the weak and is opposite to American "real world" of Thomas Hobbes. According to Kagan, emphasising EU normative power does not contradict arguments as to the "weakness" of military power that determines the EU strategy – civil power is the only instrument available for weaker Europe.

Hettne B., Soderbaum F., "Civilian power or soft imperialism? The EU as a global actor and the role of interregionality". *European foreign affairs review* 10 (4), 2005, p. 538.

¹⁷ IPU (Integrated Police Units) and FPU (Formed Police Units) – rapidly (up to 30 days) deployable police forces capable of performing police functions of whatsoever types. CRTs (Civilian Response Teams) – pre-identified and trained experts, deployable in 5 days, assigned to data collection or similar missions.

- The development of military instruments in an ESDP framework may constitute duplication and weakening of NATO, the primary instrument for the implementation of USA interests in the European security system. According to Hans Christian Hagman, that's why the USA prefers the support to the EU's development civilian instruments rather than military ones (NATO planners shared in the drafting of the mentioned *illustrative scenarios* for EU crisis management operations). Therefore, most of the USA's allies in Europe support the development of the ESDP's civilian dimension and thus define the nature of the operations;
- The EU avoids launching such operations, which success is not guaranteed and failure of EU-led military operations is much more probable than that of civilians. Therefore, the EU is not capable of autonomous acting in performance of military crisis management operations (logistic support from NATO is necessary). In addition, most Member States prefer military acts to be based on relevant UNSC resolutions;
- The Member States are not willing to increase funding assigned to the defence sector. Therefore, the EU cannot afford (or avoids) engagement in expensive, high-intensity operations.

3.2. EU Cooperation with NATO, the UN and the African Union in the Field of Military Crises Management

In the field of military crises management, the EU in most cases has tended to adjoin other organisations already operating in this area. The EU would assume responsibility either by replacing these organisations on the scene of crisis or by adding to their activities. Partners – both national and international organisations – have been invited to join nearly all missions and operations initiated by the EU itself¹⁸. The EU is not yet ready to act autonomously in “high-intensity” operations, and this is determined by shortcomings in operation planning, managing, monitoring and implementation components. In its turn, this determines active cooperation of the EU with the NATO, UN, AU (African Union) and other entities of international relations in the implementation of military crisis management operations.

3.2.1. EU-NATO Cooperation

The first agreements (the so-called *Berlin agreements*) on the USA-European cooperation in European autonomy-building in the field of crisis management were signed in 1994-1996, when it became clear that the USA is shifting their attention from Europe and its neighbouring countries to Asia.

¹⁸ There have been very few operations carried out by the EU independently, and these operations involved up to 100 officers.

Yet, conceptualisation of EU crisis planning, implementation and management operations independently from the NATO and fundamental review of EU-NATO relations took place as late as in 1998-2003. First EU-NATO agreements were signed in Washington in 1999, but in 2002 it started getting evident that autonomy in decision making and repute of both organisations are of no less importance for them than the technical nature of this cooperation. Durring March 2003, the then NATO Secretary-General Lord George Robertson and the EU security policy chief Javier Solana signed agreements (also known as "*Berlin plus*" agreements) which defined NATO and EU relations more particularly. Though reiterating some details of the 1996 agreements (for example, that the EU is free to use NATO planning and management resources for crisis management operations), these agreements provided the EU with access to NATO intelligence information.

Nonetheless, "*Berlin plus*" agreements do not constitute official and binding agreements between two institutions and are based on a non-binding EU-NATO declaration which is not an international treaty, either. Accordingly, in order to enable the EU to use NATO resources, "*Berlin plus*" must be elaborated on by other supplementary agreements. They might be blocked up by some NATO, but not EU, members (for example, Turkey) due to the peculiarities of the national policy (such as relations with Cyprus and Malta). In other words, the availability of NATO resources for the EU depends on a particular case, as the NATO is not unconditionally obligated under "*Berlin plus*" to let use its resources or, even more so, to transfer some particular capacities. In addition, NATO as an organisation does not dispose of a lot of such resources, and "*Berlin plus*" agreements do not give the EU the opportunity to use US resources. After the signing of the agreements in 2003 it even became unclear whether NATO still exercises the right of first refusal: according to some EU countries, a decision as to the engagement is taken not by an organisation, but by the Members States¹⁹, so it is for the Member States, not NATO, to decide which organisation shall take part in one or another operation (unilateral decision of the Member States is required in any case). Therefore, the EU-NATO cooperation under "*Berlin plus*" agreements is not as clear as it may look like.

It is obvious that "*Berlin plus*" agreements will be effective as much as EU and NATO countries will be interested in the implementation thereof. In the summer of 2003 both organisations agreed on a "concerted approach" to the West Balkans and the EU took over NATO-led operations in Bosnia and Macedonia. It's worth noting, however, that neither *CONCORDIA* in Macedonia nor *EUFOR ALTHEA* in Bosnia and Herzegovina are such the type of operations that might be expected bearing in mind EU ambitions and the sense of the above-mentioned agreements²⁰. The point is that NATO has stayed on in both countries: about 300 military men led by a US commander are foreseen in NATO reserves in case the situation in Bosnia suddenly gets complicated.

¹⁹ Touzovskaia N., "EU-NATO relations". *European security* 15 (3), 2006, p. 242.

²⁰ Truth to say that *CONCORDIA* was commenced prior to signing "Berlin plus" agreements.

NATO has also retained a headquarters staff in Sarajevo, which, truth to say, is mainly engaged in activities related to NATO PfP programme and support in the field of defence reforms. *EUFOR ALTHEA* operation was planned at NATO command post. The EU operational headquarters staff, are located here too. The operation is led from NATO Allied Joint Force Command Naples. NATO's Deputy Supreme Allied Commander is also a *EUFOR* Operational Commander. Therefore, one cannot say that NATO has withdrawn from the mentioned states and the Alliance has been replaced with the EU, which is only using some NATO capabilities. On the other hand, the political control of the operation is vested upon the EU which defines their strategic guidelines of the operation and retains autonomy in decision making in this area.

Accordingly, the EU and NATO cooperation may be seen in two lights. On the one hand, both organisations cooperate in the implementation of allied operation within and outside Europe (for example, EU/NATO headquarters has been established in Addis Ababa where, according to diplomats, NATO-EU cooperation is very tight). In cooperation with NATO, the EU significantly contributed to the creation of security and stability in Macedonia and proved being able to alter the nature of its intervention subject to the needs of the host country. On the other hand, despite such cooperation, the mentioned two organisations have not managed to settle the sorest problems (the situation in Darfur has been getting worse over the latter years despite joint NATO-EU activities in the region) or, at least, to agree on the quantity and quality of forces needed for the regulation of the conflict. In addition, irrespective of political declarations, the EU and NATO have been ineffectively duplicating each other's capabilities and even competing in political area. This was also stressed by NATO Secretary General Jaap de Hoop Scheffer with regard to the necessity of closer cooperation between NATO and the EU "we are working past each other. It means that we are duplicating each other's efforts. And that we are wasting taxpayers' money"²¹.

3.2.2. EU-UN Cooperation

The EU launches military operations only subject to the UN's approval or after adoption of a relevant resolution by the UNSC, even if such resolution is not necessarily required by the nature of the operation. The EU and the UN cooperation in joint crisis management operations is no less important. For example, the essence of operation *ARTEMIS*, an EU-led mission in Congo from June - September 2003, consisted in the support to *MONUC*, a United Nations mission in the Democratic Republic of Congo. In order to secure peace and prevent humanitarian catastrophe, the EU (mainly France) sent 1,500 military men in 2003 to contribute functionally to *MONUC* forces. This first EU-led

²¹ "EU Civilian – Military Supporting Action to the AMIS II Mission in Darfur", 2004, Media Briefing of the Council of the European Union. <http://ue.eu.int/Newsroom>. 08 25 2007

initiative in Africa was important in terms of both crisis management and prevention: after the withdrawal of Uganda military troops, there appeared a “security vacuum” in the region and mass disturbances started in the Ituri region of Congo. The UN mission was incapable of suppressing them, while EU forces created conditions for refugees to come back to Bunia and provided them with shelter until *MONUC* forces were back in the town. Though the mandate of operation *EUFOR RD Congo* in 2006 was different, the mission also aimed at supporting *MONUC* during parliamentary and presidential elections. Engagement in this operation transformed the reputation of the EU as an international actor incompetent neither to agree nor to carry out complicated crisis management operations. Moreover, the EU support and experience helped the UN Organisation to rearrange *MONUC* by extending the operation geographically and granting it mandates to employ military force when necessary. In addition, this significantly reinforced the image of the EU as a effective crisis management actor. It is also important that the successful course and finale of the operation *ARTEMIS* (for which neither the EU nor the UN used any logistic support from NATO) served as a basis for the development of the EU Battle Groups Concept: security policy in *HEADLINE GOAL 2010* sets forth that Battle Groups will be formed from 1,500 soldiers, their training period will be 10 days and these single sets will be available for the implementation of fast UN intervention responses. Finally, successful EU-UN cooperation in Africa demonstrated what “effective multilateralism” is. This term was thereafter used in the European Security Strategy. To summarise, we can say that cooperation with the UN is important to the EU for the following reasons: a) the need to legitimate operations in the eyes of international community; b) striving to extend the geography of EU operations territories far away from Europe (formation of the identity of a global actor) c) aspiration to demonstrate that despite of resource generation difficulties the EU is capable of performing successful operations without NATO support.

3.2.3. EU–AU Cooperation

In Sudan, the African Union peace agreement monitoring mission *Amis II* was taken over by the EU by establishing there components of military and civilian operations. This operation differed from other EU-led military intervention operations in that it was aimed at support to the African Union, i.e., training it how to plan and implement crisis management operations. The EU provided the African Union with financial and other resources by training military supervisors and offering strategic transport. In other words, the subject matter of the operation was not the support to a particular country to solidify peace and security thereat, but support to another international organization engaged with such mission. That’s how the EU attempted to create a new crisis management precedent where support is being rendered to a regional organisation operating in its “own territory”, subject to recognising UN’s supremacy

in decision making as to the involvement in the operation and leaderships (the African Union acted in Sudan in accordance with UNSC resolution).

The EU's involvement in *Amis II* proved the above-mentioned EU's disposition to seek for autonomy from NATO and act in close cooperation with the UN Organisation. Even if it wanted to, the EU was unable to launch the operation in Sudan autonomously due to the shortage of capabilities and lack of preparation. Being engaged with complicated operations in Iraq and Afghanistan, after a painful experience in Africa, the USA did not even consider a possibility to get engaged in peace building in Sudan. Possibilities to implement the operation using joint EU and NATO leadership and planning capabilities were considered and eventually rejected by NATO and EU military committees. Many NATO and EU members have been trying to decide for a long time, which organisation to support: the UK, Italy and the Netherlands decided to offer strategic transport capabilities to NATO, while Greece, Germany and France preferred not going outside the EU boundaries. NATO and EU officers have been discussing the issue on the support to the African Union more than a month in Brussels. One more month passed before they reached an agreement as to the coordination of actions by the organisations. And even after all decisions were made, implementation thereof was delayed again, as France did not agree to act in a NATO framework and provide with strategic air transport capabilities through SHAPE structures.

EU-AU cooperation in crisis management operations in Africa is not a coincidence. One should remember that the Action Plan on the ESDP support to the fortification of peace and security in Africa was developed by the European Council as early as in 2004, i.e., right after active development of the ESDP itself was commenced. One of the most effective CFSP instruments – the appointment of an EU Special Representative – was also first tried by the EU in the African Great Lakes Region as early as in 1996. In other words, the EU Special Representative has been taking care of peacekeeping and peacebuilding in Africa for more than 10 years by making political declarations and initiating, on behalf of the EU, political pressure on the defaulting parties to the conflict. These actions were not enough to stop conflict rising in Rwanda and Burundi, but in Congo actions of the EU Special Representative were quite effective in preventing political crises (usually constituting a precondition for armed conflicts).

Conclusions

There are no obligatory conditions or rules set as to when and how the EU should engage in or initiate crisis management operations or missions. There neither is any clearly defined system of assigning capabilities for EU operations. Except for assigning forces to EU Battle Groups, the Member States are free to decide how many capabilities they shall assign subject to available resources. Despite this, ESDP operations should not be undervalued. The first crisis management operations were launched as late as in 2003 and may be still qualified as preparations for the further development of the ESDP. However, results of such operations are quite palpable.

After a few years from the creation of the EU Common Security Policy and commencement of crisis management operations, one trend is clearly identifiable: the EU mainly focuses on civil or civil-military crisis management instruments. This is determined by the structural organisation of the EU and approach of the Member States towards crisis management: as early as in 2004, at the Civilian Capability Commitment Conference, EU Member States volunteered 5,761 police personnel, 631 rule of law experts, 562 civilian administration experts, and 4,988 individuals for civil protection functions. However, operational availability of Battle Groups was reported as late as in the beginning of 2007. In addition, after all EU-launched initiatives in 2005, one can boldly say that Africa is in the focus of EU crisis management operations: European countries not only deploy the biggest peace building forces in this continent, but also are the major donors and trade partners of Africa. Finally, the review of the preconditions of operations, and the operations themselves, implemented by the EU in 2006-2007 lead to the following conclusions:

- Though EU initiatives in the field of crisis management are not always effective, the EU is able to use of its experience in developing new response instruments to challenges. For example, the EU used full potential of its institutional organisation during its operations in Congo: to fortify democratisation in Congo in short-term and medium perspectives, civil and military crisis management instruments have been used, to achieve long-term goals humanitarian aid and development projects have been commenced, support to NGOs in the regions have been provided from the EC budget²².
- There is quite a large variety of instruments available for the EU in the field of security policy. EU operations in Africa have proved that combinations of EU initiatives in the first and second pillars enable not only more rapid training of officers required for a mission, but also using the principle of “carrots and sticks” in the most effective way: only when conflict prevention indicators were included in the Country Strategy Papers by the EC Directorate General

²² Martinelli M., “Helping Transition: the EU Police Mission in the Democratic Republic of Congo (EUPOL Kinshasa) in the Framework of EU Policies in the Great Lakes”. *European Foreign Affairs Review* 11, 2006. p. 380.

for Development, African authorities understood that no financial support and humanitarian aid would be received unless they implement conflict prevention and reduction measures²³;

- The EU is capable of coordinating its activities with NATO and the UN. Experience in the Balkans and Congo shows that the EU is capable of implementing missions autonomously or in cooperation with other organisations; it may contribute to operations carried out by other organisations or take over mission leadership from other international organisations;
- It is necessary to create a simpler and more flexible mechanism for the funding of EU military operations (funding of civilian operations in this regard is comparatively effective). Some efforts to tackle problems in this area are already taken: debates are in progress for approving 1 per cent of all funds foreseen for EU external policy to finance ESDP initiative in future. This would amount to approximately EUR 5 billion between 2006 - 2013.
- EU faces some institutional and organisational difficulties in the implementation of crisis management operations. Experience shows that the EU should be able to commence the planned mission in shorter time: this is possible by entering into *ad hoc* international agreements with third parties willing to contribute and thus attracting additional financial resources;
- The EU should improve the cooperation between civil and military components of operations, both in case when military EU operations are replaced with civil ones (in Macedonia), and when military and civilian instruments are used in parallel (support to *AMIS II*). This would accelerate the commencement of the operations and contribute to the achievement of long-term objectives thereof.

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²³ This Strategy is effective to a great extent due to that the European Union has been the major donor for African countries for a long time. In other words, in case of Europe’s withdrawal from this continent, African states would be abandoned by the most important and probably the sole donor. The absence of alternatives is a highly important reason making African governments implement European requirements to be eligible for support.

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The Impact of Lithuania on EU Council Decision-Making**

The article presents the results of the research which, in a defined sense, aimed at estimating and characterizing Lithuania's impact on EU Council decisions. Two tasks were tackled during the research. First, it was intended to identify the position of Lithuania and preferences of its representatives within the informal EU decision-making network. Second, it was sought, if possible, to evaluate the capability of Lithuania "to make an impact" on the EU Council decisions at least in two aspects (political-teleological and administrative-organizational).

In the course of the research it was established that the Lithuanian representatives in the EU Council most often informally communicate with their neighbours, i.e. the Baltic and Scandinavian countries and especially with Poland; therefore, they remain at the periphery of the informal EU Council decision-making network. Lithuania's interests have a rather narrow specialization and, consequently, it remains only slightly "interesting" for the core decision-makers. This, however, does not give grounds to claim that Lithuania's influence is null and void.

This situation is also partially affected by the problems associated with the capabilities of Lithuania "to make an impact," which were recorded in the respondents' questionnaires. However, alongside certain teleological and administrative problems, it should also be stated that after in-depth interviews and opinion polls, the research data revealed quite a few positive aspects and tendencies. That is why the problems that were noticed and identified during the research do not seem to be fatal or irresolvable.

Finally, apart from all the relativeness of the results obtained, the present research was important not only in terms of its content, but also in the methodological sense. The formulated methodology and approbated methods that are efficient for the research of informal communication as well as its manifestations and can be related to the degree of the impact of the member state might serve as the basis and the starting point for further studies of similar character.

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Introduction

The relevance of the topic has been determined by the fact that it was the first time in the practice of the activity of the Lithuanian governmental institutions that a unique experience of participation in the European Union decision-making process was gained, which until then could be only theoretically contemplated and speculated on. It is common knowledge that in the period of preparation for the membership and negotiations on the membership, this activity of the public administration was widely promoted to society and finally “was sold” with the successful referendum on 10-11 May 2003. A widely used argument was that having become a member of the EU, Lithuania would get “a seat at the table” where important decisions to the whole of Europe were made, which also partially contributed to the success of the referendum. Nevertheless, there were quite a few sceptics who held the opposite view and claimed that the EU membership was more of a formality and without participation in the decision-making process no real changes in the implementation of national interests could be expected. In terms of its resources and even the scope of its interests, Lithuania is too small and thus will have to work no less than it had before in order to satisfy its interests. So, after over two years of a full-fledge membership, a rather extensive practical experience has been gained and a possibility not only for blindfolded speculation, but for a “closer” look at what this “seat at the table” implies as well as for the practical verification of who had been right has been made.

The problem of quality assessment regarding Lithuania’s participation in the EU policies is formulated here, but in a broader sense, it is the problem of the relationship quality between the EU as an entity and a concrete member state. It should be stressed at the outset that at the theoretical level, a specific role of member states in the EU activities does not raise serious debates. Although there is no agreement between the two key schools looking into reasons for integration – “intergovernmentalism” and “supranationalism” – as to who – nation-state or “supranational” institutions – has more importance in the integration process, all of them, however, hold the same view that it is impossible to manage without having a certain (i.e. more active or more passive, more oriented to national interests or common values) model of the state activity.

On the other hand, neither of the two has put forward a single more concrete hypothesis or model regarding the ways on how to empirically study and assess the interaction between member states and the Union as well as its effect on both the entire integration and development of individual states. It is understandable, in the theory analyzing the reasons for integration, that this is not an important issue since here, as a rule, the emphasis is essentially laid on purely quantitative differences between the “ideal” and highly generalized types of the state activity. At the empirical level though, the situation is far more confusing.

Simon Bulmer and Christian Lequesne hold the opinion that all this “confusion” can be conceptualized in empirical analysis where two main relationship types between the European Union and member states – “outside-in” and “inside-out” – can be distinguished. Then, according to the above-mentioned scholars, having viewed the already existing empirical EU and nation-state relationship research, one can conclude that the outside-in type research, usually referred to as “Europeanization” studies, is obviously prevailing.¹ Meanwhile, the “inside-out” relationship type research that aims at resolving essential methodological problems of empirical research – to formulate hypotheses and identify variables – as these authors claim is of yet among the most significant directions of future EU research. According to Bulmer and Lequesne, such studies are so far rather scarce.²

Nevertheless, after a more thorough search, rather interesting examples of these few research studies were discovered on the basis of which and with a corresponding modification of their ideas, attempts were made to work out a strategy for this particular research of the influence of a particular member state (in this case, Lithuania) on EU decisions.

First, in search of the answer to the question on how to estimate the influence of a member state on the EU as well as trying to determine in what way a member state manages “to nationalize” (or “utilize”) the EU for its needs, we employed the so-called “policy networks” approach, which has already been rather widely used. Although, according to Tanja Börzel, who attempted to systematize application options of the “policy networks” approach, it is difficult to say what it constitute “a mere metaphor, a method, an analytical tool or a proper theory³, but in our case, a common definition that “policy networks” are “a set of relatively stable relationships which are of non-hierarchical and interdependent nature linking a variety of actors, who share common interests with regards to a policy and who exchange resources to pursue these shared interests acknowledging that co-operation is the best way to achieve common

¹ The book “*Adapting to European Integration: Small States and the European Union*”, published in 1998 by the Dutch scientists Kenneth Hanf and Ben Soetendorp, can be pointed out as a distinct example of “Europeanization” and adaptation of EU states. The collective monograph “*The Lithuanian Path to the European Union*” published in 2004, which summarizes Lithuania’s experience in preparation and negotiations could be regarded as the most significant among research works and studies dealing with the Lithuanian case. Certain aspects of the then future membership of Lithuania are also discussed in the book. Attention should be given to the section of the book written by Ramūnas Vilpišauskas “*Lithuania in the Policy of the European Union: National Interests and Intergovernmental Coalitions*”. For apparent reasons, however, at that time the author was able to review only the experience of Lithuania’s participation in the work of the Convent. The book “*Enlargement and Europeanization of the European Union*” published in 2003 according to the doctoral thesis by Klaudijus Maniokas is worth mentioning in this context too.

² Bulmer S., Lequesne Ch., “New Perspectives on EU-Member State Relationships”, *Questions de recherche / Research in question*, 2002, January, No. 4, p. 28, <http://www.ceri-sciences-po.org/publica/question/qdr4.pdf>, 18.12.2007.

³ Börzel T., “Organizing Babylon – on different conceptions of policy networks”, *Public Administration*, 1998, vol. 76, No. 2, p. 253.

goals"⁴ is valuable enough. Assuming that actors participating in the EU Council decision-making process, i.e. representatives of member states and EU institutions, they have also formed a relatively stable "network", an informal network, then the position that Lithuania holds in that network might help judge about the impact of Lithuania on EU Council decisions.

It is evident that the identification of the informal "network" existing and operating within the EU Council could be a separate and complicated task. However, this time too, we managed to employ the results of earlier research studies. As far back as in 1993-1994, the Belgian researchers Jan Beyers and Guido Dierickx carried out a significant research and identified this informal network.⁵

It is true that the main conclusion made by the authors was not a striking one. In fact, in the practice of the preparation and adoption of decisions in the EU Council an informal "web", the centre of which comprises institutional actors (the Commission, the Presidency (then Belgium) and the Secretariat General of the Council) as well as the three major member states (the United Kingdom, France and Germany) has been formed. Meanwhile, at the periphery of the "web" are the smaller member states of Northern Europe and all member states of South Europe (Ireland, Luxemburg, Italy, Spain, Portugal and Greece). An intermediate position in this web is taken by Denmark, the Netherlands (and, most probably, Belgium) that are "closer" to the centre only due to their constant communication with the UK and Germany (but not France!), and hence they should be included into a separate specific group of "North Europe". Informal communication in the centre of the "web" is more intensive – the actors communicate more extensively and exchange information and opinions more often. Meanwhile, the actors at the periphery are either of "little" interest or "not interesting at all" to others, whereas their mutual informal communication is insufficient. Naturally, this also affects the impact of certain actors.

On the other hand, this conclusion is extremely important to other similar research studies in both the content and methodological sense. In terms of the methodological and methodical sense, the conclusions of the present research were drawn on the basis of surveys of employees from permanent representations of 12 EU member states working in Brussels on their mutual informal communication, on its quality and quantity. As a consequence, a verified and reliable guideline for drawing up a strategy for this particular research is obtained. And as far as the content is concerned, the results of this research could be an excellent starting point for the studies of the present-day processes. As a matter of fact, it has been a long time since the Belgian researchers carried out their studies and likewise, the EU itself has undergone several enlargements.

⁴ Ibid., p. 254.

⁵ Beyers J., Dierickx G., "Nationality and European Negotiations: The Working Groups of the Council of Ministers", *European Journal of International Relations*, 1997, vol. 3, No. 4, p. 435-471; Beyers J., Dierickx G., "The Working Groups of the Council of The European Union: Supranational and Intergovernmental Negotiations", *Journal of Common Market Studies*, 1998, vol. 36, No. 3, p. 289-317.

Nevertheless, we suppose that there are no sufficient grounds to believe that once identified, the informal network suddenly disappeared and no longer exists. We are not inclined to believe that the 1995 enlargement could, in some way, essentially distort it. Austria, Sweden and Finland, most probably, joined the intermediate, semi-peripheral group of the “northerners” rather than the peripheral one.

The great 2004 enlargement, no doubt, is a different matter. Yet, it should be kept in mind that either the position of the “new member states” itself or their size quite naturally places all, without exception, new member states within the second-rate periphery. This, however, does not indicate that with time the situation is not likely to change. There will be changes and, in fact, they are already taking place with the newcomers “spreading” within the already existing network and making the peripheral space more differentiated. It is hardly believable that they will get into the communication “core”. Even so, it is evident that the Vysehrad group countries (except, probably, Slovakia) are likely to seek that. Hence, the study of the Lithuanian case could also help partially answer this question.

This is how, due to the need to assess the already accumulated Lithuania’s experience of the EU membership and based on the research results obtained by scientists who studied similar problems, the aim of this research, the results of which are presented here, was in a defined sense, to estimate and characterize Lithuania’s impact on EU Council decisions.

In order to achieve this objective, two tasks were tackled during the research. First, it was attempted to identify the position of Lithuania and the preferences of its representatives within the informal EU decision-making network. This task was planned to be solved by preparing a certain questionnaire and surveying the widest possible circle of the Lithuanian representatives at different levels of the EU Council.

Second, it was decided to still verify and approbate research presumptions by means of qualitative unstructured interviews with the Lithuanian executives and officials who have already gained considerable experience while representing the country in various EU Council negotiations. In August–September 2007, discussions were held with six officials and the information provided by them essentially confirmed the fact that the impact of the country on EU Council decisions largely depends on the ability of a representative to establish maximally optimal informal professional and personal contacts with negotiation partners, actively participate in debates going on in the “couloirs” and in formal sittings.

The qualitative interviews also revealed additional aspects of the problem, which were obviously valuable and could supplement the planned research as well as point out certain quality and form aspects of Lithuania’s impact on EU Council decisions. After the analysis of the interview data, it became obvious that not only the activeness of the officials, but also the level of the preparation of the member state itself (in this case, that of the political administrative authority) “to make impact” is of great importance. In this

respect, the replies and ideas provided by the interview respondents suggested the idea that this research, essentially that of “process” quality, should be supplemented with the task of the assessment of the “abilities” quality. To put it simply, an additional idea emerged: to collect data concerning the fact whether the Lithuanian representatives, whose task is to properly represent and defend the interests of Lithuania, are themselves always aware of Lithuanian objectives and interests in each particular case and whether the coordination system of EU affairs in Lithuania “services” and “supports” them properly and efficiently enough.

This circumstance determined the second task of the research which could be defined as an attempt, within the realms of possibility, to assess the ability of Lithuania “to make an impact” on EU Council decisions in the political and teleological, administrative and organizational aspects.

Six in-depth interviews were conducted and in November 2007 a questionnaire was sent out via e-mail to 115 respondents. The respondents were all officials who are included in the Order of the Minister of Foreign Affairs of the Republic of Lithuania, “On the Approval of the Lists of Representatives of the Ministry of Foreign Affairs who Present the Position of the Republic of Lithuania in the Committees and Working Groups of the Council of the European Union and the European Union Commission” (11 June 2007, No V-63) and also all officials mentioned in the Internet website of the Representation of the Republic of Lithuania to the European Union (<http://www.eurep.mfa.lt/index.php?-399404298>, 19.11.2007). Only 38 out of the sent 115 questionnaires were received. Three of them were not completed properly, so the analysis provided here is based only on the data of 35 questionnaires.⁶

The first part of the article analyzes the position of Lithuania within the informal EU decision-making network based on the preferences of its representatives. The second part deals with the identified problems concerning Lithuania’s preparation “to make impact” on EU decisions in the political and teleological as well as administrative and organizational aspects.

⁶ It is evident that due to the small number of the completed questionnaires, the results of this research could be considered only relatively reliable. The research itself, though, aiming at encompassing the areas of representation of Lithuanian interests only within the competence of the Ministry of Foreign Affairs, had been planned as a pilot research, as assessed on the scale of all Lithuanian institutions working with the EU.

1. Lithuania within the Informal EU Council Decision-Making Network

1.1. The Importance of Informal Communication

The impact of the member state on EU Council decisions can be estimated in different ways. However, in the present research, the data obtained from the respondents about their informal contacts and relations with representatives from other member states was chosen as the main indicator of the impact “quantity”.

The primary aim was to acquire a clear understanding of how the Lithuanian representatives in general appreciate the importance of informal communication. The assumption that the majority of respondents attach greater significance to informal meetings and sittings was confirmed: 59% of the respondents did not agree that formal discussions during sittings are more important than conversations in the couloirs (Figure 1). And 35% of the respondents were neutral, which means they acknowledged the importance of both formal and informal contacts.

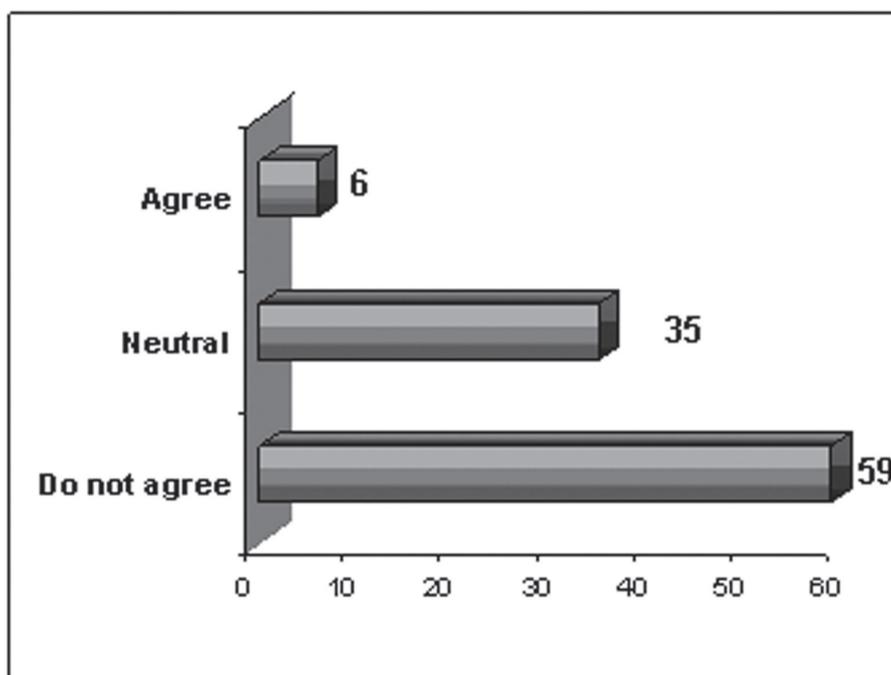


Figure 1. Do you agree with the statement that what is spoken during formal sittings is much more important to the content and quality of EU decisions than what is discussed informally in the couloirs of the sittings? (%)

This attitude of the majority of the respondents is confirmed by the opinion about the importance of informal negotiations in the couloirs as compared with formal talks. 55% of those surveyed held that it was during informal meetings that decisions were actually taken. 24% neither denied nor supported this statement. Only 21% of the respondents disagreed with it (Figure 2). The prevailing opinion in the survey data was that considerably more is achieved during informal discussions than in merely formal work.

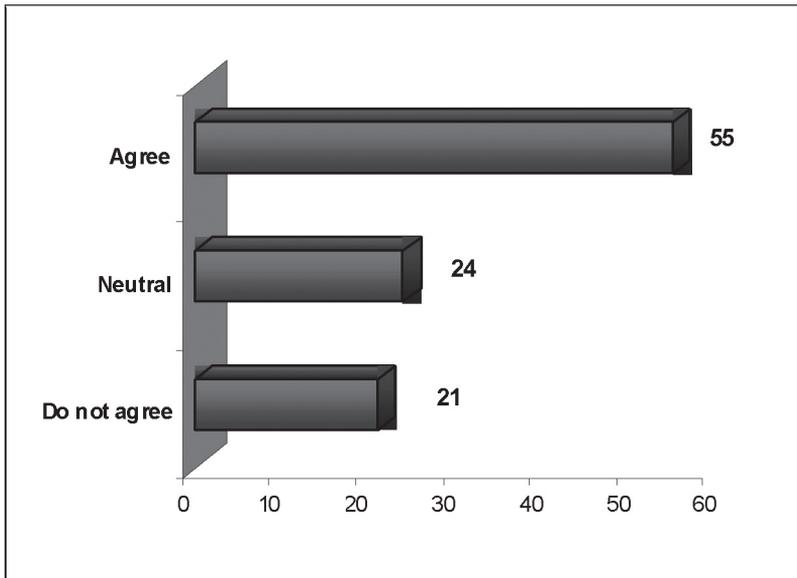


Figure 2. Do you agree with the statement that key decisions at any EU Council level are made during informal couloirs negotiations between member state representatives, whereas official negotiation sessions and sittings are only a formality? (%)

1.2. Lithuania within the Informal Communication “Network” of EU Countries

Firstly, this part of the article shows which EU member states are “closest” and “farthest” from Lithuania. Secondly, here the network of informal contacts of Lithuania is compared with the impact network within the European Union identified by the above-mentioned Beyers and Dierickx. Figure 3 shows that the EU Council decision-making core comprises the EU institutions – the Presidency, the Commission, the Secretariat-General of the Council – and the three EU member states: Germany, France and the United Kingdom. The group

of Northern Europe⁷, whose exceptional influence is based on closer relations between the UK and Germany⁸, includes the Netherlands, Belgium, Denmark, Sweden, Finland and Austria. Ireland, Luxemburg, Italy, Spain, Portugal and Greece constitute the EU decision-making periphery. A common distinctive feature of these countries is their closer contacts and orientation towards France, and a lower level of activity provided that their national interests are not involved. Meanwhile, “the newcomers”, whose situation for obvious reasons could not be included in the 1994 research, so far can be represented on the outside. It is likely that they “will spread” into the already existing groups. It is less probable that they will form a separate influence group and take a special position in the existing hierarchy.

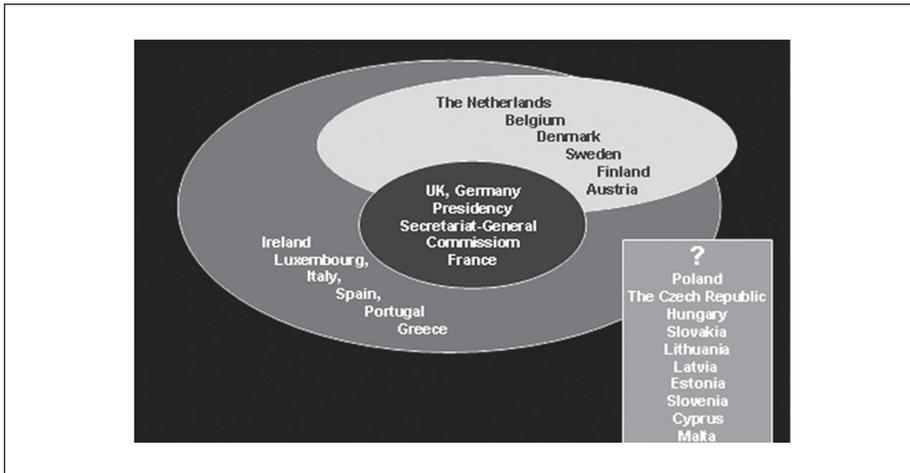


Figure 3. The informal decision-making network EU-15+10

Having in mind this informal network, the respondents were asked about the informal contacts they had with representatives of other member states. After the analysis and summary of the replies provided by the respondents, the results presented in Figure 4 were obtained. This rather confusing information can be simplified by means of the frequency index of informal consultations which can be computed counting one point for each per cent of “frequent” contacts, 0.5 point for each per cent of “rare” contacts and 0 points for the absence of contacts.⁹

The indexes of informal contacts between Lithuania and EU member states are presented in Table 1, while its position within the network of informal contacts is shown in Figure 5.

⁷ Conventional title (GV&JN).

⁸ For the sake of accuracy it should be noted that the research of Beyers and Dierickx was carried out in 1994 when the EU comprised only 12 states. Therefore, making a slight concession, we will include the three EU states that joined in 1995 in the same group of “Northern Europe”.

⁹ For example, if 50% of the respondents indicated that they communicate with a certain country often, 20% rarely and 30% never, then the index will be $50+20/2+0=50+10=60$.

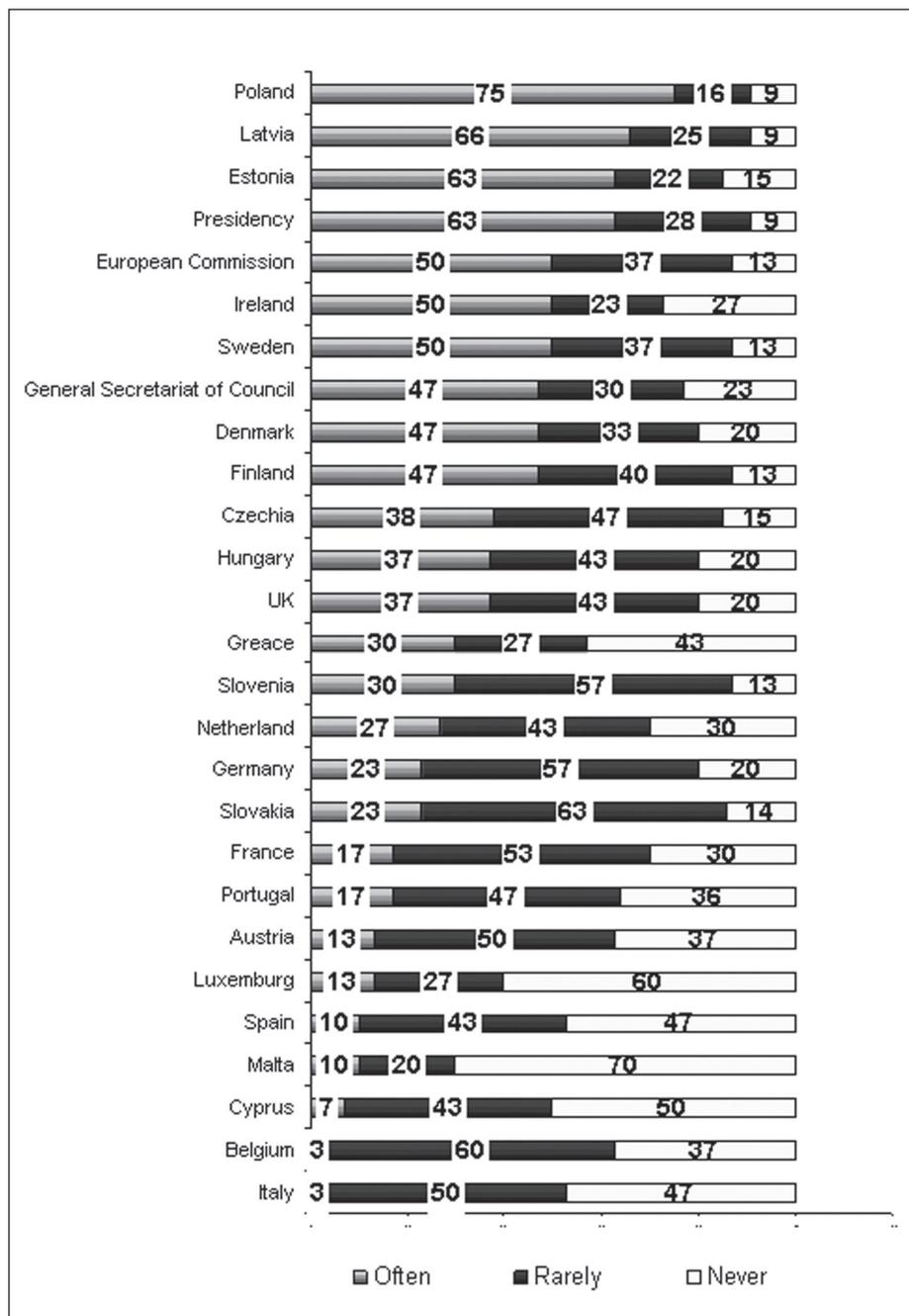


Figure 4. Frequency of informal contacts
(as estimated by the Lithuanian representatives) (%)

**Table 1. The frequency index of informal contacts
(as estimated by the Lithuanian representatives) (%)**

Member State / EU Institution	Frequency index
Poland	83
Latvia	78.5
Presidency	77
Estonia	74
European Commission	68.5
Sweden	68.5
Finland	67
Denmark	63.5
Secretariat-General	62
Ireland	61.5
The Czech Rep.	61.5
United Kingdom	58.5
Hungary	58.5
Slovenia	58.5
Slovakia	54.5
Germany	51.5
The Netherlands	48.5
France	43.5
Greece	43.5
Portugal	40.5
Austria	38
Belgium	33
Spain	31.5
Cyprus	28.5
Italy	28
Luxembourg	26.5
Malta	20

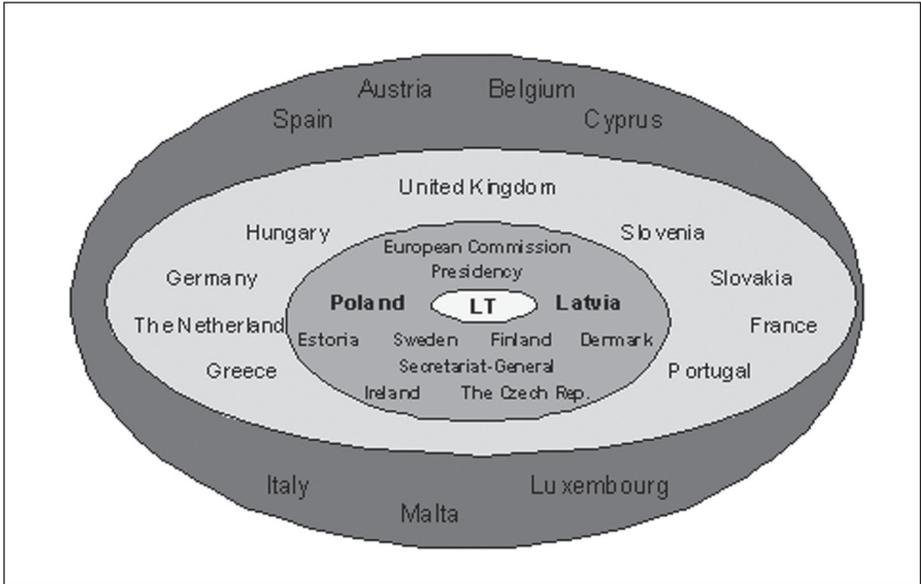


Figure 5. **Frequency of informal contacts (as estimated by the Lithuanian representatives) (%)**

These results indicate that the Lithuanian representatives most often informally communicate with Poland and Latvia, also with the institutions organizing and coordinating the decision-making process as well as with the group of “North Europe”. The frequency of informal contacts with the key major member states is lower. The “periphery” of Lithuanian contacts to a greater or lesser extent coincides with the “periphery” of the decision-making space of the EU itself.

Another question that the respondents were asked was more concrete and aimed at determining how often and with what representatives of other countries and EU institutions informal consultations were held on the initiative of the Lithuanian representatives themselves. The results obtained are presented in Figure 6.

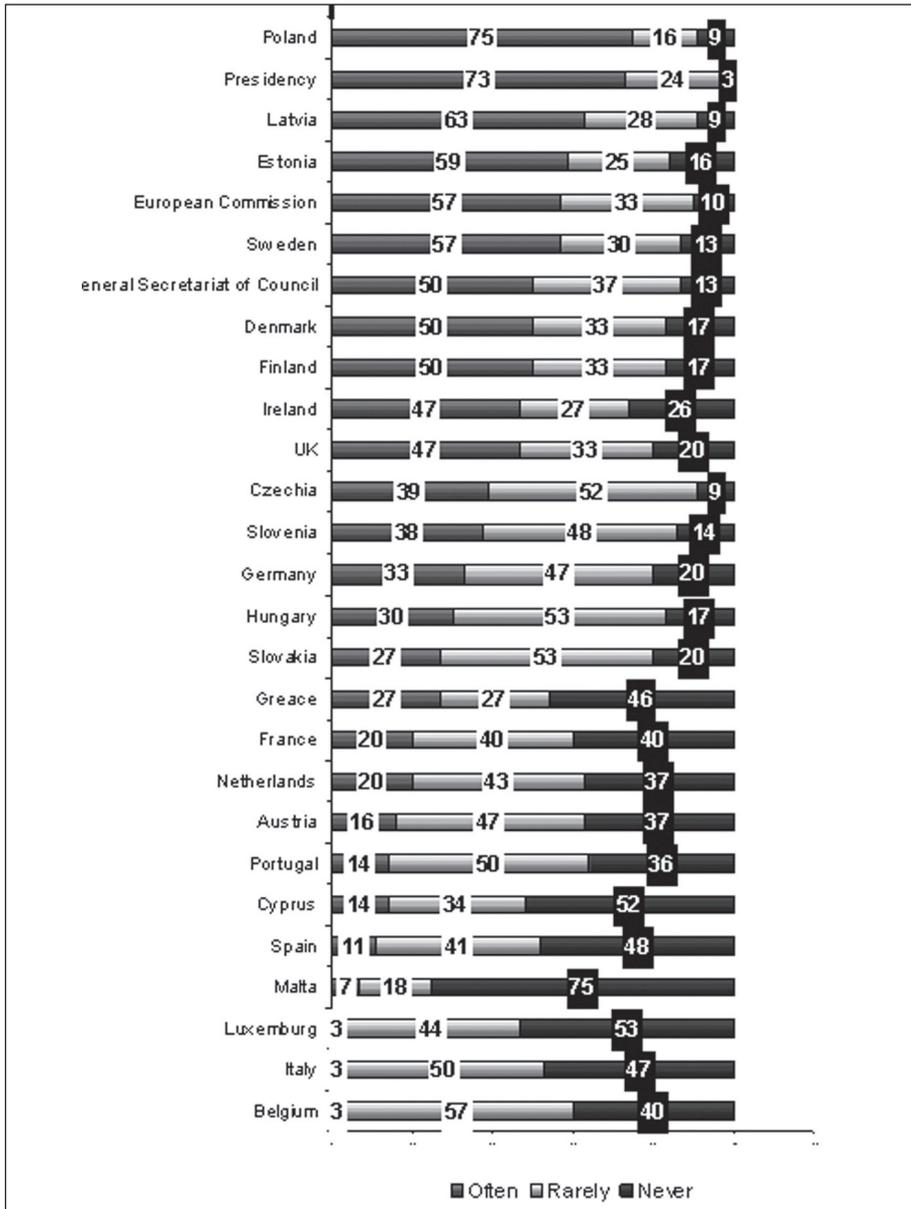


Figure 6. Informal contacts and consultations with representatives of other countries and EU institutions initiated by the Lithuanian representatives, (%)

Although the distribution of the frequency of contacts is clear enough, it is possible, for the sake of simplicity, to employ the conventional frequency index and a graphic representation. These results are indicative of the direction of the initiative of Lithuania to establish and maintain informal contacts. In this

case, the representatives of Lithuania aimed to primarily “settle affairs” with the Presidency (which seems logical), but afterwards most often seek informal contacts with Poland and Latvia. It is interesting (though hardly rational) that France stays at the periphery of the interest of Lithuanians (Table 2 and Figure 7).

Table 2. The frequency index of informal consultations with representatives of other countries and EU institutions held on the initiative of the Lithuanian representatives, (%)

Member State / EU institutions	Frequency index
Presidency	85
Poland	83
Latvia	77
European Commission	73.5
Sweden	72
Estonia	71.5
Secretariat-General	68.5
Denmark	66.5
Finland	66.5
The Czech Rep.	65
United Kingdom	63.5
Slovenia	62
Ireland	60.5
Germany	56.5
Hungary	56.5
Slovakia	53.5
The Netherlands	41.5
Austria	40.5
Greece	40.5
France	40
Portugal	39
Belgium	31.5
Spain	31.5
Cyprus	31
Italy	28
Luxembourg	25
Malta	16

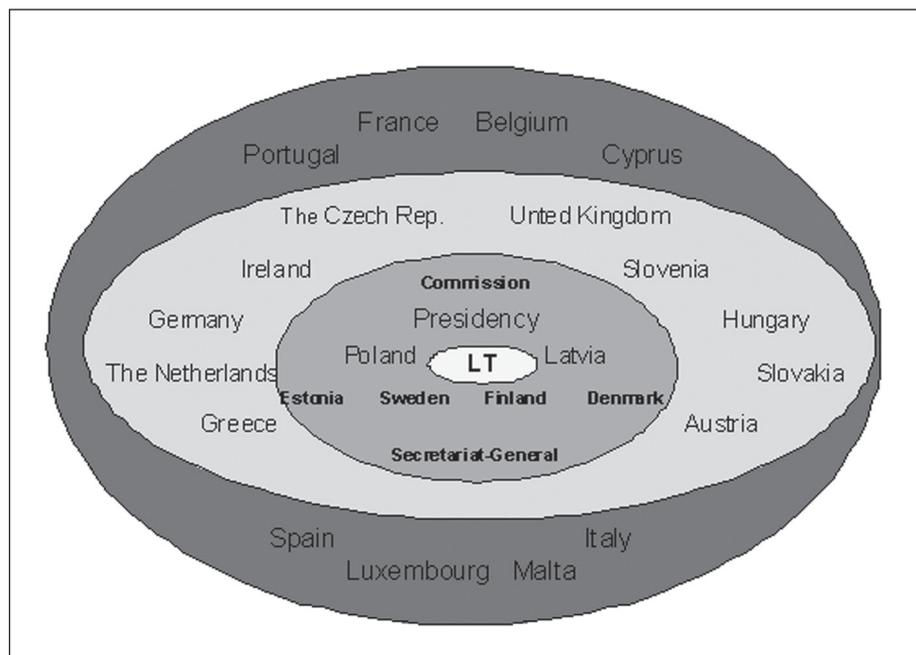


Figure 7. **The frequency index of informal consultations with representatives of other countries and EU institutions held on the initiative of the Lithuanian representatives in on the chart**

And finally, one more question was given to the respondents regarding the frequency of informal contacts, and was designed to define how often and also which representatives of which countries tried to establish and expand informal contacts with Lithuanians (Figure 8).

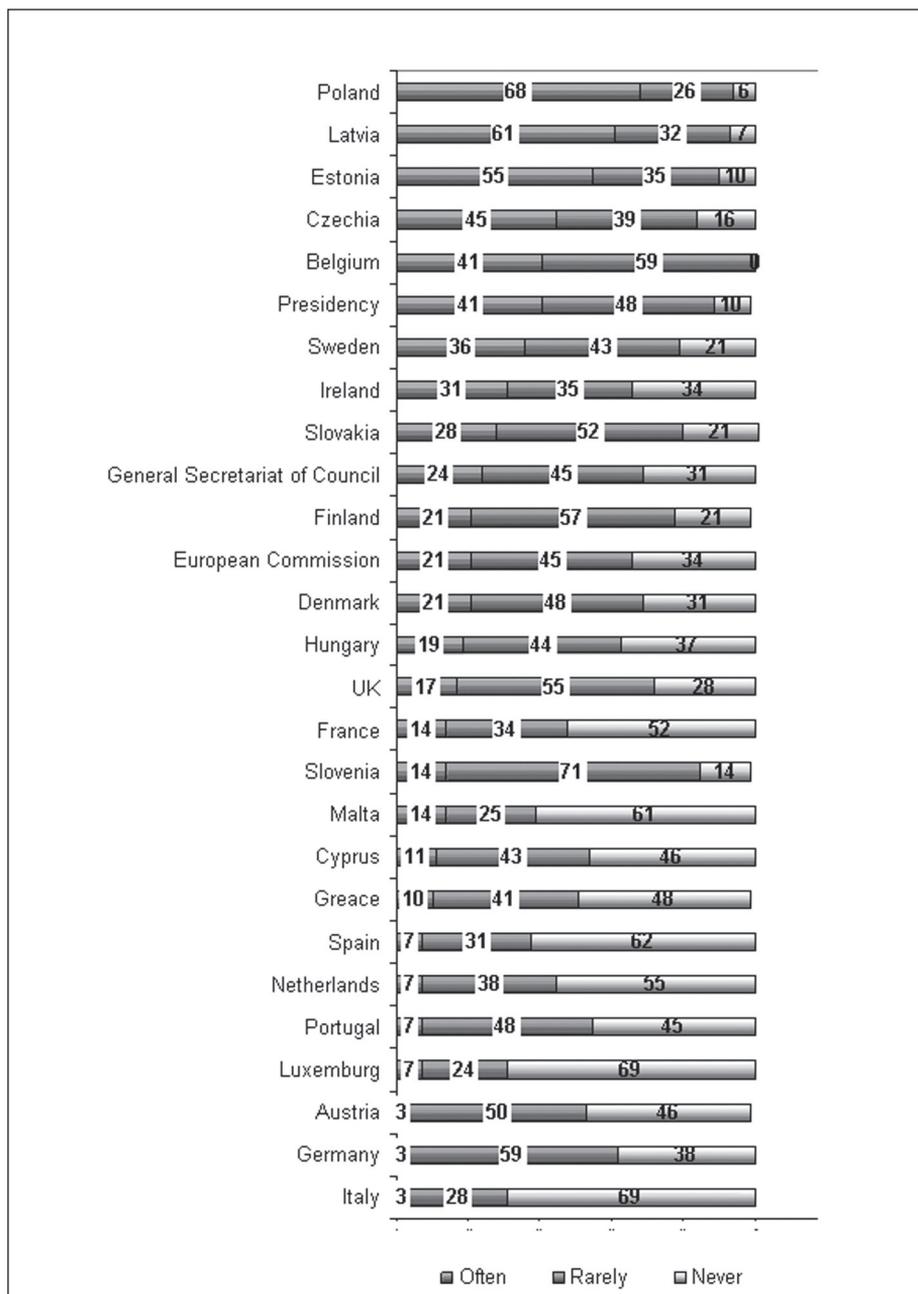


Figure 8. **Informal contacts and consultations with the Lithuanian representatives initiated by representatives of other countries/institutions, (%)**

Having summed up these results according to the conventional frequency

index, we can see from Table 3 and Figure 9 who out of other EU partners find Lithuanians “interesting”. It is no wonder that we are interesting to our neighbours and the Presidency which ex officio “collects” all opinions. The attention of Sweden is far from surprising, but the high index of Belgium is totally unexpected. At the same time, it would be desirable to have higher indexes of Germany and France. A relatively high position of the United Kingdom could also be easily explained by the professionalism of the British diplomacy that is determined not to miss a single detail.

Table 3. The frequency index of informal consultations with Lithuanian representatives on the initiative of the representatives of other countries and EU institutions, (%)

Member State / EU Institution	Frequency index
Poland	81
Latvia	77
Estonia	72.5
Belgium	70.5
Presidency	65
The Czech Rep.	64.5
Sweden	57.5
Slovakia	54
Slovenia	50
Finland	49.5
Ireland	48
Secretariat-General	46.5
Denmark	45
United Kingdom	44.5
European Commission	43.5
Hungary	41
Germany	32.5
Cyprus	32.5
France	31
Portugal	31
Greece	30.5
Austria	28
Malta	26.5
The Netherlands	26
Spain	22.5
Luxembourg	19
Italy	17

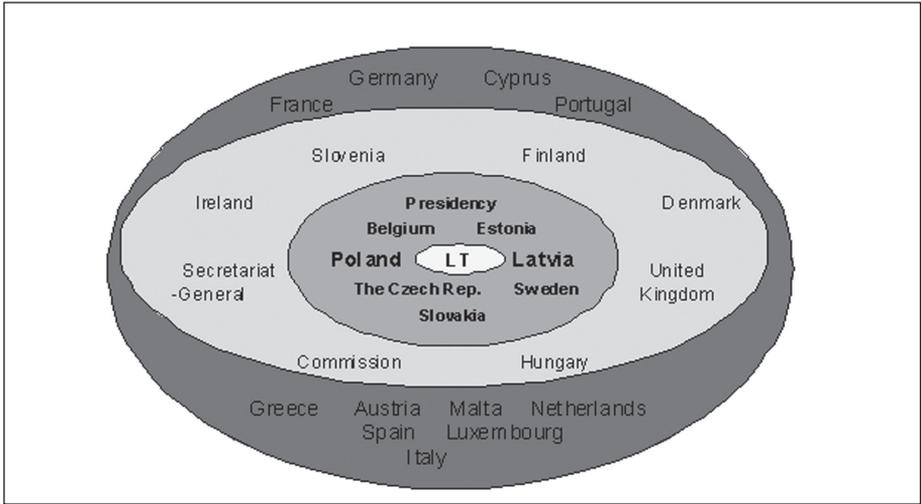


Figure 9. Frequency of informal consultations with Lithuanian representatives on the initiative of the representatives of other countries and EU institutions on the chart

A relatively peripheral place of Lithuania within the network of the Council of the EU can be partly explained by the very specifics of Lithuanian interests and the nature of the already gained expertise. The presented assessments in qualitative interviews and the respondents' answers to open questions in the questionnaire are particularly illustrative. We have, as it is, both sides of the medal – a shortage of expertise and a nearly developed specialization of the country. On the one hand, the narrowness of Lithuanian interests and a certain expert “range of vision” is emphasized:

...Lithuania has no expert knowledge and independent (own) information sources about the major part of the world and it is not able to take an active part in shaping the policy pertaining to these regions. It also does not participate in solving the most important issues concerning EU CFSP tasks – the Middle East peace process, Iran, Burma, etc.¹⁰

On the other hand, the importance of Lithuanian regional policy is revealed and the gained experience is acknowledged:

I see when the eyes of Lithuania start sparkling – let's do it, let's remedy it here, it is natural that these are all neighbourhood matters, Russia, here is energy. These issues are more interesting for us, such is the specialization in Lithuania, though it is nowhere recorded, it does exist. This becomes natural, if it is seen that the delegate gets awake when a discussion about these issues starts. Ah, this is an issue about Belarus, and, Lithuania, have you got anything to say? Such specialization is, I would think, acknowledged in the Corepers¹¹.

¹⁰Questionnaire No.2.

¹¹ Interview No.1.

These thoughts are also confirmed by the fact that the concept of “*single issue country*”, which obviously has a negative connotation and defines Lithuania as a country of very limited influence, seemed acceptable to 34% of respondents, 37% of them adhered to a neutral position and only less than one-third did not agree with the statement (Figure 10.). Therefore, it can be assumed that the discourse about Lithuanian interests “in width” is still too meagrely developed first of all by those who shape and implement the Lithuanian policy. It is understandable that their behaviour and inspirations determine the corresponding assessment by representatives of other EU countries.

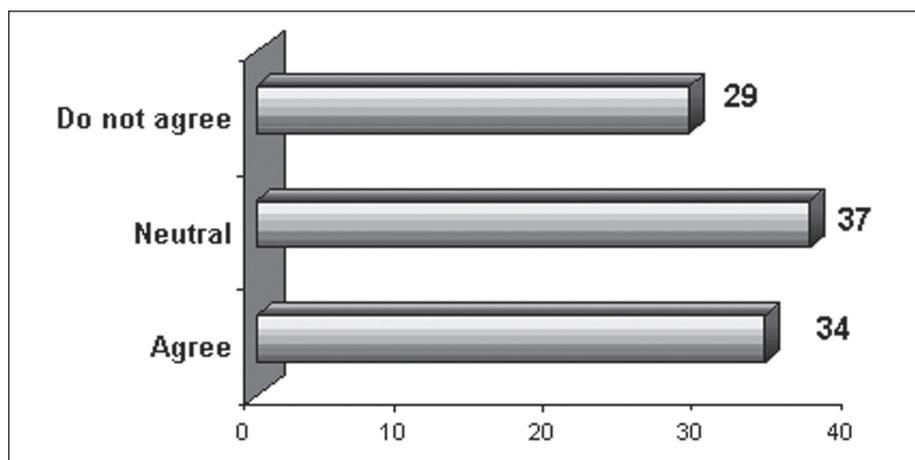


Figure 10. **Would you agree that during the first three years of the membership Lithuania was a *single issue country*? (%)**

Summing up, it is possible to state that Lithuania has not yet completely “hatched out” of the newcomers’ group and remains of low interest to the decision-making core. Contacts with the group of “North Europe” are less developed than it is sometimes assumed. From the point of view of the major member states, we are neatly “floating” in the waterway of the United Kingdom. As it is fitting, we ignore the periphery of the EU (Irish and Greeks being a pleasant exception). It is obvious that possibilities for more intensive dealings with France and Germany have not been taken advantage of. Trying to wedge ourselves alongside the Irish into the “North Europe” group, we should also better utilize the phenomenon of the “Belgian” attention.

From this point of view, the eternal dilemma of near and distant perspective remains – to strengthen the area in which Lithuania has already gained a certain acknowledgement or to develop new areas of possible impact. Each of the choices has its pluses and minuses. In order to develop a broader expertise, the problem of financial and human resources arises. Aiming at specialization, it is necessary to face up the fact that Lithuania will stay “silent” and will voice no opinion on many issues actual for the entire Europe. It is a matter of political choice.

2. “Impact-Making” Problems of Lithuania

As the research data indicates, the construction of informal networks and establishment of personal contacts usually depend on the initiative and activeness of Lithuanian representatives in the EU Council, in other words, on personal qualities of people working in Brussels. On the other hand, the success of their activity in no lesser a degree depends on the standpoint of Lithuanian institutions as well as on the capability to train the assigned people to adequately perform their mission. Further presented are the problems that can be rather easily resolved by attempts of institutions coordinating and preparing Lithuania’s representation in the EU, though it seems that they have not been given sufficient attention yet.

2.1. Conception of the Objectives and Interests of the Country

First, both the experts that gave qualitative interviews and the respondents of questionnaires were sceptical about Lithuania’s capabilities to exert a considerable impact on EU Council decisions. As many as 49% of the respondents indicated that the impact of Lithuania was slight, 42% – that it was balanced and only 6% that it was large (Figure 11).

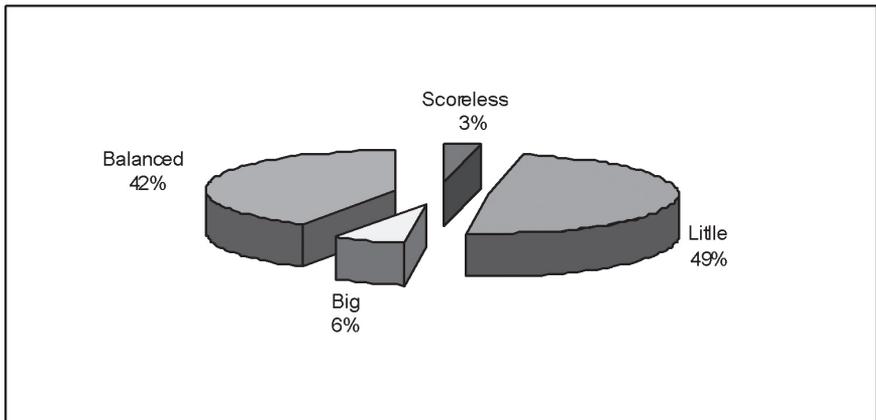


Figure 11. Estimate of Lithuania’s impact in the EU Council in the five-point system, (%)

The reasons surrounding the slight impact of Lithuania, in the opinion of other respondents, were identified in their answers to the open question regarding why Lithuania’s impact in the EU Council is slight. Among other reasons, which will be discussed further on, insufficient awareness of what it is that we want holds again an important place. In one of the qualitative in-

interviews it was claimed that the impact of Lithuania is weak because it often does not know what it seeks:

...we do not know what our objective is and what objective then the European Union becomes. At times we want this and then we want that. What is our trade mark? What is our identity¹²?

Here we present some of the opinions from the questionnaires:

- We do not yet really know what we want (in the professional sense) and what our priorities are. And one of the distinct hindrances to the representation system is not the relationship among the representation links (working group - Coreper - minister), [...] but between the representation links and the LT system (for completely understandable reasons – old system, new needs, shortage of human resources, etc.);¹³
- We are unable to sufficiently clearly understand and formulate our interests (particularly on horizontal-type issues), Lithuania's policy is still being shaped exceptionally on the basis of sector-level principles;¹⁴
- There are no clearly formulated and consistently implemented general priorities of national policy (whether LT is for further liberalization of the EU economy, etc.); therefore, different ministries (ministers) treat similar situations differently; there is also lack of consistency in representing LT positions in different working groups or Council formations¹⁵.

Therefore, first, attempts were made to find out to what extent, in the opinion of the respondents, Lithuania within the three years of its membership, has been aware of what it is aspiring to. This aspect is important because the formulation of tasks for Lithuanian representatives in the EU depends on the grounds of clear understanding of the objective and interests,.

A calculated 44% of the respondents believed that as early as the first year of the membership, Lithuania knew what it was seeking, 35% had no opinion or couldn't give an unambiguous answer to this question¹⁶, and 21% agreed with the statement that Lithuania did not know what it is aiming at (Figure12). Because of the small number of the respondents, it can be assumed that such a distribution of answers can reflect opinions of Lithuanian representatives supervising different areas and working with different institutions.

¹² Interview No.5.

¹³ Questionnaire No.10.

¹⁴ Questionnaire No.15.

¹⁵ Ibid.

¹⁶ A couple of the respondents added that it was difficult to give unambiguous answers to some questions.

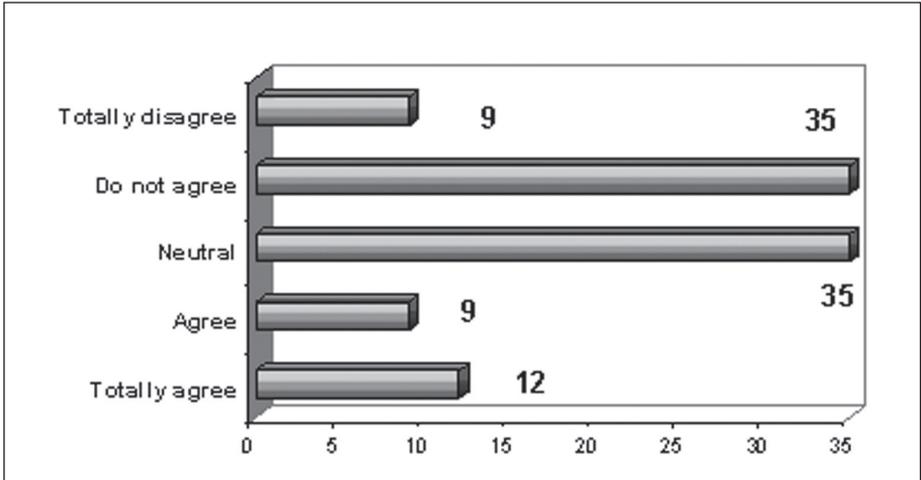


Figure 12. **Would you agree with the statement that during the first three membership years, Lithuania could not make a serious impact on EU decisions because most often it was not capable of answering the question about its own aspirations? (%)**

On the other hand, the clarity of interests generated by official institutions, as well as the self-awareness of people working at different levels of the EU Council and their identification with the positions they represent serve as an important influence-increasing factor. In this case, the key premise to be verified was that officials representing Lithuania can successfully participate in the EU Council decision-making process not only when they themselves imagine clearly and exactly what they should seek, but they themselves also support that position.

The answers, received to the question regarding whether their opinion used to coincide with the instructions received from Lithuanian institutions and departments, confirmed that the degree of their identification is sufficiently high. The absolute majority of the respondents replied that their opinion always (6%), very often (42%) and often (43%) coincided with the instructions received from Lithuania (Figure 13). Thus, it seems that 90% of Lithuanian representatives in the EU Council are clearly informed and are aware of the interests of Lithuania. Undoubtedly, this is an important prerequisite for successful work of the representatives in the Council.

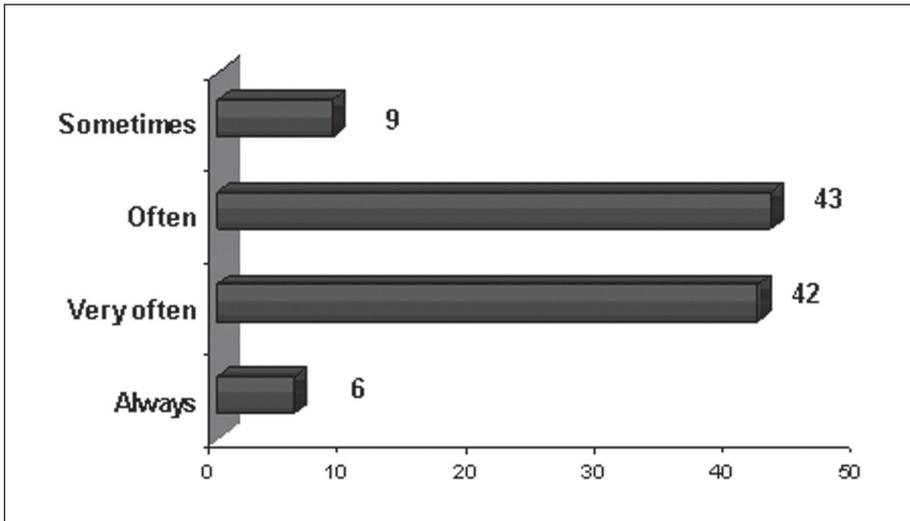


Figure 13. **Did your, as negotiator's and expert's, opinion use to coincide with instructions received from Lithuanian institutions and departments? (%)**

Meanwhile, attempts to find out the direction of the respondents' self-awareness, in case their opinions did not coincide with the official policy, generated the answer that the majority of Lithuanian representatives would desire a more liberal (51%) and more radical (26%) position of Lithuania on certain issues (Figure 14). This leads to a preliminary conclusion that the official position of Lithuania is so far more conservative than the personal opinion of its representatives.

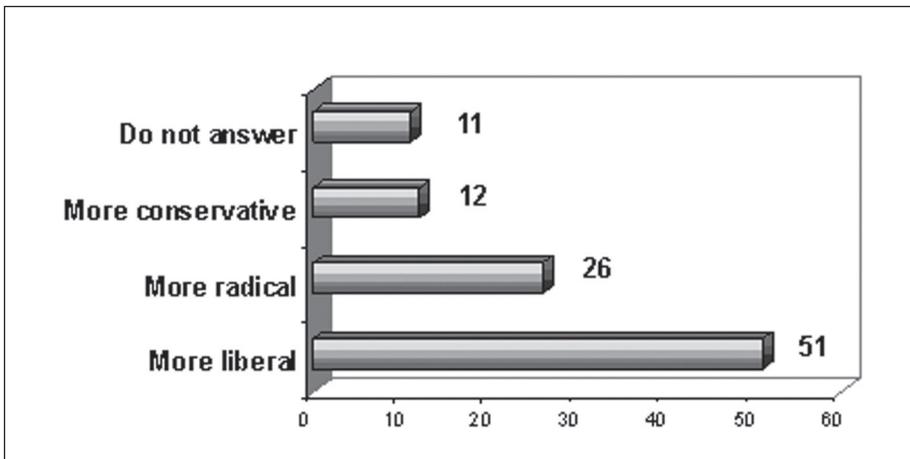


Figure 14. **In case your opinion and the official position did not coincide, you held the view that the position of Lithuania should be, (%)**

Generalizing the “teleological” part, it is possible to point out that the reason for the weakness of the impact recorded in one of the qualitative interviews – insufficient self-awareness of the country and its representatives – seems to have only partly been confirmed. Yet, further analysis of the data indicates that it is inseparable from the instructions received by Lithuanian representatives in the EU Council, and communication with Lithuanian institutions. In other words, problems with coordination, organization and administration arise.

2.2. Coordination of the Work of Lithuanian Representatives in the EU Council

The presence of organizational problems was identified during in-depth interviews. Therefore, in putting questions to a wide circle of the respondents, the main attention was focused on making the current shortcomings concrete.

First, it is obvious that the EU affairs coordination system in Lithuania is not estimated sufficiently well. Though 83% of the respondents think that this system is operating (Figure 15), only 34% of the respondents believe that the system is functioning well. A calculated 43% find its operation satisfactory, whereas 20% – poor (Figure 16).

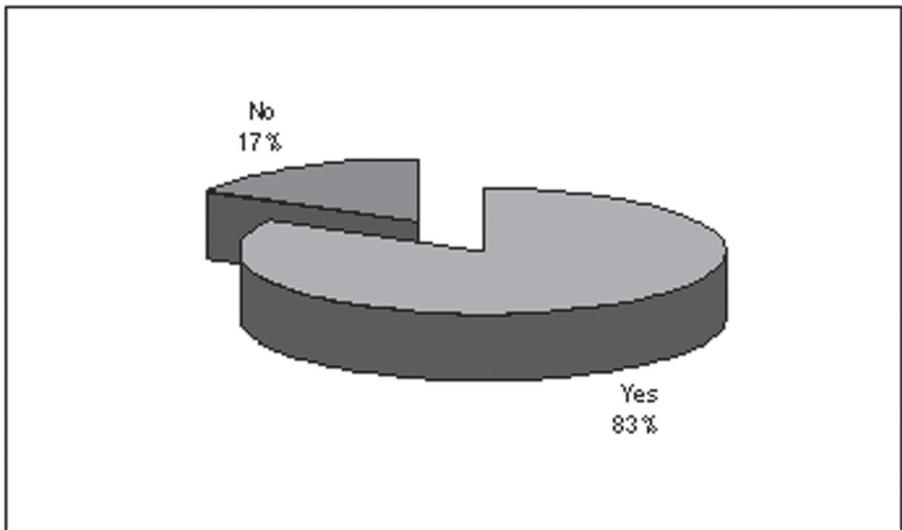


Figure 15. Does the EU affairs coordination system actually operate in Lithuania? (%)

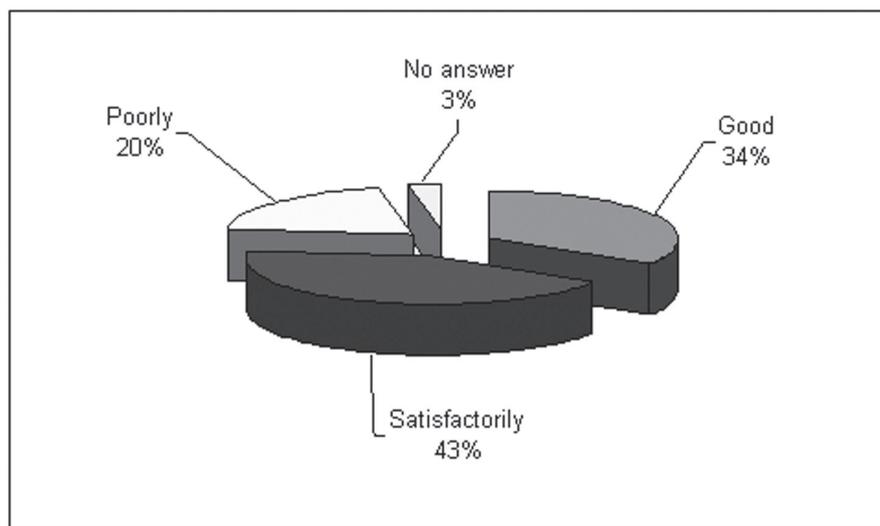


Figure 16. How would you estimate the current capability of the EU affairs coordination system in Lithuania? (%)

An additional indicator, illustrating the ineffectiveness of the coordination system as well as the understanding of the interests of Lithuania, is the opinion of the respondents about the support they received while preparing for concrete sittings of working groups and committees.

As shown in Figure 17, a greater part of the respondents indicated that they had a sufficiently clear understanding of their tasks: only 23% "sometimes" know what they should seek, but none of the respondents indicated the extreme position "never".

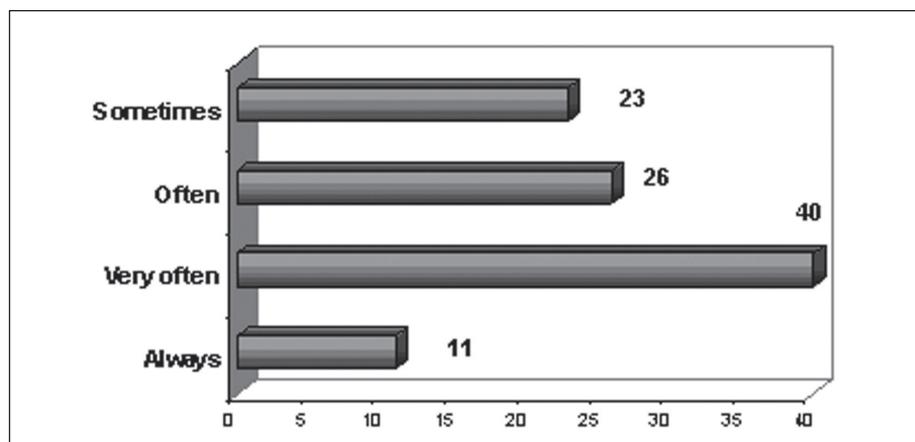


Figure 17. How many times did you have to go to sittings with a clear and unambiguous understanding about what Lithuania should seek? (%)

As a proof of effectiveness, the fact can be noted that as many as 95% of the respondents indicated that, even with only an hour left before the sitting, it was possible to always, very often and often get more accurate instructions on the Lithuanian position (Figure 18). In other words, it is possible to make an assumption that Lithuanian institutions formulate a rather clear position of Lithuania. The possibility to make it more accurate until the very point of negotiations is also positive.

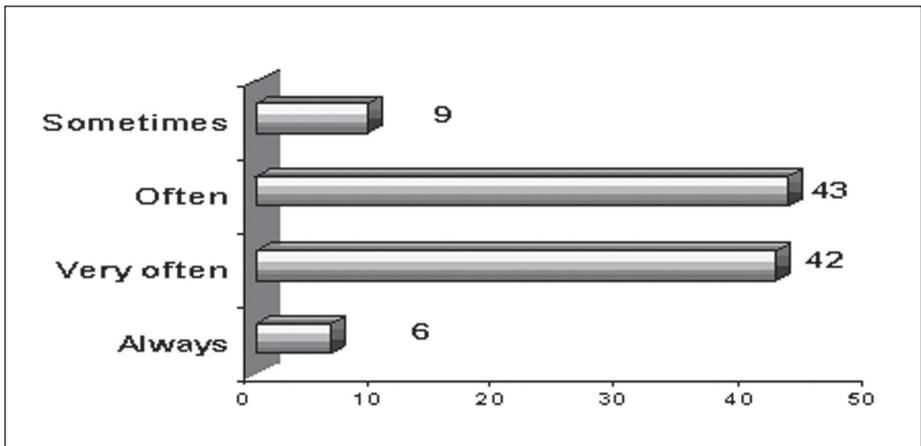


Figure 18. **Is it possible, say, with only an hour before the sitting, to effectively get a more accurate position of Lithuania? (%)**

As the respondents indicated, they were also fairly well informed in terms of flexibility of the position represented by Lithuania. A calculated 6% of the respondents knew to what extent the position of Lithuania could be “always”, 39% – “very often” and 34% – “often” changed during negotiations (Figure 19).

The analysis of the answers, regarding instructions received from Lithuania, raised doubts regarding whether the representatives of Lithuania are well supported by administrations and organizations. A calculated 6% of the interviewees indicated that they very often, and as many as 77% often faced controversial instructions (Figure 20). This casts doubts on the frankness of answers to the previous question and leads to an assumption about a shortage of horizontal relationship among departments, absence of consensus, or inadequate attention given to the preparation of a common position on one or another issue.

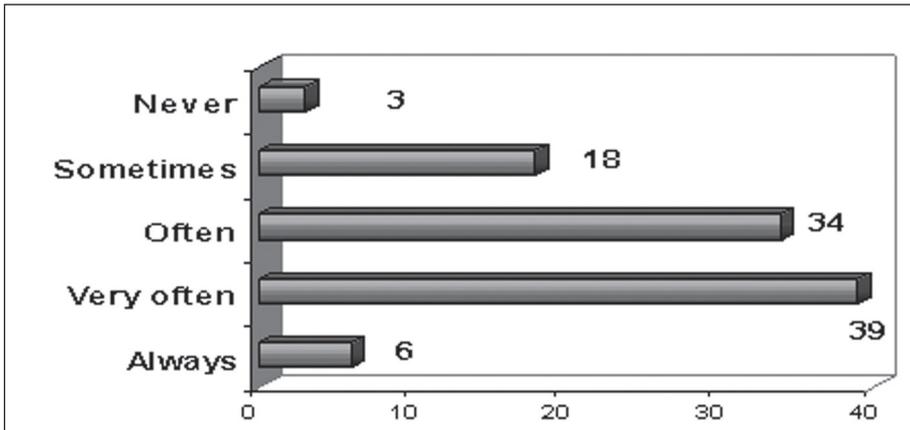


Figure 19. **Did you clearly know before the negotiations what concessions you could make and to what extent you could change the initial position during them? (%)**

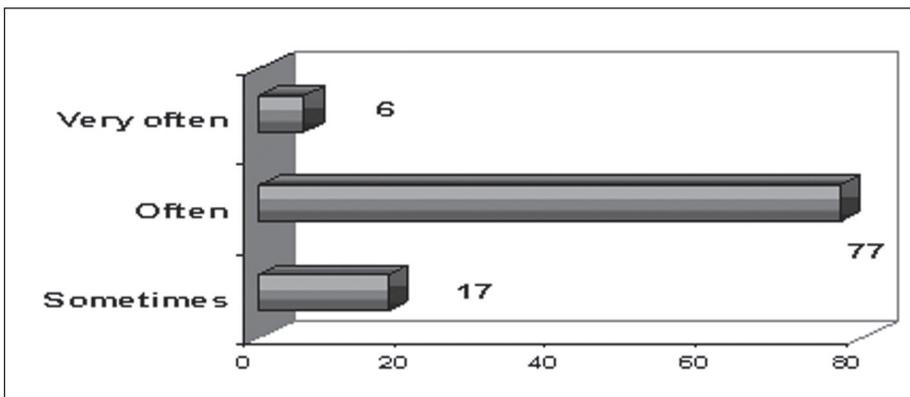


Figure 20. **Have you ever faced controversial instructions? (%)**

Summing up, it should be pointed out that the EU affairs coordination system of Lithuania should not be estimated exceptionally on the basis of the respondents' opinion though, in any case, it is very important. Anyway, they are very important "consumers" of the production generated by this system. Therefore, positive aspects recorded here, such as capability, effectiveness and flexibility do not preclude one from naming such urgently-to-be-settled problems as a better communication between departments and coordination, a shortage of which manifests its self in an excessive amount of controversial instructions.

2.3. Preparation of Lithuanian Representatives in the EU Council for Work in Brussels

While talking with experts during more thorough interviews, one more organizational aspect of “impact-making” quality surfaced – the issue of the preparation of Lithuanian representatives for work in Brussels. Therefore, research was conducted on how Lithuanian representatives are prepared for work in the EU Council. Only 3% of the respondents felt very well prepared, 31% – prepared when they first went to work in Brussels, and 15% admitted that they went unprepared. A calculated 51% of the respondents considered themselves to be only partially prepared (Figure 21).

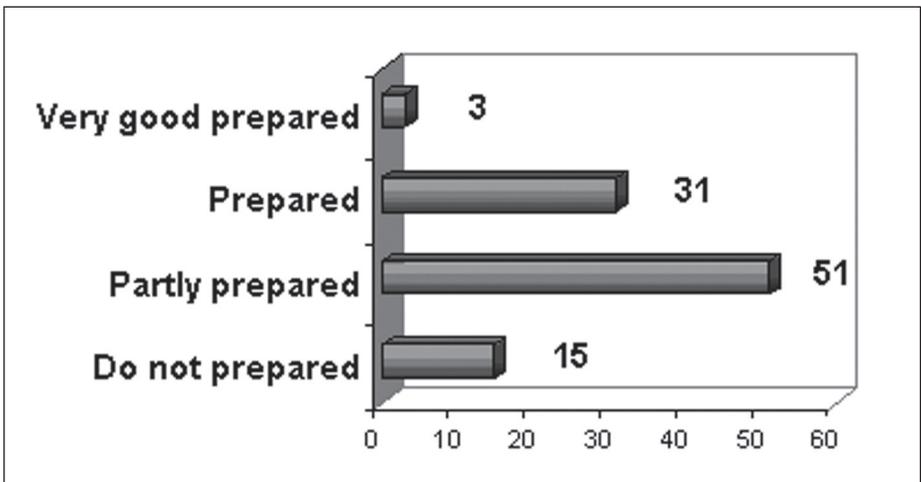


Figure 21. When you first went to work in Brussels and had to participate in the EU Council negotiations, did you feel sufficiently or insufficiently prepared for that? (%)

It turned out that a uniform training system for representation of Lithuanian interests in the EU Council is non-existent. Only half of the respondents indicated that they had attended an organized course. A calculated 49% of the respondents did not get any training (Figure 22), besides, only 12% of those who were purposefully trained estimated the preparatory measures “very well” and 38% – well. A calculated 38% of the respondents claimed that they had not been trained for work in Brussels (Figure 23).

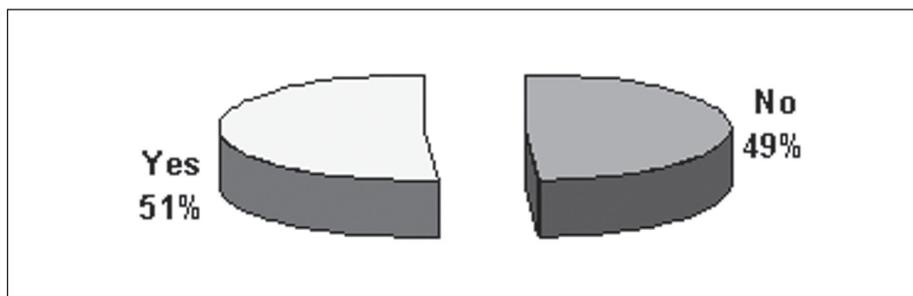


Figure 22. Has any training been organized for you to prepare for work in the EU Council? (%)

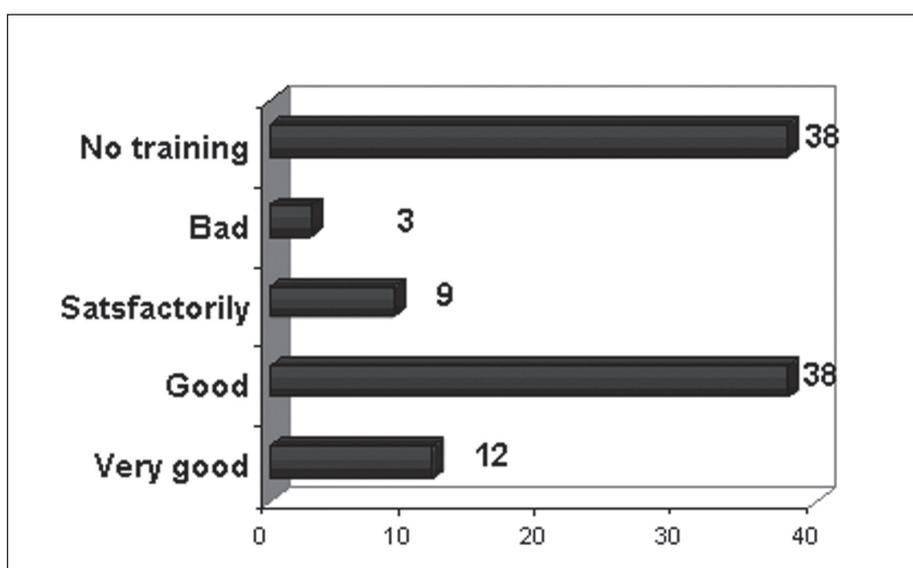


Figure 23. How do you estimate the training that had to help you prepare for the participation in EU Council negotiations? (%)

Keeping in mind the fact that the degree and nature of the preparation of those assigned to work in the EU Council were different due to various reasons, attempts were made to establish whether there existed any compensatory mechanisms that could at least partially eliminate preparation and qualification flaws and transfer the experience and skills gained by predecessors sufficiently effectively. However, as the respondents claimed, during the several membership years, neither the available experience of the EU membership or preparation for the membership, nor the data bank (74%), nor accumulation and transfer mechanism (74%) have so far been established (see Figure 24 and Figure 25). Yet, as indicated by the questionnaire data, informal channels for the exchange of experience do exist and apparently function well. This was indicated by 75% of the respondents (Figure 26).

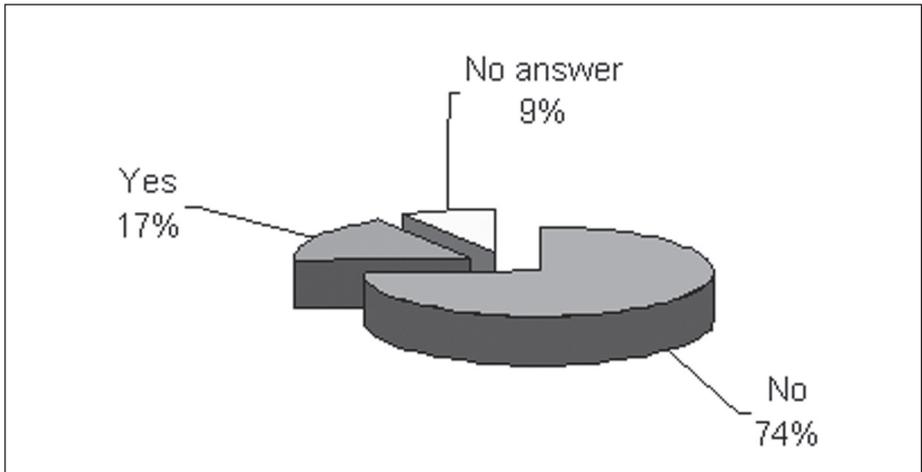


Figure 24. **Has a data bank of the gained experience and established personal relationships and contacts in the Lithuanian representation and other institutions been created? (%)**

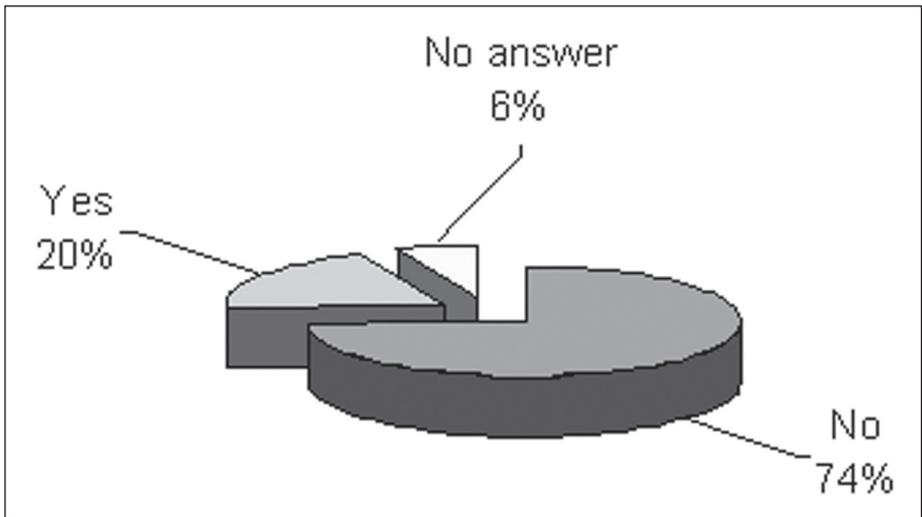


Figure 25. **Is there a formal mechanism for the transfer to followers of the gained experience and established personal relationships and contacts? (%)**

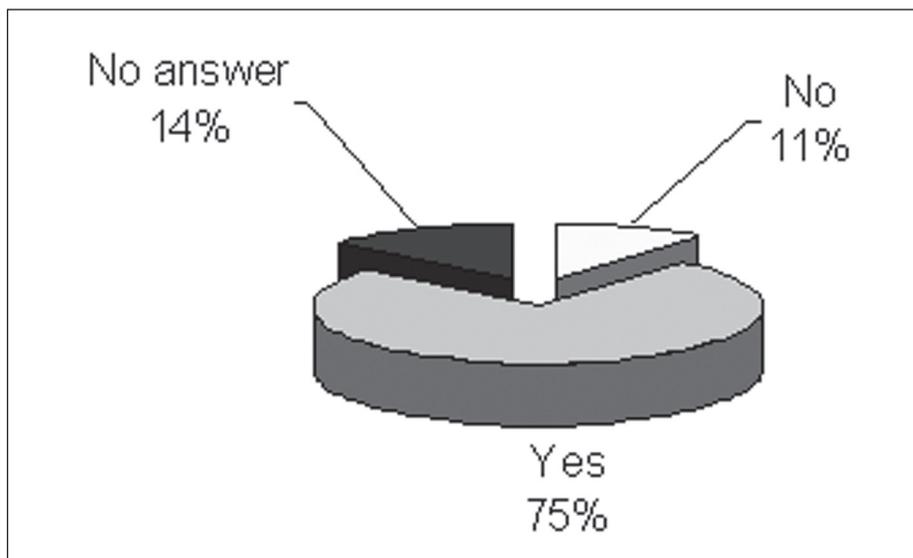


Figure 26. **If such a mechanism does not exist, is the information about the established personal relationships and contacts transferred informally to followers? (%)**

Summing up the presented data, an unavoidable necessity to formalize the accumulation and transfer of work experience in the EU Council becomes apparent. It is probable that the success of Lithuanian representatives in Brussels in negotiations concerning the decisions made largely depends on the familiarization with the decision-making “machinery” in the EU Council.

Conclusions

The experience of the Lithuanian representatives, gained during their work in institutions of the European Union, and Lithuania’s impact, determined by that experience on decisions taken in the EU Council are an extremely interesting yet so far only a slightly researched phenomenon. Such studies enable not only to record shortcomings and eliminate flaws, but also to regard Lithuania as if from the outside, to compare it with other EU member states and identify the real situation more accurately. Therefore, though scanty, this data is significant because, in a defined sense, it corrects our preconceived attitudes and convictions as to how and in what degree the EU impacts on Lithuania and, on the contrary, to what extent Lithuania is significant to the EU itself.

Besides, notwithstanding the relativity of the obtained results, this research was important in both the methodological and methodical sense. The formulated methodology and the approbated methods can serve as a basis and starting point for further research of a similar nature.

The performed analysis of the data makes it necessary to admit that the involvement of Lithuanians in the informal communication “net” within informal structures of EU relationships could be more intensive. The majority of representatives (here we will dissociate ourselves from some astoundingly perfect exceptions) confirmed that they are most often inclined to informally discuss “matters” with their neighbours – Baltic and Nordic countries, particularly with Poland. Undoubtedly, this way cannot be regarded as a negative phenomenon, yet it is obvious that the scope of informal communication contacts should be broader.

The results once more confirmed that Lithuania’s interests are of a rather narrow specialization; therefore, it remains of little “interest” to the EU decision-making core countries.

It was anticipated to find an explanation for such a situation by analyzing the issues of Lithuania’s capability “to make an impact” presented in the questionnaires of the respondents. The analysis of the data revealed that:

- During the three years of the membership, representatives of Lithuania did not always clearly and exactly know what they should seek while working in the EU Council working parties;
- A better-tuned mechanism of the socialization of all Lithuanian representatives (notwithstanding the area under their supervision) with a wider scope of the interests of the country is in short supply;
- The system of EU affairs coordination and preparation for concrete sittings of working groups and committees and particularly the system of horizontal relationships between departments should be improved;
- The preparation of Lithuanian representatives for standing negotiations in the EU Council should be improved by paying particular attention to the development of informal communication skills;
- The continuity of Lithuanian representatives’ work should be taken care of by improving and formalizing the order for the transfer of the gained experience and achievements of the predecessors.

It should be pointed out that apart from the identified teleological and administrative problems some definitely positive aspects have also been established. We met a group of competent, well-motivated and having a high level of preparation, representatives of Lithuania. A great part of the respondents confirmed that the Lithuanian EU affairs coordination system operates quite well, and its attributes such as capability, effectiveness and flexibility provide the administrative support in their everyday work. Therefore, the problems determined and identified during the research can be resolved sufficiently fast.

In conclusion, it should be stated that the data obtained makes it possible to claim that the impact of Lithuania on EU Council decisions is not null and void. It corresponds to the possibilities of an EU member state that is only gaining experience. The answer to the question – is it a balanced logical manifestation of the impact of a small country or only a fragmentary and accidental phenomenon? – could be supplied by research boasting a more comprehensive and much broader sample.

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The Problem of Asymmetry in Euro Area Enlargement

In May 2006, the European Commission and European Central Bank assessed, at the request of Lithuania, the convergence progress of the Republic of Lithuania and stated that the country fails to meet the convergence criterion for price stability. Thus, the country had to abandon the plans to join the euro area membership from early 2007. The reason for the negative assessment was that the annual average inflation rate in Lithuania measured as the Harmonised Index of Consumer Prices (HICP) was just slightly above the reference value of criterion for price stability defined in the Maastricht Treaty. Such a decision revealed some problems and new features of the euro area enlargement, which were not observed while creating the euro zone. This drew the attention of many economists and political experts of the European Union, which led to in-depth discussions on various issues of the euro area enlargement.

The authors suggest the hypothesis that the asymmetry in the actual convergence level and political power of the states, which is much higher than that while creating the euro area, results in uncertainty as to the enlargement with respect to some countries. This article aims to discuss the major problems in relation to the current euro area enlargement process and their consequences. At the outset, the authors analyze the features of the asymmetry of the euro area enlargement and political economy highlighting their essential differences at the time of the creation of the euro area and now. Then, they present the analysis of the institutional framework of the euro area enlargement, which was formed after the largest ever number of new states altogether entered the European Union in 2004, and considers the efficiency of the Exchange Rate Mechanism (ERM) II. Furthermore, the article deals with various aspects of the Lithuanian request to assess the convergence progress in anticipation of the positive result and analyses the reasons for and consequences of postponing the expectations for the euro adoption. Finally, it presents general conclusions and proposals as to how the asymmetry matters should be tackled with in pursuit of seamless enlargement of the euro area.

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1. Peculiarities of Euro Area Enlargement

The historic EU enlargement in 2004 created a totally new environment with wide-ranging political, economic and social characteristic features. One may ask: how did it affect the euro area enlargement process and what particularities did it contain in comparison to the euro area creation period?

Due to potentially greater benefit, the immediate adoption of the euro is seen by the new EU member states more favourable than it was seen by the states signatories of the euro area at the outset:

- First: the main reason for this is that the well-functioning euro diminished the mistrust of the single currency and doubts about the risks of the euro area effective functioning. With the euro project turning into a success story the possibility to join the project now looks much more attractive.
- Second: it is becoming obvious, that in the integrated global world, more economic benefit and attraction seems to be offered by the so-called marginal monetary models – monetary unions or a fully flexible exchange rate regimes.
- Third: former transition economies now contain a higher exchange rate volatility risk than the euro area states at the time of creation of euro zone, so the adoption of the euro is a particularly attractive way of eliminating this risk.
- Finally, the adoption of the euro increases the potential for integration and benefit from trade development as well as accelerates financial integration and results in potentially faster pace of the economic growth after the euro adoption¹.

Consequently, no sooner had they entered the European Union than almost all new member states declared without hesitation their wish to adopt the euro at the first opportunity after the two years of staying in the ERM II. Many of them, unfortunately, had to significantly postpone the adoption date (Table 1).

Table 1. Euro adoption dates foreseen and being planned by the new EU member states^{2*}

State, accession to ERM II	November 2004	September 2005	October 2006	2007	Monetary regime used
The Czech Republic	2009–2010	1 January 2010	Not identified	2012	Inflation target
Cyprus, 2 May 2005	2007	1 January 2008	1 January 2008	1 January 2008	Fixed rate

¹ Ahearne A., Pisani-Ferry J., „The Euro: Only for the Agile“, *Bruegel policy brief*, 01 02 2006. Schadler S., Drummond P., Kuijs L., Murgasova Z., Elkan R., „Adopting the Euro in Central Europe: Challenges of the Next Step in European Integration“, *IMF Occasional Paper* 234, 2005.

^{2*} The table was drawn up with reference to the reports by the European Commission on preparations to introduce the euro and statements by the governments of the countries

Estonia, 8 June 2004	2006–2007	1 January 2007	1 January 2008	2011	Currency bo- ard system
Hungary	2009–2010	1 January 2010	Not identified	2012 m.	Inflation target
Latvia, 2 May 2005	1 January 2008	1 January 2008	1 January 2008	2011–2013 m.	Fixed rate
Lithuania, 28 June 2004	1 January 2007	1 January 2007	2010 [*]	1 January 2010 ^{2**}	Currency board system
Malta, 2 May 2005	2008	1 January 2008	1 January 2008	1 January 2008	Fixed rate
Poland	2009	Not identi- fied	Not identified	2012	Inflation target
Slovakia,	1 January 2008	1 January 2009	1 January 2009	1 January 2009	Inflation target
Slovenia, 28 June 2004	1 January 2007	1 January 2007	1 January 2007	Euro adop- tion on 1 January 2007	

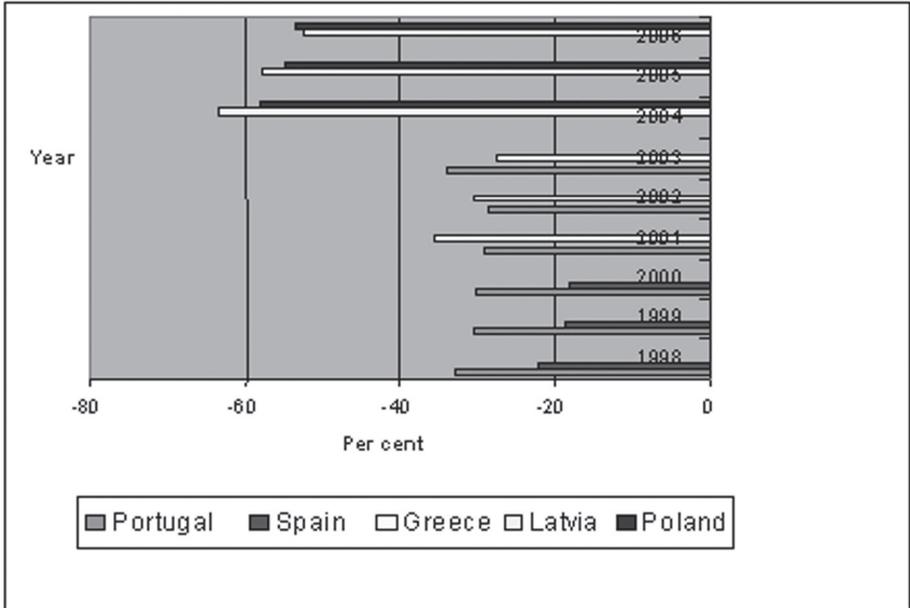
In the same vein, as during the process of creation of the Maastricht Treaty, it is expected that all states of the European Union will have to join the euro area. The Maastricht convergence criteria remained unchanged for all countries joining the euro area. Yet, economic, political and social conditions of the enlargement actually differ if compared to the time when various questions were negotiated and decision was being made as to what countries should first join the euro membership club.

The basic new specific feature of the economics and politics in the enlarged European Union is the increased asymmetry. This problem was among the most discussed issues upon preparations to introduce the single currency, however, a political will was expressed and a consensus was reached not to wait for higher symmetry *ex anti*, but rather achieve it *ex post*³. The theory of optimum currency areas proclaims that countries willing to set monetary unions must fulfil certain criteria, which predetermine symmetry in external shocks or shakes and the country's capacity to overcome them⁴. Economic shocks must be symmetric and the response of the economy to them must be in a similar vein;

³Frankel J. A., Rose A. K. "Is EMU More Justifiable *ex post* than *ex ante*?", *European Economic Review* 41, 1998, p.753–760.

⁴Mundell R. A., "A Theory of Optimum Currency Areas", *American Economic Review* 51, 1961, p. 657–665; Mundell R. A., "Uncommon Arguments for Common Currencies" in Johnson H., Swoboda A., eds., *The Economics of Common Currencies*, London: Allen and Unwin, 1973; Kenen P., "The Optimum Currency Area: an Eclectic View" in Mundell R. A., Swoboda A., eds., *Monetary Problems of the International Economy*, Chicago, 1969; Krugman P., "Lessons of Massachusetts for EMU" in Torres F., Giavazzi F., eds., *Adjustment and Growth in the European Monetary Union*, Cambridge: University Press, 1993, p. 241–269; Krugman P., "Lessons of Massachusetts for EMU" in Torres F., Giavazzi F., eds., *Adjustment and Growth in the European Monetary Union*, Cambridge: University Press, 1993, p. 241–269; Alesina A., Barro R., Tenreiro S., "Optimal Currency Areas", *NBER Working Paper* 9702, 2002.

otherwise, symmetric shocks may cause undesirable divergence of the economic development. A higher level of real convergence causes greater asymmetry. Our assessment shows that asymmetry increased markedly following the latest EU enlargement stages (see Figure 1).



Source: Eurostat data

Figure 1. **Gross domestic product per capita; largest negative deviations from the euro area average in per cent**

In the new EU member states affected by the so-called Balassa–Samuelson effect deriving naturally in the course of real convergence, the inflation rate throughout the entire real convergence is normally relatively higher than the average of the euro area states. Since tradable sectors attracting more foreign investments for new technologies record faster labour productivity growth than in sheltered sectors, a rise in the wages affects the increase in the wages in non-tradable sectors. To maintain profit margin in non-tradable sectors, prices should inevitably rise. The impact of the Balassa–Samuelson effect manifests itself in the rise of internal inflation, appreciation of the real exchange rate in respect of the exchange rate as an “anchor” and finally it predetermines the difference in inflation in individual countries. The studies of the International Monetary Fund (IMF) and some other institutions suggest that the Balassa–Samuelson effect may cause under the ERM II conditions an increase in inflation

in the new EU member states in the range of 1–2 per cent⁵. Other studies show slightly smaller impact⁶. Still, in general, this effect evidently takes on a particular importance, since it influences the fulfilment of price stability criterion. The Balassa–Samuelson effect is a real convergence phenomenon. It shows that a probability of fulfilment of the price stability criterion for the euro adoption is inversely proportional to the level of real convergence.

For some time labour productivity in Lithuanian tradable and non-tradable sectors has been rising in a very similar line, the impact of this effect, therefore, was not of great significance⁷. Its impact, however, has been increasing of late.

As a result, asymmetric shocks may affect the new EU member states to a much greater extent. It only adds to the arguments of real convergence advocates and to the scepticism about the possibility to adopt the euro, since many EU newcomers under the impact of the mentioned effect are, at the same time, in absolutely different phases of the business cycle⁸. Different levels of real convergence and more rapid economic convergence process of countries with lowest income lead to higher growth rate of gross domestic product (GDP) and labour productivity and a little higher level of inflation and current account deficit. Naturally, supporters of this viewpoint tend to think that some regulation of the currency exchange rate is necessary at a certain point with a view to slow down the economic growth. They believe that early membership in the euro area would heavily burden the regulation of economy. These arguments concerning real convergence, though, have not prevented the current euro countries from introducing a single currency. Nor are they diminishing the wish of the states to join the euro area. On the other hand, these arguments are thought to form a sceptical attitude towards the possibilities of the countries with low real income level to join the area⁹.

Such opinion prevails not only within academic circles, but it also influences the mind of some decision-takers in the European Central Bank. Jean-Claude Trichet, The president of the ECB, presented a similar position, while visiting Bulgaria in 2006, and warned against entering of some countries the euro area at an insufficient development. Quoting the President, “while it is fully understandable for a young, ambitious and talented sportsperson to want to join the champion’s league as soon as possible, this person might

⁵ Schadler S., Drummond P., Kuijs L., Murgasova Z., Elkan R., “Adopting the Euro in Central Europe: Challenges of the Next Step in European Integration“, *IMF Occasional Paper* 234, 2005.

⁶ Balasz E., “Assessing Equilibrium Exchange Rates in CEE Acceding Countries: Can We Have DEER with BEER without FEER? A Critical Survey of the Literature“, *Focus on Transition* 2, 2003.

⁷ Kuodis R. “Dėl narystės ekonominėje ir pinigų sąjungoje siekiančių šalių valiutos kurso pasirinkimo strategijų“ [“On the Choice of the Exchange Rate Strategy by Countries Seeking EMU Membership“], *P pinigų studijos* 1, 2003, p. 5–22 (in Lithuanian).

⁸ Babetski J., Boon L., Maurel M., “Exchange Rate Regimes and Supply Shock Asymmetry: the Case of the Accession Countries“, *CERGE-EI Working paper* 206, 2003.; Frenkel M., Nickel C., “How Symmetric are the Shocks and the Shock Adjustment Dynamics between the Euro Area and Central and Eastern European Countries?“, Washington, D. C.: *IMF Working Paper* 222, December, 2002.

⁹ Munchau W., “Monetary Union is not for Poor“, *Financial Times*, 29 01 2006.

sometimes be better off taking a bit more time for training in order to further develop and strengthen his talents in a favourable environment.”¹⁰. A similar position has been also expressed by Jürgen Stark, member of the ECB Governing Council¹¹. Obviously, the common market of the euro area states will see growing tendencies for specialization, those countries, therefore, will still face asymmetric shocks. The divergence of inflation norms and external positions is likely to carry on regardless of whether a country will or will not join the euro area. New challenges that may emerge in this context will largely depend on the flexibility of the structure of a country’s economy.

Unfortunately, based on such arguments concerning real convergence, consideration is not given to the most important features of economic and monetary unions: the economies of their members must be quite flexible in order to reap the benefits of a stable monetary environment. The assumption that economies of states, potential euro area members, are not flexible enough collides with empirical facts. Many new EU member states having adopted the so-called currency board system have not used a nominal effective exchange rate as a means of restoring economic balance, this though long since they successfully retained a high level of competition. So, in the future, this should not be an insurmountable obstacle for these countries¹². Besides, such an interpretation of real convergence criteria contradicts the logic of economics, for absolutely no analysis is made as to the countries’ capability to participate in the area of the single currency. Lithuania’s capability to efficiently withstand shocks without using the nominal effective exchange rate is among the strongest economic arguments in favour of Lithuania’s successful participation in the euro area. Regrettably, the interpretations give priority to the mechanical application of the formal Maastricht criteria. Due to such interpretations, Lithuania could not expect, even if it meets the criteria, to adopt the euro. It is important; therefore, to seek that for in the future the assessment concerning the capability to participate in the euro area should be more based on the economic logic.

In many cases, the Balassa-Samuelson effect will result in a higher equilibrium inflation rate compared to the average in the euro zone. But in other cases, in trade and telecommunications, this effect will predetermine lower real effective exchange rate. Any way, the divergence of inflation rates does not signify any weakness. Yet, it would be unfair to ignore the fact that the Maastricht criterion for price stability is ever changing in a less homogenous and a more asymmetric European Union and its fulfilment is becoming ever more complicated.

¹⁰Trichet J. C., “Looking at EU and Euro Area Enlargement from a Central Banker’s Angle: The Views of the ECB”, Speech by President of the European Central Bank, Diplomatic Institute Sofia, 27 02 2006.

¹¹ Stark J., “Economic and Monetary Policy Challenges of Euro Area Enlargement”, Diner speech at Conference the changing landscape of FDI in Europe, Oesterreiche Nationalbank, Vienna, 20 11 2006.

¹² Mody A., Rosenberg C., “Why Lithuania and Estonia could Fare Well in Eurozone?”, *Financial Times*, 08 02 2006.

2. Changes of the Institutional Framework

The creation of the euro area and recent EU enlargement stages has, in essence, changed the institutional framework of the decision-making process for the euro area. Before the creation of euro zone the institutional arrangements for the politics of the European Union were rather symmetric and economics and finance ministers of member states and heads of national central banks equally represented their countries at the Committee on Economic and Monetary Affairs, Economic and Financial Affairs Council or Ecofin and all other forums. With the appearance of the euro area, the politics of the European Union became asymmetric. Now, the decisive word belongs to the ministers of the euro area states having the possibility to discuss their position in the circle of representatives of the area. In this way, they would have a decisive word in the decision adoption process at the Ecofin, where representatives of the new EU member states are rare guests. Furthermore, being of various i.e. two (full and limited) make-ups and three compositions the Economic and Financial Committee and the Economic and Financial Affairs Council are set up in such a way, that quite often the heads of national central banks cannot efficiently represent their countries when discussions are held on important issues of the euro area enlargement directly pertaining to the state interests. Such a practice notably differs from that at the time of the creation of the euro area, when all economics and finance ministers and governors of national central banks had equal rights in the mentioned forums dealing with the issues of the euro zone. It is more important that heads of national central banks were key architects of the institutional frameworks for the economic and monetary union. The Jacques Delors' Commission, having designed a model of the economic and monetary union, included heads of national central banks from all Community countries. Regrettably, with the adoption of the euro, the competition of some big EU states as well as institutional and political interests, in fact, 'courteously' expelled central bank governors from the intense activities at the Ecofin. In this respect, the selection process for the first euro zone members was an example of symmetric political negotiations, since all voices were equally heard and votes were important. The European Commission could better perform its function as a mediator in safeguarding the interests of the Community as a whole. To the contrary, the euro area enlargement is characterized by an asymmetric system, where the outcome of negotiations or discussions entirely depends on economics and finance ministers of the states of the area.

Before the euro area was created, the EU member states had already experienced a long, almost 50 year period, of monetary integration with certain success and crises. The euro introduction was, by then, the third attempt to build a monetary union after the signature of the Rome Treaty. As a result, the member states were inclined to show more solidarity and flexibility in interpreting the formulations of the Maastricht Treaty. All the more so that most of the criteria and indicators were interpreted for the first time offering,

thus, much greater possibilities for manoeuvring in and accommodation of the interests of the member states the most effective as possible. In addition, the countries then showed more solidarity for many of them expected, for the sake of a common goal, an easier solution of certain economic, political and social issues at home.

Conversely, today's euro area enlargement process actually witnesses a different economic environment. The old member states have undergone a rather lengthy period of high inflation and economic shocks and the euro adoption preconditioned low inflation not merely in the euro zone, but also in other countries of the European Union. Rates of economic growth in individual states markedly differ, so do real income and macroeconomic conditions. The enthusiasm of the current members of the euro area about the enlargement is very different from the eagerness in the last decade, at the time of creation of the area. To be truthful, although the political resolution of the governments in the new EU member states is to adopt the euro is overall, these countries face severe democratic deficit and the support of their citizens for the euro introduction is largely not strong enough.

With the economic and institutional environment conditions changed after the establishment of the euro area, the decision-making process should most importantly retain the content and spirit of the principle of equal treatment with respect to all member states of the European Union. In the Community countries, non-members of the ERM II, the inflation may be affected by asymmetric shocks, including the currency exchange rate movements. In regard to all EU member states, the principle of equal treatment may mean that the candidate countries for the euro area have imposed stricter conditions and more stringent requirements compared to the first members of the area. This was actually, the main obstacle for Lithuania to meet, in a sure and unchallenged manner, the inflation convergence criteria. The assessment being made taking into account the indicators of the three best-performing countries, two of which, namely, Sweden and Poland, are not participating in the ERM II. Consequently, a different interpretation, though, absolutely in the spirit of the Maastricht Treaty, was to expect.

The recent stages of the EU's enlargement also highlighted some differences in the process of the political economy of individual states. One cannot but understand the concern expressed by the big EU countries over the adoption of decisions, which upon the compromise provisions under the Nice Treaty entering into effect turned out to be rather ineffective with their power decreasing in the decision-making process¹³. The big countries, EMU 'signatories', therefore, enhanced the role of the Euro group at the Ecofin and *de facto* took informal power in hand. Practically, the new countries of the European Union are isolated and their participation is limited in the decision-drafting and making process, though *de jure* they are members of the EMU, although with the derogation not to adopt the euro. Robert A. Mundell, founder of the theory of

¹³ Baldwin R., Wyplosz C., *The Economics of European Integration*, London: McGraw-Hill, 2006.

optimal currency areas, put forward very sound arguments suggesting that the new countries of the European Union should not be excluded from the EMU development matters¹⁴. There is irrationality in that the issues of importance to these countries are discussed in their absence. The new member states should be represented at least when matters directly pertaining to them are considered. A constructive dialogue between the new EU member states and Community institutions is also a necessity.

Institutions of the European Union should pursue, by their inherent function, to reduce asymmetries of various types, first of all institutional. Lithuania has been sent by the European Commission, mostly through public relations, adverse signals concerning potential participation in the euro area; regrettably an open dialogue and proposals on the problem solution were missing. Naturally, the European Commission was expected to have figured more prominently taking into account both: the Portugal lessons and experience in the euro adoption. In the 2004 conference held in Portugal, also visited by José M. Barosso, the then Commissar of the European Commission, prof. Anibal Cavaco Silva, Prime Minister of Portugal, underscored the vital role of the European Commission in this process. He emphasized that the European Commission was particularly active in defending the interests of the small countries in the context of the euro membership of Portugal¹⁵. As we know, Lithuania received no such support. Following the negative decision of the institutions of the European Union efforts were made to intensify relations with them by setting up a working group to assist in preparations for the euro adoption. Yet, the group has not demonstrated any particular results so far. In conclusion, one may say that the recent EU enlargement stages spotlighted the transformation of economic and institutional conditions from symmetric to asymmetric with lesser solidarity.

3. Exchange Rate Mechanism II: Is it Really a “Waiting Room”?

The European Union enlargement has significantly added value to the Exchange Rate Mechanism II. Its purpose is to perform two major functions. First and foremost, it is a criterion of currency stability while assessing convergence. Then, this mechanism must be an important instrument for coordination and harmonization of the monetary policy. The number of participating member states has risen to ten. The European Union institutions stress the importance

¹⁴ Mundell R. A., “Exchange Rate Arrangements in Central and Eastern Europe” in Arndt S., Handler H., Salvatore D., *Eastern Enlargement: the Sooner, the Better?*, Vienna: Austrian Federal Ministry of Economic Affairs and Labor, 2002, p. 168–165.

¹⁵ Cavaco Silva A., “The Portuguese Experience in the Integration Process”, Special Address at the Millennium Bankers Seminar for the new EU Member States and Candidate Countries, Lisbon, February, 2004.

of participation in the ERM II¹⁶. These circumstances should encourage the improvement of its operation. Right after the creation of the euro area the only participant in the mechanism was Denmark, and Denmark was not intending to adopt the euro thus far. This essential institutional measure for monetary integration was 'neglected' both in academic and political circles. At the same time, the ERM II, though actually different from the monetary system of the earlier ERM, inherited from the latter some deficiencies and not a very good reputation among finance markets players. At the backstage, the economists often refer to the ERM as a 'waiting room' for the euro adoption.

Economists largely acknowledge that the reason for the crisis of the 1992–1993 ERM was the unwillingness or inability of the states participating in the monetary system to coordinate the economic policy. Currently, the European Union has a sufficient arsenal of monetary policy instruments. Here, the updated Stability and Growth Pact, Lisbon Strategy and Luxemburg Process make up an integral institutional system of coordination and friendly cooperation. Additionally, the European Central Bank also has certain institutional measures. It discusses, twice a year, the report on coordination of monetary policy and once a year the annual report on the ERM II operation. These ECB measures, however, cover only the issues of the monetary policy, while honouring major commitments is within the competence of governments. On an institutional level, these, unfortunately, are not good communicating vessels.

The recent experience of the ERM II suggests that possibilities of cooperation and peer pressure are not used to the full. As it concerns Lithuania, the entire two-year period of participation in the ERM II has not actually seen any significant considerations and discussions on carrying out of the commitments assumed upon joining the mechanism or implementation of relevant political measures. What is more, the Lithuanian Government was forced in an effort to present its attitude, to use foreign policy channels in order to present their views to the European Union institutions and governments. In other words, measures of foreign policy dialogue had to be employed, even though this issue is a matter of the EU internal market.

One can hardly wonder then, that with the two successful years in the ERM II past, the assessment in the progress report on convergence, stating that Lithuania failed to comply with the requirement of price stability, was unexpected to some extent. International financial institutions took the prevailing attitude that participation in the ERM II is appropriate only upon sufficient preparations and the euro is very likely to be adopted after two years. In this respect, the successful joining of Lithuania, Slovenia and Estonia to this mechanism has naturally raised positive expectations for a favourable result.

Consideration of various difficulties and the fulfilment of commitments while in the ERM II, should become a relevant element of the entire coordination process of the economic policy. Its participants should form much clearer

¹⁶ECB, "Policy Position of the Governing Council of the European Central Bank on Exchange Rate Issues Relating to the Acceding Countries", 18 12 2003.

expectations and policy recipes, and also enhance the monitoring of monetary integration. It should be, if not more intensive and efficient, at least similar to the prevention programmes developed earlier together with the IMF, when the states now within the ERM II wished such programmes in pursuit of a closer dialogue and benefit from international consulting. It would be appropriate to periodically update the formulations of the commitments. The agreement on the Exchange Rate Mechanism II, which was signed on behalf of Lithuania by the Chairperson of the Board of the Bank of Lithuania and Minister of Finance under the authority of the Government, provides the commitments of our country with their formulation in a very abstract way, declaration form and for the unlimited term. They remained unchanged even after the two years of participation in the mechanism, when new topical issues and problematic areas emerged. Furthermore, no monitoring is provided to ensure proper fulfilment of the commitments and there is no guarantee that even if the commitments were met the country would be 'honoured' with a favourable assessment or at least uniform interpretation of the Maastricht criteria.

The form of the EMR II is not as effective as it could be and really can remind us more of 'a waiting room'. Therefore, it is appropriate to change the current situation in order to prevent the mechanism from further losing its reputation. It is also important to use in a more efficient manner its possibilities to coordinate the monetary policy, and to strengthen the mechanism of monetary integration in the preparations for participation in the euro zone.

4. Postponed Expectations for Euro Adoption: Why and for How Long?

Lithuania's request to assess the convergence progress and interpretation of some assessment moments brought to light many new nuances in the enlargement of the euro area. When preparing a decision, many of them were named more specifically and the discussion in the EU institutions provided answers to numerous questions. Still, there are quite a lot of uncertainties. The logic of assessment and the analysis of the discussion suggest a conclusion that the euro expectations may be postponed not solely for Lithuania, but for other countries applying to the currency board system as well, and this for an indefinite term. The crucial question remaining unanswered is – for how long? We can but regret that the answer to this question is becoming ever more unclear as it was before the convergence assessment. So far, market players have been tolerant towards such indefiniteness. This notwithstanding, the level of such tolerance is obscure and is to be tested in the future.

Although the European Commission used to repeat, that the convergence assessment of Lithuania is more of a technical exercise, the later course of events revealed this to be apparently a coordinated solution of some political type. Joaquin Almunia, European Union Commissioner for Economic and Monetary

Affairs, marked in his address to the Belgian Royal Society for Political Economy on 19 January 2006, that the most important criteria is that of inflation and warned that inflation in Lithuania pursuing the euro area membership is too high¹⁷. Karl-Heinz Grasser, the Minister of Finance of the then Austrian Presidency, declared at the 23 January 2006 EP Committee of Economy, that the single currency of the euro area will be adopted in 2007 only by Slovenia, while Lithuania will most probably face too high inflation¹⁸. *Deutsche Bundesbank*, one of the most influential members within the European central bank system, struck another blow for the EU newcomers in its monthly report: it encouraged members not to hurry with the euro area enlargement¹⁹.

The first official signal indicating that Lithuania fails to fulfil the criterion of price stability came from the EU Commissioner Almunia on 22 February 2006²⁰. This might have been an expression of the preliminary opinion being formed about the future negative assessment, which caused the wonder on the part of Reinoldijus Šarkinas, Chairperson of the Board of the Bank of Lithuania. He claimed that such assessments were premature, since those and the decision on meeting the price stability criterion by Lithuania should be announced, upon the proposal of the European Commission, by the Ecofin²¹. Based on the experience of positive and transparent cooperation with the IMF, the head of the Bank of Lithuania could not have expected that the decision had already been discussed and formulated in advance, without participation of the Lithuanian representatives and even without offering them possibilities to present their arguments and listen to the opinion of opponents. Eventually, the decision of the Ecofin was strict: Lithuania failed to satisfy the price stability criterion.

Some analysts of the European Union stressed that Lithuania became the first victim of a tougher treatment of criteria for the euro area enlargement²². One can but agree with it. Although the inflation rate in Lithuania was officially, at the time of assessment, just slightly (0.07 basis points) higher than the set criterion of price stability, it is obvious that compliance with the same principles applied upon the development of the euro area would have permitted non-infringement of the legal framework of the Maastricht Treaty and adoption of the decision in favour of Lithuania. One may say that if the assessment of the fulfilment of the Maastricht criteria were that strict, as it was in respect to Lithuania, many of the current states would not enjoy the euro membership.

¹⁷ AFP-BNS, *Lietuva ir Estija nevykdo Maastrichto kriterijų, perspėja ES komisaras* [Lithuania and Estonia does not Meet Maastricht Criteria, Warns the EU Commissioner], 20 01 2006 (in Lithuanian).

¹⁸ Reuters-ELTA, K. H. Graseris: *Estijos ir Lietuvos infliacija greičiausiai bus per didelė įsivesti eurą* [K. H. Graser: Excessive Inflation in Estonia and Lithuania is Expected to Prevent the Euro Introduction], 24 01 2006 (in Lithuanian).

¹⁹ BNS, *Vokietijos centrinis bankas ragina neskubėti plėsti euro zonos* [Germany's Central Bank Urges not to Hurry with the Extension of the Euro Zone], 24 01 2006 (in Lithuanian).

²⁰ Komisaras J. Almunia: "Lietuva neatitinka infliacijos kriterijų" ["Lithuania does not Meet Inflation Criteria"], *Respublika*, 23 02 2006 (Based on the press conference of 22 February 2006) (in Lithuanian).

²¹ "R. Šarkinas eurokomisaro vertinimą vadina neetišku" ["R. Šarkinas Considers the Euro-Commissioner's Assessment to be Unethical"], *Lietuvos aidas*, 25 02 2006 (in Lithuanian).

²² "Lithuania Set to Become Victim of Tough EU Single Currency Stance", *Financial Times*, 13 03 2006.

Before the request to assess the convergence progress was submitted, it had been underlined not once that inflation in Lithuania, in respect of the criterion, will be higher or lower (in terms of figures) very slightly, the difference being as small as hundredths. The inflation in March 2006 in our state made up 2.63 per cent, while the inflation stability criterion was 2.72 per cent. Lithuanian representatives put forward arguments not without reason that the country would satisfy the price stability criterion, if paradoxically as it may sound, we used more precise calculation methods. If a more exact rounding-off mechanism were applied and the lowest inflation in the three member states were calculated in hundredths percent and, in rounding-off, merely its average would be computed, the inflation in Lithuania would run at 2.66 per cent and would not exceed the criterion²³.

Of course this would be a different, yet a more accurate, assessment method as has been used up till now. However, this was also the first case in the history of the European Union, when the difference in the figure values was so insignificant that it would be absolutely lawful to employ a more exact assessment method. On the other hand, there were quite numerous possibilities for manoeuvring both upon identifying the states with the lowest inflation and in interpreting the definition of the lowest inflation. The first indent of Article 121(1) of the Treaty, establishing the European Community expands on this issue as follows: the achievement of a high degree of price stability “will be apparent from a rate of inflation which is close to that of, at most, the three best performing Member States in terms of price stability”²⁴.

A precedent was created when Lithuania in the 2004 progress report on convergence stating 0.2 per cent negative inflation was considered as an “outlier”, an exception. A very low inflation, even if it fulfils the criterion of price stability, is not regarded as a good performance. Given the argued critique of analysts, the Governing Council of the ECB revised the objective of the monetary policy and set a target to retain inflation below, but close to 2 per cent. In case of Lithuania, the reference inflation level was influenced by the choice of Sweden as one of the best performing country. But Sweden participates neither in the euro area nor ERM II. Its inflation level was below 1 per cent. Sweden, therefore, pursuing price stability, compromised its own target, the lowest limit of inflation tolerance. Keeping in mind the fact that Sweden is applying the inflation-targeting monetary policy regime, it is difficult to assess inflation in the country as the best result in terms of price stability. Besides, the inflation criterion should not necessarily mean the average inflation of the best performing countries, even if such practice prevailed before. Finally, quoting the explicit opinion of the Lithuanian institutions, a much better assessment period would have been April rather than March. It is difficult to explain the fact that the progress report on convergence was announced just one day be-

²³ Krikščiūnas R., “Enlargement of the Euro Zone – Why and When for Lithuania?”, Brussels: Center for European policy studies, 10 05 2006.

²⁴ *Europos Bendrijos steigimo sutartis* [Treaty Establishing the European Community], Art. 121.

fore the inflation figures of the EU member states in April were released. And they showed that the criterion for price stability went up to 2.7 per cent. Then, Lithuania has fully satisfied the price stability criterion. In this way, we see that the Maastricht Treaty allows some freedom for interpretation in defining the lowest inflation and in case of Lithuania this could have come in handy.

In interpretation of criteria fulfilment, a solidarity aspect is very important. Certainly, new countries could not have expected less demanding requirements; yet, imposing requirements stricter than those for the current euro area members came as a surprise for the many. If such criteria had been set for the old states, the European Union could scarcely now enjoy the primary public good, namely a single currency, the euro. Many current members of the euro zone felt the great solidarity demonstrated by the fellow countries: Italy and Belgium were allowed to adopt the euro, even though their level of debt exceeded the 100 per cent GDP; France and Germany offered each other particularly substantial political concession in an effort to meet not only the membership criteria, but also domestic requirements of political powers; Italy and Finland adopted the euro having participated in the ERM for less than the required two years; Greece was given a favourable decision regardless of its submission of incorrect data on the budget deficit. Yet, the most significant concessions were won then due to the solidarity of the countries, candidates to the euro area, undertaking a liberal assessment of fulfilment measures for the budget deficit criterion. There was not the slightest idea about a stricter assessment of the sustainability in respect of this factor. It is no wonder then that after the adoption of the euro, this led to chronic non-compliance with the budget deficit criteria by many states.

Accordingly, a closer analysis of the assessment of the evaluation in regards to the ability to fulfil the inflation criterion in Lithuania suggests a conclusion that there were quite good possibilities to give the situation a favourable interpretation also complying with the all legal requirements of the European Union. In the spirit of the Maastricht Treaty and sticking to the principles of equal treatment and solidarity of the states that have long been declared till now, it would have been just to make a positive decision concerning the Lithuanian membership in the euro area, even more so, that the country has fulfilled, fully and unquestionably, all other economic and legal convergence criteria.

What is more important, it might have been the first time that the decision-making process included the aspect of sustainability of inflation. In other words, a new component of the criterion for price stability appeared which was not applied for the states, founders of the euro area. Much about fulfilment and sustainability of some criteria is suggested by our assessment presented in Table 2. It shows the time the euro members had been fulfilling convergence criteria.

Table 2. Time (in per cent) of fulfilment of the Maastricht criteria by the member states of the euro area in 1999–2006²⁵

State	Price stability	Budget deficit	Debt of state sector	Interest rates
Austria	100	100	0	100
Belgium	91	100	0	100
Finland	88	100	100	100
France	92	43	57	100
Germany	100	43	14	100
Greece	6	14	0	100
Italy	73	43	0	100
Ireland	28	100	100	100
Luxemburg	46	100	100	100
Netherlands	65	100	0	100
Portugal	30	71	86	100
Spain	23	100	71	100

The table shows that none of the countries having adopted the euro fulfilled all of the convergence criteria throughout the period of the adoption of the single currency. Still, following the economic logic, one must agree that this is not needed. Rimvydas Baltaduonis and Marius Jurgilas, young scientists of Lithuania, while analyzing a hypothetical monetary union proved that some regions in the USA would not have satisfied convergence criteria throughout the entire period between 1997 and 2005²⁶.

The convergence report of December 2006 interprets the meeting of the criterion of inflation sustainability as follows: "The requirement of sustainability implies that a satisfactory inflation performance must essentially be achieved by the adequate behaviour of input costs and other factors influencing price developments in a structural manner, rather than reflect the influence of temporary factors. Therefore, the convergence examination includes an assessment of the underlying factors of inflation and of medium-term prospects. It is also assessed whether the country is likely to meet the reference value in the months ahead."²⁷ The Maastricht Treaty does not provide a precise definition of the concept of inflation sustainability. It does not clarify the period (in respect of both - the past and future) acceptable in terms of sustainability and it raises the issue of applying the sustainability principle also when identifying states with

²⁵ Authors' calculations based on Eurostat data

²⁶ Baltaduonis R., Jurgilas M., "Lithuania and the Euro", Presentation, Department of Economics, University of Connecticut, 02 05 2006, <http://www.sp.uconn.edu/~rib01002/LTeuro.pdf>, 30 04 2007.

²⁷ Commission of the European Communities, "Convergence Report December 2006 (COM 762)", EUR-Lex. <http://eur-lex.europa.eu/lt/prep/index.htm>, 03 05 2007.

the lowest inflation. Most probably, it should apply symmetrically meaning in respect to a country under assessment and reference countries.

Though assessment of sustainability is quite a subjective process, it becomes a legal argument when deciding on the euro adoption. Such interpretation of the criterion of price stability poses very serious challenges for the states that have adopted a currency board system and have been taken hostage by an existing unfavourable environment. The strategy of a fixed exchange rate strategy chosen by Lithuania, also by Estonia and Bulgaria, and implemented in a form of a currency board contributed to stabilization of the macroeconomic situation and inflation expectations. A transparent transition of litas from the US dollar peg to the euro allowed a struggling to achieve inflation convergence with other euro area countries. The specifics of a currency board system do not allow making use of any possibilities of exchange rate fluctuations trying to affect the inflation factor for a longer period and slightly strengthening the national exchange rate. Thus, these countries have little option to fulfil the price stability criterion interpreted in this way. Such a moment in all likelihood may not come before the end of the real convergence, that is, more than one decade²⁸. The longer Lithuania stays out of the euro zone, the stronger the probability that shocks with adverse influence or unfavourable one-off economic changes will unreasonably even more alienate the country from participation in the euro area. On the other hand, staying outside the boundaries of the euro area increases the inflation risk. At present, the difference between the perceived and real inflation in Lithuania, is among the highest in the European Union²⁹. It is partly explainable through the fact that the perception of the price growth relating to the euro adoption is based on the examples of the euro area countries. The prevailing public opinion in European Union countries is that the euro adoption raises the prices.

Such interpretation of criteria fulfilment does not take into account the specifics of a currency board system. The states, founders of the euro area, used the exchange rate to a great extent as an important means of coordination with respect to the convergence process. Naturally, specialists from these countries and bureaucracy from the European Union institutions consider that only the convergence process can provide conditions for a natural equilibrium level of a nominal exchange rate, while certain fluctuation can contribute to easier achievement of the required price stability. It is not incidental that for the new EU member states, it is advised to employ the inflation-targeting monetary policy regimes. In such a case, it will be necessary to switch to a more flexible regime of the currency exchange rate. Yet, it is unclear why certain applications of the means of exchange rates should be more advantageous against inflation measu-

²⁸ Lewis J., "Hitting and Hoping? Meeting the Exchange Rate and Inflation Criteria During a Period of Nominal Convergence", *CESifo Working Paper* 1902, January, 2007.

²⁹ European Commission, *Business and Consumer Survey Results*, Directorate-general for Economic and Financial Affairs, April, Brussels, 2007, http://ec.europa.eu/economy_finance/indicators/businessandconsumersurveys_en.htm, 07 05 2007.

res. Furthermore, this view is characterized by a particular lack of institutional memory. In the preparation period for the EU membership, this opinion of the officials of the Community institutions was so persistent that Lithuania had no other choice but to resolve and adopt a flexible exchange rate. In this respect, the Bank of Lithuania drafted and approved the three-year monetary policy programme with the plan to abandon the currency board regime³⁰. However, just the first stage of the programme was implemented, since it became evident that there is not an organized and orderly way how to change the regime, and it would require considerable costs and may cause some instability risks. Moreover, the assessments demonstrated that following the argument of the economic logic a natural entry to the euro area is really possible without activating the currency exchange rate as an instrument of the monetary policy. Hence, the only possibility left was to merely initiate wide international discussions on the matter and look for the most acceptable solution. In this process, the role of the IMF as a mediator came in very handy, since its specialists supported the discussions by their professional and in-depth researches. Several conferences held in Tallinn, Brussels, Prague and Dubrovnik helped the attendees to arrive at a common understanding. Immediately afterwards, the ECB Governing Council made a very important decision, which provided a possibility to join the euro area retaining a currency board system³¹. We believe, a renewed expert dialogue including not only politicians and bureaucrats of the European Union institutions would be of great value.

Analyzing the lessons of Lithuania's fulfilment of the price stability criteria, we think that it is essential to consider not merely the fact that the Maastricht criterion for price stability was not satisfied technically, but also the entire complex of macroeconomic and institutional reasons.

First, the formation of final opinion should have been affected by the fulfilment of the criteria for an optimal currency zone. Though, as mentioned before, the flexibility and resistibility of the Lithuanian economy against shocks has been tested in practice in the context of unrest in the banking sector, influence of the crisis in Russia and other shocks, with the labour market regarded as one of the most flexible in the EU. In general, meeting of the criteria for an optimal currency zone by our national economy very likely is one of the worst among the EU newcomers. The economic structure is dominated by agricultural and industry sectors, at the same time as the GDP part in the services sector lags behind by 10 basis points than in the euro zone. Empirical studies show that there exists a tight correlation between trade integration and shock asym-

³⁰ "Dėl Lietuvos banko pinigų politikos priemonių taikymo krypties" (Concerning Applications of Monetary Policy Measures of the Bank of Lithuania), Ruling No. 101 of the Board of the Bank of Lithuania, 1 July 1999, Vilnius, *Valstybės žinios (Official Gazette)* 10-197, 1997.

³¹ Duisenberg W., Noyer C., "Introductory Statement", Press Conference, Frankfurt am Main, ECB, 13 04 2000.

metry^{32,33}. The Lithuanian trade relationship with the European Union is low according to both the general indicators of trade level with the EU and intra industry trade. A correlation between the euro area and Lithuanian business cycles is even negative³⁴. Definitely, the assessment methodology of meeting these criteria is far from perfect and may be questionable, one should not think however, that these data are not instrumental in forming the opinion of politicians on Lithuania's readiness to participate in the euro area.

Secondly, having joined the ERM II, Lithuania assumed the following commitments: "Sound fiscal policy and a determination to contain domestic credit growth, assisted by effective financial supervision, will contribute to ensuring the sustainability of the current account position. Structural reforms aimed at further enhancing the economy's flexibility and adaptability will be implemented in a timely fashion so as to strengthen domestic adjustment mechanisms and to maintain the overall competitiveness of the economy"³⁵. Alas, Lithuania's progress of honouring commitment while within the ERM II was not impressive enough. Even though the commitments in a declaration form were not actually analyzed in detail at the assessment time, more progress could have had more positive influence in hope for a favourable decision.

Thirdly, one may understand the arguments forwarded by the states of the euro area concerning stricter requirements for CEE countries. The governance of the European Union, which is now based on a Nice Treaty compromise, is not as effective as it should be. Before the biggest EU enlargement started, anxieties were expressed as to that if the Constitution for Europe were not adopted, the governance would become very inefficient and complicated. Disapproval of the draft Constitution in some countries led to worse conditions of political economy for the enlargement not only in the European Union, but also the euro area. The so-called Polish plumber syndrome preconditioned in some EU member states a rather sceptical attitude towards further integration measures in respect of the new countries and negative domestic political economy in the major states of the euro area. This encourages the politicians in the euro countries to be more cautious. The non-adoption of the Constitution for Europe precluded the operationalization of the new voting procedure as prescribed in it, under which the major states of the euro area would have gained a greater weight in the decision-making process in the enlarged Community. This encourages the politicians of those countries to transfer the preparation of the major decisions to a close. A very influential club of the ministers from the euro area increases the natural resistance of the old member states letting in "the plumbers" from the new EU member states. In this way, the above asym-

³² Maurel M., "On the Way to EMU Enlargement Towards CEEC's: What is the Appropriate Exchange Rate Regime?", *CEPR Discussion Paper* 3409, 2002.

³³ Frankel J. A., Rose A. K., "The Endogeneity of the Optimum Currency Area Criteria", *Economic Journal* 49/449, 1998.

³⁴ Fidrmuc J., Korhonen I., "A Meta-Analysis of Business Cycle Correlations between the Euro Area", CEECs and SEECs – What do we now?, *Focus on European Economic Integration* 2, 2004, p.76–94.

³⁵ Commission of the European Communities, Communiqué, Brussels, 27 06 2004.

metry in the institutional framework affects, within a certain period of time, the asymmetry in the interpretation of various Community rules. Regarding the economic drive of the new EU member states, who could deny the likelihood that economic competition also has a role to play? Such a situation poses a logical question: what can be expected, if entry of the states with currency board systems to the euro area would take indefinitely long time?

5. What Would the Consequences of a Long-Term Postponing of the Euro Adoption be?

With the existing approach to the euro area enlargement, there is quite a high probability that the current exchange rate regime in Lithuania, which is not optimal from the point of view of the economic theory and practice, may prevail much longer than expected. This, at first sight, should not be a problem, as it is the second decade that we have been living with the currency board system, and the non-adoption of the euro did not have considerable impact for the Lithuanian economy. The interest rates of the Government securities remain the same low levels, and rating agencies have not lowered ratings of country's risks either. Nonetheless, longer uncertainty about the euro adoption may change the situation. Although this is quite subjective, a legal assessment of "sustainability" has been taking the form of an economic conclusion increasing the risk of Lithuania's economic development even more than legal non-fulfilment of the price stability criterion.

Lithuania's participation in the ERM II under the unilateral commitment to retain exchange rate stability does not, in fact, change the exchange rate regime historically formed in the country. On the other hand, participation in the ERM II does not build up more trust on the part of international markets and investors, for this mechanism does not enjoy a good reputation within markets resulting from the last decade crises. It stands to reason that countries should seek as short of a participation in this mechanism as possible. With the EU membership and market expectations of the euro adoption formed, the flow of financial resources among the states has markedly improved. Lithuania basically lacks the measures of an macroeconomic policy to limit them. And limitation while in one market, at the expense of the economic growth restriction, would be quite unreasonable³⁶. The world monetary system is currently marked by a very high liquidity. Deep and effective world financial markets and the Lithuanian banking system very tightly integrated in the European Union foster increasing financial flows across the state borders. It is likely, thus, that at a certain moment rapid economic growth and inter-state financial flows

³⁶Buiter W. H., Grete C., "Anchor, Float or Abandon Ship: Exchange Rate Regimes for Accession Countries", Presentation at the Eighth Dubrovnik Economic Conference Monetary Policy and Currency Substitution in the Emerging Markets, Dubrovnik, June 27–29, 2002.

may result in a larger number of macroeconomic temporary imbalances that may cause concern of investors and creditors from abroad, which in its turn, would predetermine the rising costs of non-participation in the euro area. This means that such a non-optimal situation offers no other political method as to merely keep the optimal and fair course of economic and structural reforms reducing asymmetries and increasing fulfilment of criteria for the optimal currency zone.

We should not forget that a currency board system is particularly demanding with respect to the conditions of fiscal and structural policy. The EU membership has slightly decreased the disciplinary function of markets and cautiousness of the country's politicians in this respect. The 2007 World Economic Outlook expressed concern about the slower pace of reforms in the states of central Europe³⁷. The IMF research suggested that the convergence between long-term interest of those countries and the relative rates of the euro area by 50–100 basis points is not to be explained by economic "fundamentals"³⁸. This has happened, most probably, due to the expectations that the euro will be adopted. But if the expectations are not matched, this achievement should disappear. In the long-term perspective, great losses in trade volumes are likely resulting from poorer conditions and less attractiveness of the country, and therefore decreasing potential GDP would make up round 20–30 per cent in the long-term run³⁹. Similar assessments are presented by the *Deutsche Bank AG* as well. More so, the loss of competitive advantages for a small peripheral EU state would be a great disadvantage and could lead to stagnation tendencies.

Economically, the decision of the EU institutions regarding Lithuania is not easy to explain and transfer to markets. Such a situation adds uncertainty and causes tension between the expectations of the market participants about the euro area membership and possibility to satisfy the criteria interpreted so inflexibly. This unreasonably increases the risk of a currency crisis.

Lithuania's request to assess the convergence progress opened considerable discussions of international experts. From the economic point of view, the absolute majority of the economists and experts held such decision of the EU institutions to assess the Lithuanian convergence progress illogical and unfair. In addition, the IMF unambiguously said that Lithuania and Estonia could very successfully function in the euro area. This organisation has, definitely, the best experience in monetary regime issues. It is hard to understand, why the European Union, which is interested in the enhancement of efficiency of the IMF, is rather cautious, in this case, about its position. Nor any consideration was

³⁷ International Monetary Fund, *World Economic Outlook. Spillovers and Cycles in the Global Economy*, Washington, D. C.: IMF, April 2007, p. 71.

³⁸ Schadler S., "Anchoring Policies in Uncertain Times. Regional Outlook: New EU Members from Central and Eastern Europe", Presentation in Vilnius, 2006, <http://www.lb.lt/lt/apie/presentation101106.pps>, 12 11 2006.

³⁹ Schadler S., Drummond P., Kuijs L., Murgasova Z., Elkan R., "Adopting the Euro in Central Europe: Challenges of the Next Step in European Integration", *IMF Occasional Paper* 234, 2005.

given to the opinion of the European Parliament, which was roughly rejected by the Council of the European Union. Decisions that are not well based on the economic logic are rather difficult to transfer to the market participants and investors, and the Government finds it rather complicated to quietly accept the decisions without reasonable economic foundations, with all this contributing to indefiniteness.

The assessment of the fulfilment of the Maastricht criteria must refer to the economic logic, yet the final decision has to be taken on political level. The current situation is not an advantage to the European Union either. Lack of communication and indefiniteness may further provoke the resistance of the new members discussing how to improve the governance and the external representation of the Community. The European Union apparently needs improvement of the EMU governance and external representation this, however, should not be done at the expense of smaller states, which would lose the valuable public good. Let us say that Lithuania and other countries are interested in keeping an opportunity to efficiently consult the IMF.

What rational steps could be taken in such a situation? First and foremost, it is necessary to patiently and slowly try to reduce the asymmetry both in the economics and institutional framework of the euro area enlargement. In this respect, the new member states should be interested in pursuing to adopt the Constitution for Europe as soon as possible, which would allow significantly improve the management structure of the EMU, thus, minimising the concern of the major states of the Community about ineffective decision-making process. Then, one might also expect more favourable conditions of political economy for the euro area enlargement and interpretation of Maastricht criteria.

A more effective ERM II should also be pursued by strengthening the dialogue and transparency of decisions concerning the euro area enlargement. It should become a rule to discuss matters related to the states only in their presence. This cannot be the sole competence of the representatives of the euro area countries, since it evidently leads to a conflict of interests. One may not disregard the fact that the old member states of the European Union may find it useful slightly reduce the competitiveness of the newcomers and its attractiveness for investments. Such an approach as uttered by Pervenche Beres, Chairwoman of the Committee on Economic and Monetary Affairs of the European Parliament, might have been not quite accidental⁴⁰. In an attempt to prevent potential speculations, the assessment process of the states' convergence progress should include competent independent experts, e.g. from the IMF. This would favour taking decisions close to normative. Finally, the European Commission has to perform its inherent role and help the small countries with poorer administrative capacities to find the best solutions. Besides, a note should be taken of the realities of the new countries: the Balassa-Samuelson Effect, real convergence and a currency board system. The attitude of the countries

⁴⁰ Beres P., "The Euro-zone hasn't the Capacity to Absorb New Member States", *Europolitics*, April, 2006.

that have adopted the currency board system was expressed very precisely by Ivan Iskrov, Governor of the Bulgarian National Bank of Bulgaria, which joined the EU membership during the last enlargement round. He said during the meeting with the economic and financial elite of Greece, in Athens in 2006: "Considering this strongly restrictive inflation criterion and the uncertainties about determining its level, we expected that the ECB and the European Commission would show greater flexibility in assessing the compliance with this criterion. Unfortunately, Lithuania's assessment published in the Convergence Report in May this year suggested that the expected flexibility would not be demonstrated. A very bureaucratic approach has been used, neglecting the fact that each economy is affected by a large number of internal and external influences and this very much hinders the fulfilment of the heavily restrictive inflation criterion, especially with the absence of an autonomous monetary policy."⁴¹

It is also crucial that the principle of equal treatment of the member states would be retained during the future enlargement of the euro area after the biggest EU enlargement. Uniform requirements must be applied without exceptions in respect of all new and old members. In the 2000 Convergence Report, the European Commission underlined that there exists an interpretation problem, which may hinder additionally the further euro area enlargement. Considering the fact that the 2004 Convergence Report used the outlier concept one might have expected a more reasonable and modern interpretation of the Maastricht criteria. Logically, questions arise as to why the same principle is not applied to all criteria and why some of them lend themselves to an economic explanation to justify deviations, while others do not. For example, strengthening of the exchange rate due to "the real convergence effect" is acceptable; at the same time as the inflation criterion for the same reason or impact of one-off effects do not use such logic. As the above analysis of conditions shows, they have essential differences, which is why it is not easy to apply the principle of equal treatment for the member states. It is crucial that interpretations of certain issues would not differ considerably. Equal treatment of the member states has, in the first instance, to be based on similar interpretations.

While deciding on the fulfilment of the Maastricht criteria, attempts should be made to follow the economic arguments and principles of transparency and solidarity. In case of Lithuania, one can but agree with the opinion that the decision was economically wrong and politically motivated⁴². No wonder, therefore, the European Parliament questioned the assessment criteria, which predetermined the "disqualification" of Lithuania⁴³. Many market analysts,

⁴¹ Iskrov I., "Bulgarian Economy on the Road to EU and EMU Membership", Lecture by Governor of the BNB before the Greek economic and financial elite, Central Bank of Greece, Athens, 14 07 2006.

⁴² "Lithuania's EMU Bid Encounters Resistance", KBC Market Research Desk, <http://www.csob.sk/data/ft/flash/2006-05-17.pdf>, 27 01 2007.

⁴³ "Parliament Sets Out its Hopes for the Eurozone", *Europolitics* 3187, November 2006.

institutions and academic society criticised this decision as well^{44, 45} and spoke in favour of different interpretation of the criteria^{46, 47}.

The IMF has one of, definitely, the best expertise and experience on the exchange rate issues and it advise given to Lithuania was operational before the ERM II membership and respectively played the right signalling role to the markets. At the end of the intensive cooperation period under the programmes, much was expected of its Warsaw-based Regional Office set up specifically for the CEE countries, since its principal objective was to help the countries of the region to prepare for the euro adoption. Establishment of the Office with such objectives did not meet any objections by the EU member states either. Still, these options were not fully utilized and during the Euro area or European Union member country consultations with the IMF the issues of the euro zone enlargement are largely missing among organisation's conclusions. The presented arguments should dispel unnecessary doubts about whether the euro area enlargement is more an expression of the political will rather than assessment of real convergence.

Now, the mechanical assessment process is an essential impediment to the entry to the euro area of the states with a currency board system. The euro adoption reminds us more of a success in the lottery. The inflation criterion of the Maastricht Treaty is ever more changing following the existing interpretation, and the countries with a strictly fixed exchange rate are more likely to have one-off price jumps. States with the lowest inflation may always include one country, which does not participate in the ERM II or fails to satisfy the other criteria. Therefore, there will always be some questions to answer, being, whether low inflation has been reached resulting from higher convergence and more discrete monetary policy allowing the strengthening of the exchange rate and whether this is not a short-term phenomenon. At the outset of the ERM II, Lithuania sought to adopt the euro in two years. A longer stay in the mechanism increases the probability that negatively impacting shocks or unfavourable one-off changes will unreasonably reduce the Lithuania's options to keep the macroeconomic stability, notably due to potential external shocks.

Participation in the ERM II has been accompanied by unreasonable myths that must inevitably be dispelled. The conceptually wrong myth says that small countries need to have more stringent requirements imposed to avoid setting a precedent to bend the rules and to show the other countries, namely Poland, Hungary and the Czech Republic, that strict assessment will apply to all⁴⁸. Such an approach enables the criteria be treated differently for

⁴⁴ Munchau W., "Monetary Union is not for Poor", *Financial Times*, 29 01 2006.

⁴⁵ Ahearne A., Pisani-Ferry J., "The Euro: Only for the Agile", *Bruegel policy brief*, 01 02 2006.

⁴⁶ Buiter W. H., Sibert A., "Europe Must Relax its Inflation Test for Euro Entrants", *Financial Times*, 04 05 2006.

⁴⁷ Atkins R., Schieritz M., "Estonia and Lithuania Ready for the Eurozone", *Financial Times*, 05 03 2006.

⁴⁸ Lynn M., "Europe's Currency won't Work as Rich Man's Club" http://www.bloomberg.com/apps/news?pid=newsarchive&sid=aFNSgWNw_Djw, 12 06 2006.

various countries, thus, as asymmetric, and should be decisively rejected. In fact, it is wrong to believe that the euro area is a club that has a right to set its own rules⁴⁹. One must consider the fact that after the last enlargement of the European Union all countries are the EMU members, just with a temporary derogation not to adopt the euro. So, no attitude must be created that the euro area is a closed club choosing friends according to certain criteria (income level, geography or any other reasons).

Conclusions

The current euro area enlargement is no less complex and complicated than the creation of the euro zone. The new EU members' motivation wish to join the euro is high because of potential economic benefits resulting from the membership. However, the asymmetry enhanced for economic, institutional and political reasons after the last EU enlargement forms a more complex economic background and more diverse standpoints and interests of the players in the decision-making process regarding the euro membership. The institutional decision – making framework prior to the adoption of the single currency was utterly symmetric, each state having been equally represented by its finance minister and governor of the national central bank. On the contrary, the decision-making process concerning the euro area enlargement totally changed the situation, for the finance ministers of the euro states *de facto* have acquired considerable powers to formulate the decisions. This process excludes not only the governors of the central banks of the acceding countries, but also the finance ministers. Greater involvement of the renewed EU institutions is missing in order to reduce asymmetries and pursue that fulfilment of the convergence criteria be assessed in a way less politicised and more economically grounded instead.

The ERM II, whose significance grew after the latest enlargements of the EU, is still not without reason referred to by the economic specialists is treated as “the waiting room”. The analysis of its functioning and Lithuania's experience of participation in it suggests that the possibilities of economic policy coordination and friendly cooperation are not exploited fully. The coordination of the monetary policy and measures of the EU and ECB could enhance the monitoring of how the commitments are assumed before the ERM II are fulfilled, and discuss their honouring by authorities, along with giving specific advice for one or other state.

The convergence progress assessed at the request of Lithuania fuelled talks about the interpretation of the inflation criterion. A more detailed analysis of non-fulfilment of the inflation criterion supposes that following the principle of equal treatment of the member states the assessment could have been positive

⁴⁹ *Ibid.*

without a violation of legal requirements. Yet, analysing the reasons behind the negative decision it would be unfair to consider solely the formal non-fulfilment of the price stability criterion. One should take many reasons into account. The decision did not include adequate assessment of the specifics of the countries with the currency board system. Such treatment of the price stability criterion contradicts the objective principle of taking decisions based on economic logic and its fair application. Besides, this suggests that the decision is made not quite transparently, and without considering the assessments of the competent independent international institutions could have resulted from the attempts of the old member states to reduce the competitiveness of the dynamically developing CEE countries and their attractiveness for foreign investors. The European Commission appeared more passive than expected.

A clear application of the criterion of inflation sustainability while assessing the convergence progress means a new future-orientated component of price stability, which was not used for the euro area pioneers. Such an attitude towards the enlargement is very likely to postpone the expectations over the euro adoption in the countries with the currency board system for indefinite time.

In the short-term perspective, the euro adoption would not cause any major problems, but, in the long-term run, it would definitely have a negative impact on the image of Lithuania as an attractive state for business and significantly reduce its competitive advantages and lead to great loss of the economic growth potential and stagnation tendencies. It is vital, therefore, to seek more transparency in the decision-drafting and making process upon assessing the convergence progress, so that all states would be treated equally and taking into account the economic realities of the new EU member states and interpretation of the criteria fulfilment based on the economic logic. Furthermore, it is important to retain the role of the IMF as an expert attaching more significance to the consultations on controversial issues of the exchange rate policy. One should not disregard the possibility that potential external or internal shocks may cause the reaction of the market players, which could adversely influence an extremely open and small Lithuanian economy. Under such conditions, the wisest step would be to patiently and slowly seek to reduce the asymmetry appeared, first and foremost, by supporting the efforts in the institutional structure of the euro area enlargement to adopt the Constitution for Europe, thus, contributing to more effective governance of the European Union.

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Lithuania's
Eastern
Neighbourhood

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Collective Security Treaty Organization: Military Integration Problems and Perspectives in the CIS Space

The article is focused on military integration and its influence on the post-soviet space. The main object of the research is the Collective Security Treaty Organization, which connects a part of the territory of the former Soviet Union. The organization in itself, its functions and military activities have not been discussed and analyzed. This is one of a few organizations that forms military forces and tries to respond to security challenges at a regional level. The article is divided in two main parts. The first part explains the phenomenon of military integration and its influence on the political-military cooperation between national states. Military integration is a new element in political science therefore the research attempts to give details on the subject and to divide it into stages. This might serve well for future research or studies on military alliances. The second part places an heavy emphasis on the Collective Security Treaty Organization, its formation, legal basis and military structure. By using the model of military integration stages, the article comes to the conclusion that the organization has entered the last stage of military integration, which it identifies as functional dependency. Military forces have become inter-operable and a joint command system ensures further credible integration.

Introduction

The Minister of Foreign Affairs of the Russian Federation, Sergej Lavrov, noted that “Although the NATO wants to cover the eyes against the Collective Security Treaty Organization (hereinafter CSTO) and its role in the regional matters, its issue has already been decided. The CSTO is a reality and a serious reality. The NATO has defined its interests in Transcaucasia and Central Asia, and no one denies that the NATO may have its interests in these regions. Yet I would like to remind our partners from the NATO that the Central Asia and Transcaucasia is a CSTO responsibility zone.”¹ This rhetoric statement of the Russian Minister of Foreign Affairs defines the objective of study of this article

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¹ Website of the Ministry of Foreign Affairs of the Russian Federation: www.mid.ru, 8 December 2005 press release, 08-12-2005

to some extent and reveals the range of problems and topicality of the article itself. The regional security and defence policy issues in the post-Soviet space are among the most interesting investigation objects in the studies of international relations. The representatives of political sciences and international relations experts pay great attention to the NATO development and the spread of security using the euro-transatlantic stability instruments that essentially prompted the investigation of security issues in the Eastern Europe. They left, however, a very interesting niche in the former Soviet Union territory with a diversity of security issues. After the collapse of the Soviet Union, the Russian Federation attempted to occupy the remaining vacuum in military issues and to reanimate and preserve the existing military structures. On 14 February 1992 a decision was adopted by the Commonwealth of Independent States (hereinafter – the CIS) to create a Council of Defence of Ministers and the basic CIS Joint Armed Force Command.² At the same time the formation of national forces was started, also armed conflicts sprung up. It also became clear that the concept of joint armed forces is doomed for failure, whereas an attempt to reanimate or transform the Soviet army failed. In September 1993 the joint command was replaced into the CIS headquarters for coordination of military collaboration, and only in nine years a new military structure was created that embodies and reflects the hegemonistic goals of Russia in the East. On 7 October 2002, Armenia, Kazakhstan, Kirghizia, Russia, Tadzhikistan and Belarus signed a Chisinau Charter on which basis the Collective Security Treaty Organization was established. The establishment of this organisation is associable with the strengthening of Russia's power in the Eastern zone that not only enhanced its impact in the CIS space, but also acquired additional levers when solving the issue of security with the NATO, and affected the USA's impact in the Central Asian region. This organization is the main driving force that promotes and generates military integration between the member states by developing new structures, objectives of the armed forces and impacting the regional security situation. The goal of this article is to assess the CSTO as a military integration instrument that affects the balance of forces and security situation in the CIS space. The depth of the CSTO military integration, its objectives, goals and further development are the main objects of study answering to the main question of the article – what the military integration problems and perspectives exist in the CIS. The statement of the Russian Minister of Foreign Affairs, Lavrov, which was quoted in the introduction of this article also defines the guidelines as to why this structure should be analyzed and an answer to a question about the perspectives of this structure should be found.

Military integration in the CIS proceeds in three chains – by using the CIS structures, strengthening bilateral relations and implementing the CSTO tasks. The CSTO is the main instrument; therefore this article analyzes namely the structure of this organization, its goals and objectives by paying some

² Минасян С. Процесс формирования системы коллективной безопасности на постсоветском пространстве [Process of formation of collective security system in post-soviet system] <http://caucasus.rau.am/doc/MinasianS.pdf>, 05-08-2007 (in Russian)

attention to the military integration of Russia and Belarus that undoubtedly affects the internal CSTO integration process too.

All these issues are analyzed in two main chapters of this article. The first section mainly focuses on the term of military integration, its significance to the state policy and the formation of military alliances. Military integration has never been used as an object of investigation in the political sciences, therefore with its novelty, this chapter will help theoreticians and practitioners to analyse the problems of military alliances and envision their perspectives. The second chapter analyses the CSTO, the stages of its formation, legal basis, and the military structures set up under the CSTO flag. The third section contains conclusions stating that the CSTO entered the final military integration stage defined as the dependence of functions. The developed common command structure and common actions of the military forces consolidate the CSTO and make suitable premises for the development of military integration.

1. Military Integration and its Stages

There have been no political researches that are related to military integration and the forming stages of military alliance. The military integration can be defined as a multi-stage process, during which military potential in one country gains maximum interoperability degree with other military potential of the other country and their command is transferred to one structure.

Up to now political scientists have not attempted to sort out military integration stages and apply them in researches. There are theoretical issues related just to the possible military dependence of states and national capabilities that are associated to the main postulate of realists for national interests and supremacy suggesting ephemeralness of military integration³. Low level military integration saves manoeuvre freedom for national states that can withdraw from alliance or restrict cooperation. For instance when NATO was created, France offered that NATO territory had to be divided into front ward and rear ward zones. Only the front zone (together with Western Germany) forces would have been integrated, and the rear ward zone (together with France) would have remained in the boundaries of national responsibilities.⁴ Such decisions and offers indicate that deeper integration can usurp national decisions related to the usage of military force and total autonomy in security politics. Integration of a higher level would influence the reforms of the armed forces, the creation of new units, and initiation of joint programs. Putting aside theoretical considerations about national states' objectives to retain autonomy in military matters, the question arises asking of how a deep integration should be, in order to prevent members of the alliance

³ See more: Liska G. *Nations in Alliance: the Limits of Interdependence*. Baltimore: John Hopkins Press, 1962

⁴ Liska G. *Nations in Alliance: the Limits of Interdependence*. Baltimore: John Hopkins Press, 1962.- 144p.

to act separately. In the case of economic integration it is easy to weight interdependence and benefits. Economical rates, common external taxes, absence of market barriers and similar indicators demonstrate the consolidation of states and preferred integration, which helps implement obligations using fewer resources. In the case of military integration, the process is complicated and its stages can be distinguished considering the criteria of military interoperability that make national states adjust to the common military force concept and unite them to make the practical usage together more effective. The interoperability is described as the ability of systems (units, or forces) to provide services to and accept services from other systems, units, or forces and to use the services so exchanged to enable them to operate effectively together.⁵ The main goal is practical cooperation and compatibility of task implementation that later can be moved to further stages of integration when there is a functional dependence among national military forces. The interoperability process can be achieved in several stages, the most important of which is general force planning, plans that are prepared together to achieve interoperability and to assure a military preparedness. As the aim of integration is to form a joint unit of separate elements that is able to perform tasks that were set, hence practical military integration stages would be related to the rapprochement of national armed forces to pursue common tasks. This should be implemented through common defence planning, the establishment of a joint command and headquarters, common training, bigger military units' training, the creation of joint military units and the participation in joint operations. There is a need for a gradual approach identifying the first step to be taken to move forward towards integration including various instruments and tools to achieve the desired result. The process in itself can be divided into 4 stages.

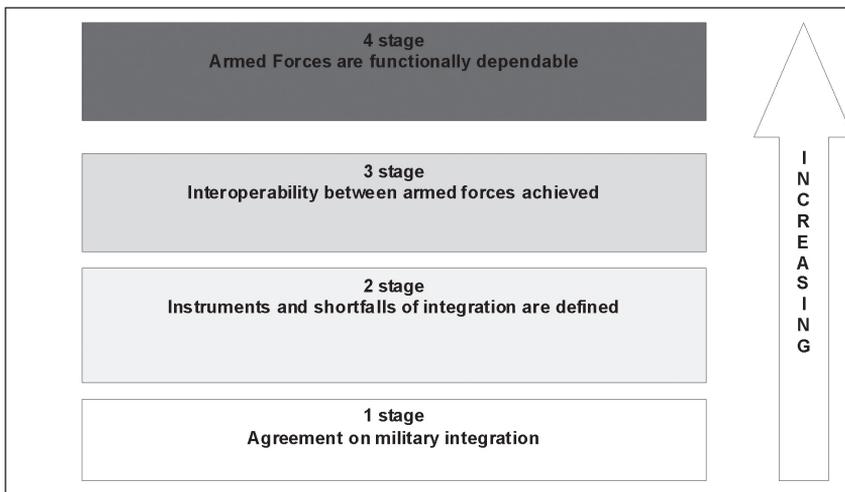


Figure 1. **Stages of military integration**

⁵ Faughn, Anthony W. *Interoperability: Is It Achievable?* Boston: Harvard University, 2001.-5p.

1.1. First Stage of Military Integration

The first stage can be defined as a legal one. At this stage national states begin legal cooperation and form military integration base that defines strategic tasks, aims, military integration ambitions and requirements. One signs the military collaboration documents, foresees military cooperation spheres and forms thereof i.e. the Ogdensburg Declaration of August 1940, signed between US and Canada, authorized the creation of a Permanent Joint Board on Defence and provided the fundamental condition for military cooperation: a full and systematic exchange of military information upon which joint plans, operations and logistics could be based.⁶ In similar documents one usually fixates on what level of integration this will be and if generally two states pretend to get their armed forces integrated i.e. according to the military cooperation agreement of Ministry of National Defence of the Republic of Lithuania and the Armenian Defence Ministry, the parties strive to develop military cooperation between the Republic of Lithuania and Armenian Republic armed forces in the following spheres: exchange of experience that is related to the participation in the program "Partnership for Peace"; exchange of experience in democratic control in armed forces; a creation of a legal base for armed forces, defence policy and strategy; etc. (1 and 2 articles of the agreement)⁷. In this case the agreement clearly defines the ambitions of military cooperation and boundaries that states will not overstep and does not suggest further integration elements.

1.2. Second Stage of Military Integration

The second stage of military integration is institutional during which states realize the provisions foreseen in agreements and work towards military integration. They establish common working groups that identify the needs of interoperability / military integration and foresee possible drawbacks. Inter-institutional relations are strengthened and they start coordinating the defence policy on a strategic-international level and plan actions at the tactical and operational levels. Planners of defence policy prepare common documents setting out guidance for military cooperation and further actions. The main step on this stage is to evaluate and determine instruments that will be used in further integration. The preparation of military strategies and doctrines and their equal interpretation become an important task for planners of national defence ministries. Military integration traditionally is a problem found in smaller states that actually participate with smaller capabilities and their national structures

⁶ Shaping the Future of Canadian Defence: A Strategy for 2020. http://www.cds.dnd.ca/pubs/strategy2k/s2k08_e.asp, 05-09-2007

⁷ Lietuvos krašto apsaugos ministerijos ir Armėnijos gynybos ministerijos karinio bendradarbiavimo sutartis [Lithuanian and Armenian military cooperation agreement] (KAM Tarptautinių ryšių departamento archyvinė byla „NVS sutartys“), (in Lithuanian)

have to be integrated into structures of bigger states. Danford W. Middlemiss and Denis Stairs underscore that the US has been able to devote a much larger proportion of its overall military expenditures than its allies have to equipment modernization and training improvement. This in turn has made it increasingly difficult for the other partners to keep pace with the qualitative improvements in American capabilities. The holy grail of interoperability within NATO is thus becoming notoriously hard to achieve.⁸

1.3. Third Stage of Military Integration

The third stage of the military integration is instrumental; it is divided into parts consisting of common training, operations and united military potential. At this stage a state starts concrete actions to make cooperation practical and tangible. First of all there are common training and instructions. During the training, one traditionally checks and improves the command and control of military units, individual preparations of soldiers, standing procedures, and the means of ones communication systems that can be used in joint operations. For instance, there was an international training "Amber Hope" in Lithuania in 2005. More than 2 thousand soldiers from 12 members of NATO and PFP countries took part. During the training, soldiers of land forces were trained performing peace keeping tasks in the international unit.⁹ Intensive participation in trainings internationalizes military forces and gradually integrates. Training helps to harmonize actions of different military capabilities and assures sufficient individual military preparation levels, which help to overcome obstacles related to the national military components inner procedures and task interpretation that inevitably appear using military force in particular actions. Training gives possibilities to make one more step towards military integration and to implement common operations both in the national state and abroad. At the present time multi-national units participate in military operations, therefore the harmonization and interoperability of procedures as well as essential elements that assure successful end of the operation are in need. For instance in the Province reconstruction team that is led by Lithuanians in Afghanistan, Lithuanian soldiers work with Icelanders, Danes, Croats, and Americans.

The third phase of the institutional stage is focused on creating joint military units. This process is multi-stage and includes the integration of separate military forces components (land, sea and air forces) and the creation of united command and control elements (united headquarter). States that integrate their military units must agree upon the structure, personnel, logistics, command, jurisdiction and aims. For instance, the Baltic States established tripartite battalion (BALTBAT) in 1994. In the establishing agreement they foresaw that in order to

⁸ Danford W. The Canadian Forces and the Doctrine of Interoperability. The Issues June 2002 Vol. 3, no. 7 <http://www.irpp.org/pm/archive/pmvol3no7.pdf>, 05-09-2007

⁹ Official website of the Ministry of Defence of Lithuania: www.kam.lt , 05-09-2007

prepare and train soldiers of BALTBAT and assure the work of battalion in the future, the countries would need to form national peace keeping detachments of such a structure and size that they would secure a permanent functional BALTBAT structure, considering the changes in personnel and continuous supply of equipment. Until the national peace keeping detachments were transferred to BALTBAT commanding officer they are dependent on national command.¹⁰ This has been a good example paving the way for integration in other spheres. The BALTNET project (Air Surveillance Network for the Baltic countries) was created on the initiative of the USA.¹¹ Regional Airspace Surveillance Co-ordination Centre (RASCC) was established in Air Force Management Centre in Karmelava. The RASCC creates an integral airspace view over the region of the Baltic States and transmits this view to national centres in Lithuania, Latvia and Estonia. This presents a possibility to observe the airspace in an effective way and assure its invulnerability and safe movement of aircrafts. For united preparation of military officers they established a common teaching institution - Baltic Defence College (BALTDEFCOL)¹². There are three teaching programs in the college: Joint Staff officers, Civil Servants, and Higher Command Studies Course. The naval forces cooperate in a BALTRON (Baltic squadron) scheme¹³. According to the intergovernmental agreement, every country has to appoint at least one ship to squadron and officers to common staff. There are 3-4 ships permanently patrol in the Baltic Sea that have control of the territorial waters and economic zone, perform mine-clearing operations, and liquidate ammunition that is left in the Baltic Sea.

All in all, in creating joint military units, states should agree upon and coordinate weapons, means of communication, host nation support, strategic air-lift and sea-lift, etc.. Often there arises the question regarding whether national contingents can be oriented towards niche capabilities. According to G. Liska, military integration can take place just on the operational level and the Alliance is stronger when there is a specialization in interoperability. Then one can transfer a part of the resources to other spheres and prefer just a certain sphere (for instance, strategic transfer by air).¹⁴ National states that create just niche capabilities actually are ready for the maximum military integration levels because national security issues are subordinated to multinational interoperability. At this time there are states that are oriented towards niche interoperability¹⁵ and treat alliance as a guarantee of national security

¹⁰ Estijos Respublikos, Latvijos Respublikos ir Lietuvos Respublikos sutartis "Dėl jungtinio taikos palaikymo dalinio kūrimo ir formavimo" [Lithuanian, Latvian and Estonian Treaty on Baltic Battalion]. Valstybės žinios: 1997 04 30 Nr.37-895, (in Lithuanian)

¹¹ Official website of the Ministry of Defence of Lithuania: www.kam.lt, 05-09-2007

¹² Ibid.

¹³ Ibid.

¹⁴ Liska G. Nations in Alliance: the Limits of Interdependence. Baltimore: John Hopkins Press, 1962.-118-119 p.

¹⁵ I.e. The defense planning of the Baltic states reflect niche capabilities though its attempt to develop some additional capacities in other fields.

and this merely confirms the statement that when military integration is deepened, states cannot function separately and this guarantees a long lasting of the military union.

1.4. Fourth Stage of Military Integration

The fourth level of military integration is functional dependence, during which there are already formed common military units where the command and control is transferred to a joint command. In this stage, military integration is a continuous process and because of changes of geopolitical environment different tasks are given to national/integrated forces. New requirements appear and international operations become more complicated. Total military integration is possible, but it is difficult to reach this stage in multinational alliances. For example, NATO unites many countries with different geo-strategic background and following democratic principles it is difficult to achieve a unified result. In authoritarian states, decisions are taken in a more effective and quick way, hence it is likely that military alliance can be created more quickly in undemocratic states.

2. CSTO Military Integration

2.1. Legal/Contractual Stage

The lowest stage of military integration establishes the legal/contractual grounds of military collaboration and determines the ambitions and boundaries of a future alliance. The general political aspects of military integration are noticeable in the Agreement on the Establishment of the Commonwealth of Independent States of 8 December 1991, which article 6 states¹⁶ that “The Commonwealth member states will cooperate in ensuring international peace and security, implementing effective measures, reducing armament and defence costs.” The initial CSTO military integration stage should be associated with the Collective Security Treaty of 15 May 1992¹⁷. This treaty was extended by the Protocol of 2 April 1992, on the Extension of the Collective Security Treaty establishing that the treaty will be rene-

¹⁶ Шаклеина М. Внешняя политика и безопасность современной России [Foreign and security policy of current Russia], 1991–2002. Хрестоматия. В 4 т. / Моск. гос. ин-т междунар. отношений (ун-т) МИД России, 2002. Т. 4. С. 12, (in Russian)

¹⁷ Договор о коллективной безопасности [the Collective Security Treaty] <http://www.dkb.gov.ru/start/index.htm>, 05-09-2007, (in Russian)

wed automatically¹⁸. This is the first multilateral defence agreement that laid down the foundations for the security and defence policy and determined the guidelines for further cooperation in this field. The provisions of this treaty are essentially based on common defence that determines further military collaboration between the states and military integration. Article 4 of the treaty stipulates that an assault on one state will be treated as an assault on all participants of the alliance, and that other states will provide all kinds of support, including military. Seeking to combine and coordinate common actions, a Collective Security Council and other bodies will be formed (articles 3 and 5). It is also noted therein that the Joint Commonwealth Armed Force Command will coordinate common actions until the institutions envisaged are set up (article 5). By this clause an emphasis is made that already at the present time some common military structures are in operation and that their close integration might be expected in the future. Although the treaty itself does not concretize and define any objectives or plans of military integration, this is implied in the fourth article of the treaty wherein common reaction and common actions are set forth. Seeking to prepare a common military reaction, it is necessary to ensure common plans, training, staff preparedness, compatibility of armaments, etc.. These are issues that will be solved in the second and third stages of military integration. Sergej Minasjan noted that the primary goal of the treaty was to serve the strengthening of the CIS state integration, and the document itself was to reflect the military attention of commonwealth states.¹⁹

It should be noted that in Alma-Ata on 10 February 1995, the Collective Security Council adopted a declaration²⁰ wherein it was declared that the states will seek deeper mutual cooperation (clause 1) and will try to unite their efforts while creating the collective security system (clause 4). The legal framework is defined in additional documents of the tactical and strategic level. During the CIS summit on 24 May 2000, a Memorandum on Enhancing the Efficiency of the Collective Security Treaty and Its Adaptation to the Current Political Situation²¹ was signed. The states agreed that practical measures have to be implemented by creating a collective security system and establishing new control structures (clause 3). The main turning-point took place on 7 October 2002. The states signed a Chisinau Charter on which basis the Collective Security Treaty Organization was established and the CSTO statute as well as

¹⁸ Протокол о продлении ДКБ от 15 мая 1992 года [Protocol of 2 April 1992 On the Extension of the Collective Security Treaty] <http://www.dkb.gov.ru/start/index.htm> , 05-09-2007, (in Russian)

¹⁹ Минасян С. Процесс формирования системы коллективной безопасности на постсоветском пространстве [Process of formation of collective security system in post-soviet system] <http://caucasus.rau.am/doc/MinasianS.pdf> , 08-08-2007, (in Russian)

²⁰ Решение о Декларации государств-участников ДКБ [Decision on Declaration made by CST State-parties] <http://www.dkb.gov.ru/start/index.htm> , 05-09-2007, (in Russian)

²¹ Меморандум о повышении эффективности Договора о коллективной безопасности от 15 мая 1992 года и его адаптации к современной геополитической ситуации [24 May 2000, a Memorandum on Enhancing the Efficiency of the Collective Security Treaty and Its Adaptation to the Current Political Situation] <http://www.dkb.gov.ru/start/index.htm> , 05-09-2007, (in Russian)

an agreement on the CSTO legal status was approved.²² The preamble of the CSTO statute sets forth that the states are ready to continue and expand their military/political collaboration and to become prepared against any threats. These strategic level documents actually defined the scope of military integration that is associable with the development of the regional collective security system. A detailed analysis of the interim and tactical level documents will help disclose the peculiarities of the collective security system and military integration measures.

2.2. Institutional Stage

During the institutional state, the states seek to create national and joint institutions aimed at implementing the development of military integration enshrined in the strategic documents, as well as to draw up and approve additional documents concretizing the implementation of strategic documents. The legal framework of the states is supplemented with the military planning documents reflecting the implementation of bilateral/multilateral military integration and its place within the framework of the national defence policy, and defining the guidelines for further integration stages.

On 10 February 1995, the CST states adopted a Collective Security Concept and the Main Military Collaboration Directions, also the Plan of their Realization.²³ According to Minasjan²⁴, this document established the main cooperation principles of the states in the military-political field. The collective security concept is actually the main object of investigation at this stage that defines the directions of military integration between the member states and divides the process itself into stages. Also, an institutional structure is set up. Part III of the concept sets forth that the collective security system is being created gradually:

- Stage 1 – to create armed forces of the CST member states, to develop military and technical cooperation programs and start their implementation, to accept and approve legal acts regulating the functioning of the collective security system.
- Stage 2 - to create allied-joint military groups and plan their usage, to create a joint antiaircraft defence system and to assess a possibility of forming common armed forces.
- Stage 3 - to finish the establishment of the collective security system.

²² Устав Организации Договора о коллективной безопасности, Соглашение о правовом статусе Организации Договора о коллективной безопасности [CSTO statute, agreement on the CSTO legal status] <http://www.dkb.gov.ru/start/index.htm> , 05-09-2007 (in Russian)

²³ Решение СКБ о Концепции коллективной безопасности государств-участников ДКБ [Collective Security Concept of CST made by CST State-parties] <http://www.dkb.gov.ru/start/index.htm> , 05-09-2007, (in Russian)

²⁴ Минасян С. Процесс формирования системы коллективной безопасности на постсоветском пространстве [Process of formation of collective security system in post-soviet system] <http://caucasus.rau.am/doc/MinasianS.pdf> , 08-08-2007, (in Russian)

The concept reveals in great detail the CST projects associable with military integration, and even supplements their initial integration plans. The states will assess a possibility to create joint armed forces and will create different defence systems. Although the Concept itself does not regulate in detail what systems will be created (except for anti-aircraft), yet having assessed a clause of III chapter stating that “allied forces will have an anti-aircraft defence system and other systems” a conclusion could be made that there are no practical barriers for creating common logistics, conducting common training, creating general defence industry products and forming common bodies of troops. The Concept also envisages an initial institutional structure comprised of three bodies. The Collective Security Council is a supreme super-state institution that coordinates and ensures the implementation of the CST agreement. The Council consists of the state presidents, ministers of foreign affairs, defence ministers and Secretary General of the Council. Also two consultative bodies – the Council of Ministers of Foreign Affairs and the Council of Defence Ministers is formed. The ministers of foreign affairs coordinate foreign policy between the member states, and meanwhile the defence ministers coordinate military policy and the creation of military structures. These institutions are serviced by the CST secretariat that draws up documents and coordinates positions between the states. Even though the Concept was adopted, its practical activity, however, was limited and the member states implemented only several common actions in the Central Asia.

The CST establishment history is divided into two stages.²⁵ The first stage covers the period from 1999-2000, during which general type political documents without practical obligations were adopted. The second stage is based on the institutional changes and practical activity. Until 2000 a sufficient normative/legal framework had been formed that established the conditions for a broad scope military collaboration. After implementing these documents, the CSTO was created. On 7 October 2002, Armenia, Kazakhstan, Kirghizia, Russia, Tadzhikistan and Belarus signed an Accord on the CSTO Status and the CSTO Statute on which basis the Collective Security Organization²⁶ was set up. The documents came into effect on 13 October 2003. Article 7 of the CSTO Statute sets forth that the organization assumes obligations to create a collective security system, allied (regional) military (armed forces) groups and their control bodies, military infrastructure, also to prepare military specialists and staff and to supply them with necessary armaments and military weaponry. It is noteworthy that the CSTO members may adopt decisions on the presence of non-CSTO military forces or military objects of other states only after a consultation or agreement with other CSTO members. The structure of cooperation

²⁵ Николаенко В. Десять лет договору о коллективной безопасности [10 years to CST] *Международная жизнь*. 2002. № 4. С.62, (in Russian)

²⁶ Устав Организации Договора о коллективной безопасности, Соглашение о правовом статусе Организации Договора о коллективной безопасности [[CSTO statute, agreement on the CSTO legal status] <http://www.dkb.gov.ru/start/index.htm> , 05-09-2007, (in Russian)

between the countries was improved by leaving the Collective Security Council, as the supreme body of the organization. It is only comprised of the heads of states. The Council adopts the main decisions associated with the implementation of the CSTO goals and objectives, ensures the interstate coordination of actions and the harmonization of common decisions. Work between the sessions is held in the CSTO permanent council comprised of authorised representatives of the states. The consultative/executive elements of the structure remained (the Councils of foreign affairs and ministers of defence) and a new formation - a committee of security secretaries was added. The committee of security secretaries is a consultative/executive body that coordinates issues associated with national security between the member states. The secretariat and the joint organization headquarters became the working bodies. During a meeting of council members of the CIS assembly held in St. Petersburg on 16 November 2006, a decision was taken to establish a new CSTO administrative structure – parliamentary assembly headed by Boris Gryzlov. The main task of this parliamentary assembly was the reconciliation of the legal framework appertaining to the security of particular states.

It may be summed up that during this military integration stage, the states assessed the military integration, differentiated the elements of suitable interoperability and integration, and formulated specific tasks for its realization. This included the formation of the CSTO national armed forces, implementation of the military and military/technical collaboration programs, and reconciliation of the legal framework governing the functioning of the collective security system. It was also decided upon to create allied-joint military groups and to plan their usage, as well as to create a joint antiaircraft defence system and assess a possibility of forming common armed forces. The implementation of these plans will be facilitated by a well institutionalized structure that has overgrown into an organization with a separate status, members and projected plans of deeper integration.

2.3. Instrumental Stage

After a military collaboration base was established and specific objectives were identified, the implementation of the military integration plan was started. Taking into consideration that the needs are identified, a general military exercise is carried out, common training is conducted, common bodies of troops are created, collaboration in military acquisitions, staff, logistics, military industry, and particular military forces is deepened along with the unification of the legal framework in the military field, scientific field, and the mobilization and standardization fields are expanded. Efforts are put to unify the armaments and the level of individual/collective preparedness to ensure the fulfilment of joint tasks. The CSTO states act in these fields employing both, bilateral and multilateral instruments. The CSTO Secretary General Nikolaj

Bordiuzh noted²⁷ that during last years a lot has been achieved, starting with an informational campaign in the CSTO treaty territory and finishing with practical steps by implementing common operations.

The second plan for implementing the collective security system was approved in 1999. It envisaged the establishment of three military groupings in three regions: Eastern European, Caucasus and Central Asia.²⁸ In 2000, at the meeting of the Bishkek Collective Security Council (hereinafter – CSC), a decision was adopted to create a centralized collective security control system based on regional sub-systems (Eastern European, Caucasus and Central Asian). The Bishkek session has been defined as a crucial moment that prompted a new dynamics of the CSTO. A decision on the allied forces, their control systems and mobility by moving them to another state was adopted. The creation of regional sub-systems reflects a different understanding of threats. If the main threat for the Central Asian states is posed by Islamic terrorism, a range of problems faced by Belarus is associated with the NATO east-bound expansion.²⁹

At the time of creating these joint military units, a common exercise is of immense importance. Military interoperability is deepened by the strengthening collaboration between the military airborne, seaborne and land based forces encountered with compatible armaments, and by regular training helping to achieve compatibility during the procedures. The CSTO exercise takes place on bilateral and multilateral level, e.g. Russia and Belarus regularly conduct exercise that is not officially acknowledged as the CSTO exercise, yet attended by the body of troops attributed to the Western military group. During the seminar of the Russian-Belarus parliamentary meeting held in Pskov on 27 January 2007, where the participants discussed the perspectives of bilateral military / technical collaboration, the Chairman of Russian Duma Boris Gryzlov declared that it is necessary to enhance the combat efficiency of a regional grouping of the Russian and Belarusian armed forces. According to him, common military exercise with combat shooting and rocket launching should be held more often to this effect.³⁰ Within the CSTO framework, military exercise called “Rubezh” is held each year. The exercise is attended by Russia and Central Asian states, also observes from the CSTO are invited. Each session of training is aimed at specific goals and objectives. During the Rubezh-2004 training, the Kirghiz Minister of Defence noted³¹ that trainings are attended by Russia, Ta-

²⁷ Official website of the Collective Security Treaty Organization: 22-23 июня в столице Белоруссии - городе Минске состоится саммит Организации договора о коллективной безопасности (ОДКБ) <http://www.dkb.gov.ru/start/index.htm> , 05-09-2009

²⁸ Official website of the Collective Security Treaty Organization: Организация Договора о коллективной безопасности (Информация) <http://www.dkb.gov.ru/start/index.htm> , 05-09-2009

²⁹ Минасян С. Процесс формирования системы коллективной безопасности на постсоветском пространстве [Process of formation of collective security system in post-soviet system] <http://caucasus.rau.am/doc/MinasianS.pdf> , 08-08-2007, (in Russian)

³⁰ Interfaks-AVN press release, B. Gryzlovas pasisako už Sąjunginių pajėgų karinio efektyvumo didinimą [B. Gryzlov supports the increase of united forces efficiency], 2007 vasario 27 d. (in Lithuanian)

³¹ Стрешнев Р. Коллективные силы выходят на новые рубежи [Collective forces go for new borders] Красная звезда, 7 Августа 2004 г. , (in Russian)

dzhikistan and Kirghizia that have successfully coped with the combat tasks, since these states have uniform armaments and military weaponry. The CSTO states have already solved the issue of armament compatibility since their armed forces are equipped with the Russian weaponry and armament. Russia's Defence Minister Sergej Ivanov³² even stressed that it is necessary to strengthen the fitness of collective capacities, that Russia is ready to provide technical/military assistance to the CSTO members and that all members are procured with armament and military weaponry on a preferential basis. Common armament is being strengthened and deepened. The Deputy Commander of the CSTO Joint Headquarters Vladimir Zavgorodnij informed³³ that next year the collective forces will be procured with a compatible space communication system and will start the training of staff according to one methodology. The Rubezh-2005 exercise was aimed at preparing and adopting decisions on the use and control of collective forces, and bringing the coordination of actions and interoperability with other security structures (border services, special services, law enforcement bodies) into line. The scenario was developed taking into consideration the assessment of Russia's experience in the Chechnya war during which separate Russian units were able to communicate using the same communication means.³⁴

On 24-29 August 2006, the Rubezh-2006 exercise took place in Kazakhstan. The Deputy Chief of the CSTO Joint Headquarters Igor Babichev emphasized³⁵ that at the time of this exercise interoperability between the land based, seaborne and airborne military forces would be adjusted, also that an airborne and seaborne assault will be used. According to the exercise scenario, the President of Kazakhstan appeals to the CST pursuant to CST article 4 and requests to be provided with assistance since terrorist organizations are not satisfied with the results of presidential elections and seek to seize power. During the exercise, common CSTO capacities consisting of different military force units were used. Rubezh-2007 was focused on the work of the headquarters. The main task of this exercise was to identify the role of Joint Headquarters and its functions within the collective security system in the Central Asian region, to define the aspects of practical interoperability with the CSTO structures and armed forces of the member states. According to Babichev,³⁶ if last year the work was carried out on the tactical/operative level, this year it will be focused on command/headquarter issues. In Bordiuzh's opinion³⁷, this exercise contributed to preparing a peacekeeping contingent that could also be used for the UNO operations both, in the CSTO territory and outside its boundaries.

³² Ibid.

³³ Ibid.

³⁴ Пермяков С. Контратака с "РУБЕЖА-2007" [Counterattack from „RUBEZH-2007] <http://www.dkb.gov.ru/start/index.htm> , 05-09-2007, (in Russian)

³⁵ Ibid.

³⁶ Ibid.

³⁷ Official website of the Collective Security Treaty Organization: 22-23 июня в столице Белоруссии - городе Минске состоится саммит Организации договора о коллективной безопасности (ОДКБ) <http://www.dkb.gov.ru/start/index.htm> , 05-09-2007

The CSTO is not limited only to the organization of common exercise, and since 2003 it has pursued the “Kanal” operations intended for stopping the distribution of drugs from Afghanistan. In 2004 this operation was also observed by non-CSTO members (Azerbaijan, Iran and Uzbekistan³⁸), whereas in 2005, China, Pakistan and Ukraine participated as observers. These operations are attended by law enforcement bodies and special services that intercept drugs, investigate financial machinations associated with terrorism, etc.. An International Coordination Headquarters were established for attaining the goals of operations comprised of the representatives of Belarus, Kazakhstan, Kirghizia, Russia and Tadzhikistan, also of representatives of the national and regional headquarters and special services. The 2005 operation was aimed at forming an anti-drug security network around Afghanistan.³⁹ During the operation some interoperability was achieved among different structures of the states, and the law enforcement forces were consolidated. 66,000 officers from the special services, security, interior, customs and border guard services took part, and 8 tons of drugs were confiscated.

Common exercise and operations laid good foundations for deepening the military integration and creating common bodies of troops. As it has already been mentioned, a decision to create three military groups based on the regional basis has been adopted. The greatest progress was achieved while creating a Western regional security grouping. Russia and Belarus acknowledge it as one of the most successful projects both, within the bilateral and multilateral military collaboration framework. This group covers the CSTO western borders, and if necessary, may provide assistance to the Kaliningrad region. Quite big resources are allocated for its mobility, technical and logistical supply, the development and expansion of military infrastructure, general technical (aviation, armoured weaponry, motor vehicle and antiaircraft defence) servicing. On 25 December 2002, an Agreement of the Governments of the Republic of Belarus and Russian Federation on common vehicle logistic support to the regional grouping of the armed forces of the Republic of Belarus and Russian Federation was signed.⁴⁰ The agreement is attended by lower military units - logistics boards of both states responsible for implementing the provisions of the agreement. Article 4 of the agreement states that in the case of a threat, logistics support/material resources will be deployed in Belarus; whereas if a conflict starts, the Belarusian logistics base will be used in conjunction. Belarus undertakes to supply the

³⁸ Uzbekistan renewed its membership with the CSTO in 2006.

³⁹ Website of the Belarus Ministry of Foreign Affairs: Организация Договора о коллективной безопасности и Республика Беларусь <http://www.mfa.gov.by>, 19-09-2007

⁴⁰ Agreement came into effect on 4 November 2003. Соглашение между Правительством Республики Беларусь и Правительством Российской Федерации о совместном тыловом обеспечении региональной группировки войск (сил) Вооруженных Сил Республики Беларусь и Вооруженных Сил Российской Федерации [Agreement of the Governments of the Republic of Belarus and Russian Federation on common vehicle logistic support to the regional grouping of the armed forces of the Republic of Belarus and Russian Federation] http://pravo.by/webnpa/text_txt.asp?RN=H10300238, 05-09-2007 (in Russian)

Russian military forces with at least 18 tons of bread on a 24 hour basis (article 6 of the agreement). The significance of this grouping has especially increased after the NATO expansion. Aleksandr Lukashenka noted⁴¹ that changes in the military political situation in the region require qualitative changes in the military collaboration field. The main line of Belarus is a partnership with Russia that is implemented in practice by establishing a regional grouping, the performance of which these obligations will be ensured. The Eastern European regional military forces consist of 200,000 thousand officers. Presently Minsk and Moscow unify their legal acts regulating common actions and the usage of this grouping.

The Caucasus military grouping is deployed in Armenia and is responsible for the protection of the CSTO borders southbound. The compatibility of this military group may be questionable since the guarding of the borders is essentially carried out by the Russian forces, and the role of Armenia is insignificant. An essential progress in the establishment of the Central Asian collective forces is noticeable. Presently, the collective rapid reaction forces consist of 11,000 thousand troops from Kazakhstan, Tadjikistan, Russia and Kirghizia. N. Bordiuzh states⁴² that collective rapid reaction forces will be subordinated on the national level only during the peace time and in case of military actions the forces will be subordinated to a particular grouping. Within the CSTO framework a dialog on the strengthening of military units and the development of their functions is going on. A regular session of the CST Defence Ministers took place in Moscow on 22 June 2005 during which a "Plan for the development of CSTO allied military capacities up to 2010 and further perspective" was discussed. In Yerevan the CST Collective Security Council adopted a decision on the fast deployment of collective forces in the Central Asian region. It is noteworthy that these forces should merge with the Russian-Belarus and Russian-Armenian bodies of troops. On 14 June 2004 a CST session took place in Astana where "the main directions of dialogue and collaboration with the NATO" and "the formation and functioning of the CSTO peacekeeping mechanism" were approved.⁴³

The establishment of common military groupings is strengthened by bilateral obligations in the field of military airborne forces. Yet the integration of airborne forces with the CSTO develops only westbound between Russia and Belarus. Collaboration is based on the agreement of defence ministries on the procedure of common actions of antiaircraft defence measures and forces

⁴¹ BNS press release: A. Lukashenka strengthens collaboration with Russia, 3 August 2006.

⁴² Official website of the Collective Security Treaty Organization: Бордюжа: необходимо создать Коллективные силы чрезвычайного реагирования ОДКБ <http://www.dkb.gov.ru/start/index.htm> , 05-09-2007

⁴³ Official website of the Collective Security Treaty Organization: Организация Договора о коллективной безопасности (Информация) <http://www.dkb.gov.ru/start/index.htm> , 05-09-2007

that was entered into on 25 February 1994.⁴⁴ The air space is protected by Russia and Belarus by the joint forces using a common anti-aircraft system, training the staff, conducting training at the level of headquarters and being on guard. An issue of the development of a common regional Russian-Belarus anti-aircraft defence system has been nearly solved. A package of documents was prepared that has already been approved on the national level. The creation of an anti-aircraft defence (AAD) system westbound is strategically important, since it will simplify the protection of air space of the union state and will reduce the time of reaction in case of breach.⁴⁵ Already now Russia and Belarus strengthen their air defence system westbound and have deployed a complex of S-30 zenith missiles in Belarus.⁴⁶ It has also been agreed that until 2010 Russia will transfer its operative/tactical missile launch complexes ISKANDER-E with a shooting distance up to 280 km over to the Belarusian military forces. These complexes will be deployed in one of the two key brigades Radanovich or Osipovich that are presently armed with the TOCHKA-U tactical missiles. Each year military airborne forces of both states organize training in the Belarus firing range in Ashuluk.⁴⁷ In 2006, military airborne exercise involving AAD and a Russian radiolocation intelligence A-50 aircraft took place⁴⁸. The commander, Colonel Igor Izarenka of the western operative/tactical AAD headquarters in Baranovichi noted⁴⁹ that the Russian and Belarusian partnership in the AAD field is the only one that is actually functioning in the CIS space and forms close relationships not only between the two states, but also involves other republics of the former Soviet Union. Although the AAD strengthens military integration of Belarus and Russia, issues associated with the system management still persist. Presently, Belarusian military officers may not adopt decisions on the

⁴⁴ Website of the Belarussian Ministry of Defence: Соглашения между Министерством обороны Республики Беларусь и Министерством обороны Российской Федерации о порядке взаимодействия дежурных сил и средств противовоздушной обороны от 25 февраля 1994г [agreement of defence ministries on the procedure of common actions of anti-aircraft defence measures and forces] www.mod.mil.by/sotrud.html , 05-09-2007

⁴⁵ Стрешнев Р. В боевом братстве — наша сила. Красная Звезда [Our power is in combat brotherhood]. 30 Августа 2005 года http://www.redstar.ru/2005/08/30_08/3_02.html , 11-08-2007, (in Russian)

⁴⁶ On 10 September 2005 a contract was signed in the state Belarusian and Russian military/industrial committee. Based on this contract Russia undertakes to transfer a new zenith missile complex S-300 over to Belarus. "Land-Air" self-propelled missile complexes S-300PS may reach a target located at a distance of 150 km, informed the Krasnaja Zvezda newspaper of the Russian Ministry of Defence while briefing on the visit of the country's Minister of Defence Sergej Ivanov to Minsk. S. Ivanov paid a visit on Friday, on the very same day when the first complex of missiles was delivered. http://www.redstar.ru/2005/08/30_08/3_02.html , 11-08-2007

⁴⁷ Interfax press release E.g. on 15-19 August 2006 in Ashuluk firing grounds, Astrakhan region, an active stage of exercise of the anti-aircraft defence units took place. The exercise was attended by more than 10 anti-aircraft missile systems S-300, over 30 aircrafts Mig-29, Su-27, Su-24. During exercise a launch of S-300 system missiles was performed, besides fighter planes Mig-29, Su-27 and front bomb-carriers Su-24 also launched missiles and threw bombs. 15 August 2006.

⁴⁸ На страже союзного неба [Securing allied space] <http://www.soyuz.by/second.aspx?document=12220&type=Qualifier&uid=5&page=5> , 05-11-2005, (in Russian)

⁴⁹ Ibid

use of Russian military forces.⁵⁰ The Chief of Russia's General Staff Anatolij Kvashnin noted that *de facto* this AAD already exists since it had already functioned in the Soviet times and has not been destroyed, whereas *de jure* we are still solving particular legal issues.

During this stage of military integration close cooperation in the military industry field takes place. Necessary mechanisms have already been created by the CSTO seeking to successfully integrate the defence/industrial complexes. This collaboration goes on the multilateral and unilateral basis. The key element of this multilateral collaboration became an "Agreement on the main principles of military technical collaboration between the CSTO members" that was signed in Moscow on 20 June 2000.⁵¹ The agreement sets forth that the states will supply production to the contingents responsible for the implementation of collective security objectives of the CSTO member states on a preferential basis. This agreement was expanded by the Dushanbe decisions of 2003. According to the opinion of Vitalij Shlikov,⁵² the links between the defence complex and the economic capacity have been obvious since the collapse of the Soviet Union, and the deformation of the military industrial sector caused social-economic problems in Russia as well as in other countries. The present-day collaboration compensates the losses. The collaboration of military industry complexes has a positive effect on the defence potential of these states. Military plants carry out a quite a lot of common orders and monopolize the market in the CIS states. For example an armament and weaponry exhibition "MILEKS-2005" took place in Minsk in May 2005 during which the Russian side displayed an exhibition emphasizing military/technical integration of the union state. The majority of technical components were manufactured in Belarus, yet the final assembly of completing units was performed in Russia.⁵³ According to the Rosoboron Director General Sergej Chemezov, the collaboration of both states in the military technology field could serve as an excellent example in the post-Soviet space. One third of the military technology complexes and research centres were concentrated in Belarus and they have been retained.

Close collaboration in the military industry field ensures integration of the CSTO states, introduction of the uniform weaponry standards and mutual dependence. The distribution of industrial complexes (the manufacture of military components in different states) serves the integration purposes which efficiency may be justified by the economic gain laws.

⁵⁰ Матвеев А. Кремль инициирует военную интеграцию в СНГ [The Kremlin initiates military integration in the CIS], 2003-07-21 <http://www.moldova.ru/index.php?tabName=articles&owner=16&id=114>, 09-09-2007, (in Russian)

⁵¹ Official website of the Collective Security Treaty Organization: Организация Договора о коллективной безопасности (Информация) <http://www.dkb.gov.ru/start/index.htm>, 05-09-2007

⁵² Шлыков В. Оборонная экономика в России и наследие структурной милитаризации [Defense economy in Russia and heritage of structural militarization]. Под редакцией Стивена Э. Миллера и Дмитрия Тренина. Вооруженные силы России: власть и политика. Американская академия гуманитарных и точных наук, 2005. - 191-221 с., (in Russian)

⁵³ Стрешнев Р.В боевом братстве — наша сила. Красная Звезда[Our power is in combat brotherhood]. 30 Августа 2005 года http://www.redstar.ru/2005/08/30_08/3_02.html, 08-08-2007, (in Russian)

2.4. Functional Dependence Stage

Intensive military integration may be very ambitious and broad content-wise, yet each process has to have some points of distinction and possible limits. In case of military integration, the maximum ceilings may be achieved – (1) when military forces are combined and (2) when a uniform or joint force command structure is introduced. A combined military unit is subordinated to a joint command and carried out the directions of this command. This is associable with a wider integration of the states in the economic, social and political fields that supposes the conditions for strengthening military integration and surrendering some part of autonomy in security issues. This stage may be named the functional dependence stage. Military forces of the states may not act severally, otherwise their autonomic actions will become inefficient and incapable (in military respect). The functional dependence may become a serious argument to both, politicians, military strategists while controlling the integration process itself, since security, as a dominating instrument, may not be subordinated to other interests (e.g. economic).

The CSTO already creates joint and common structures that partially match the elements of the final military integration stage, and is probable that the organization will gradually move in this direction. During the Dushanbe meeting in April 2003, the CST adopted a decision to set up Joint Headquarters since 1 January 2004.⁵⁴ By the CST decision, the first commander of the Joint Headquarters was appointed the Tadzhikistan Defence Headquarters Commander, major general Ramil Nadyrov. In 2005, the Joint CSTO Headquarters staffed with 55 officers started operation. According to the military experts⁵⁵ the new headquarters will essentially differ from the amorphous structure of the CIS Headquarters since this will be a new control system of the allied forces functioning within the framework of General Staff structures of the Russian Federation. The headquarters will command the collective security rapid reaction forces, regional headquarters in the Eastern Europe, Caucasus and Central Asia. The headquarters have already been used in exercise and its activities are expected to expand in the future. The development may be affected by the examples of bilateral military collaboration between Russia and Belarus. The Russian Minister of Defence Sergej Ivanov stressed that one cannot doubt the strategic partnership of Belarus and Russia that is becoming a locomotive of integration processes.⁵⁶ It is probably, that the Russian-Belarusian military integration will move into the CSTO. The military doctrine of the union state

⁵⁴ Official website of the Collective Security Treaty Organization: Объединенный штаб ОДКБ <http://www.dkb.gov.ru/start/index.htm> , 05-09-2007

⁵⁵ Ibid.

⁵⁶ Утвержден проект Концепции основ законодательства Союзного государства об обороне [Approved a Concept of defense of the union state] 20/10/2005 <http://www.soyuz.by/second.aspx?document=9890&type=Qualifier&uid=5&page=5> , 05-09-2007 (in Russian)

sets forth⁵⁷ that one of the grounds of the military organization being formed is the unification of command over the Belarusian and Russian military forces (clause 1.11). It is difficult to make a judgement about a progress in this field since no declaration about the establishment of permanent common headquarters has been officially made. Hints about the joint command are noticeable in the article of the Belarusian Minister of Defence general-colonel Leonid Malcev "The algorithm of the 21st century."⁵⁸ The minister stressed in the article that priority attention will be devoted to the military training and control issues. In June 2006, the Russian and Belarusian "Union shield-2006" training took place during which a joint control, usage and planning system was checked. Adequate compatibility in the joint control over separate military forces, operative and tactical bodies of troop was achieved between Russia and Belarus. This indicates that specific military elements of both states are already controlled by common efforts using general subordination and implementing common tasks. On 28 January 2007 the Belarusian and Russian military officers organized common exercise of the headquarters during which attempts were made to coordinate actions seeking to ensure military security of a Union state. During the exercise representatives of other ministries and departments associated with the general security issues were invited to participate too.

The Belarusian and Russian military integration in the military air force field may achieve the highest degree. While commenting upon the possibilities of this state to defend itself against possible airborne attacks, the Belarusian Minister of Defence Malcev⁵⁹ declared that the Belarusian anti-aircraft defence system is reliable and it may detect and exterminate even minor aircraft. The Minister also added that after the Belarusian AAD was armed with the Russian zenith artillery complexes S-300, efficiency of the latter considerably increased. According to the Deputy Commander of the Russian military air forces, general-lieutenant Aleksandr Bizhev,⁶⁰ an agreement on common Russian and Belarusian regional anti-aircraft defence is intended to be signed in October of this present year. All necessary documents have already been drafted and should be discussed in the near future at the meeting of the boards of Defence Ministries. According to the general, the signing of the latter agreement would enable to enhance the efficiency of the Russian-Belarusian anti-aircraft defence, since based on the draft agreement, both Russia's and Belarus' fighter aircraft were allowed to enter one another's territory after the receipt of approval from the Joint Headquarters. No political decision on this issue would be necessary.

⁵⁷ Постановление Высшего Государственного Совета Союзного Государства 26 декабря 2001 г. № 8 Военная Доктрина Союзного Государства [Military doctrine of the union state] <http://pravo.kulichki.com/zak/megd/megd00869.htm> , 05-09-2007 , (in Russian)

⁵⁸ Мальцев Л. В алгоритме XXI века [The algorithm of the 21st century]. Красная Звезда. 28 Февраля 2007 года http://www.redstar.ru/2007/02/28_02/1_12.html , 05-09-2007, (in Russian)

⁵⁹ Создание единой системы ПВО Беларуси и России вступило в завершающую фазу [the formation of joint aircraft defense system of Russia and Belarus has reached the final stage] http://naviny.by/rubrics/society/2007/03/05/ic_news_116_267722/ , 05-09-2007, (in Russian)

⁶⁰ Ibid.

Within the CSTO framework, bilateral projects and the development of integration between Belarus and Russia are frequently assessed as exemplary and suggestions are made to take them into consideration while improving the CSTO military integration. The Joint Headquarters were created by the CSTO and joint military units are being developed. The establishment of the Joint Headquarters reflects a uniform instrument that coordinates or will coordinate activities of the CSTO Headquarters among separate military forces and enhance military integration. The anti-aircraft defence system is expected to cover all CSTO members, and this will serve as a positive instrument in furthering military integration.

Conclusion

After assessing the stages of military integration and empirical data, a conclusion could be made that military integration dominates and usurps the CSTO formation process that could neutralise the shortcomings and achieve the results. The states have defined their goals and ambitions of military integration, which are fixed in the strategic level documents. An agreement on the collective security of 15 May 1992 became one of the first impetuses in the military integration field in the post-Soviet space. The agreement is based on common defence, cooperation between the states, institutional structure and common actions. Afterwards this agreement grew into an organization that is associated with a new geopolitical formation and establishment of the collective regional security system. The process of internal military integration itself was regulated in the plans on military collaboration and tactical level arrangements.

On 10 February 1995 a Collective security concept was adopted covering the formation of national armed forces of the CST member states, implementation of military and military/technical collaboration programs, adjustment of the legal acts regulating the functioning of the collective security system. It was also decided to create allied-joint military groups and plan their usage, to create a joint anti-aircraft military system and assess a possibility of forming common armed forces. A well institutionalized structure will help implement these plans that has outgrown into an organization with a separate status, members and projected deeper integration plans. During the third stage of military integration, regular exercise and RUBEZH training are going on, and also common KANAL operations focused on the coordination of common actions between the security structures are being carried out. The CSTO has decided to create three military groupings in the direction of Eastern Europe, Central Asia and Caucasus that should form a broad defensive/offensive alliance. The CSTO states have already solved the technical aspects of military collaboration since their armed forces are encountered with compatible armaments and are provided by one supplier – Russia. So far it is not clear as to the capacities of

the military units since the exercise is being held and the concepts of common actions have been approved that should be tested by common military actions. Great progress has been made westbound, where a common air defence system has already been integrated, whereas units of the military grouping participate in the exercise, and presumably, they act concordantly. Meanwhile the Caucasus direction is supported only by the Russian armed forces and there is little probability that the latter group was ready for common actions. Also exercises among the military groups themselves is lacking since the concept envisages the common actions of all groups.

Attention should be drawn to the fact that the CSTO has stepped into the final military integration stage and has created a common command instrument – a Joint Headquarters. During this stage the examples and elements of the Russian and Belarusian military integration, e.g. common anti-aircraft defence system, could be helpful.

The main problems may be brought up to the CSTO by the national expectations of the member states that are naturally associated with the military integration goals and may fluctuate and modify to a certain degree. Yet, after reaching the third stage there should be no fundamental gaps between the expectations and actual results. Trust remains the only one obstacle in the CSTO military integration process, since the intentions of members are not predictable and only close collaboration and partnership may curb them, enhance transparency and trust in bilateral relations. The structure of military alliance may also become an additional object of discussion that has already been going on regarding the union institutions between Russia and Belarus on transnational level.⁶¹

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⁶¹ BNS press release. The Constitution of the Union state may be adopted by the end of the year. The Russian-Belarusian Union state secretary Pavel Borodin declared during a press conference held in Moscow on 21 September that a referendum regarding the Russian-Belarusian Union state may be held already in December of the present year. The politician also added that a draft of this document should be discussed in the Russian-Belarus Supreme Council in November. The main object of discussion should be the structure of the Union state control institutions. 22 September 2006. (in Lithuanian)

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Reconceptualizing Transitology: Lessons from Post-Communism

After more than a decade when a 'third wave of democratization' struck Central Eastern Europe and post-soviet space, the question is being raised regarding whether the transitional paradigm, shaped two decades ago, did not lose its theoretical and methodological capability? Does it manage to explain the political development of countries in a post communist state and especially in post soviet space?

The classical paradigm of transitology is characterized as having the following traits: (1) an aim to create a universal theory of democratization and the ability to explain processes of democratization in different social contexts; (2) the conviction that democratization is a one-way and gradual process of several phases; (3) an emphasis that the single crucial factor for democratic transition is a decision by the political elite, and not structural features; and (4) the normative belief of neoliberal nature, that the consolidation of the institute of democratic elections and other reforms of its own accord establish effectively functioning states.

This article analyses problems that appeared applying the perspective of transitology for post soviet regime change analysis and critics, shaped on these grounds. The aim is to evaluate the contemporary models of post soviet transitology that emphasize questions of state autonomy and power, examine the interaction of formal and informal institutions, use the concept of 'path dependence', and explain the different results of democratization in post soviet countries. This article will be using an example of Russia to formulate general statements that would contribute to the building of the theory of post soviet change, as well as the practical findings.

Introduction

The classical theory of transitology originally focused on the processes of the marketization and democratization of a regime. It believed that the success of the 'founding elections' and market reforms is available under any structural circumstances, if only a positive agreement by the elite on the transition has been reached. Since transitologists sought to create a theory that would be valid universally, the models of transition was created under such

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premises and based on the experience from earlier cases of democratization in Latin America and Southern Europe, later it was tested for use in countries of the post-communist region.

However, soon it appeared that the transitions in the latter region substantially differ from earlier transitions in other parts of the world, since the majority of post-communist countries have had not only to democratise the regime and implement market reforms, but also to build a consolidated nation state.¹ Despite the fact that this 'dilemma of simultaneity' was quite rapidly and successfully overcome by some post-communist countries in Central and Eastern Europe, in our view, the introduction of the term of 'triple transition' reflected a theoretical and methodological innovation important for the development of a whole transitology. More specifically, by adding a new, and seemingly only for that region typical dimension of transition, post-communist transitologists challenged the premise of the universality of explicitly actor-centred and time-and-space-ignorant original model of democratization. Moreover, it re-emphasised the stateness factor and its crucial importance for the whole process of transition.

Consequently, today one can note that transitology has 'shifted towards the state'. In fact, an analysis of 'hybrid' regimes now is hardly imaginable without the reference to state and how its functioning impacts on democratic prospects. Therefore, this general conceptual shift of transitology and its theoretical and methodological implications will be the focus of our attention in this article.

We will try to assess the linkage between the classical transitology and the most recent innovations in an attempt to show that the latter is not a radical refutation of the former, but just its revision with a larger emphasis on the real context of transition. Besides, the very concept of the state will also be separately analysed indicating the crucial implications for the whole research project if the choice to 'bring the state back in' has been made. Moreover, we will discuss the possibilities to introduce new institutionalism as a solution for overcoming the long-standing dilemma of actor-centred proceduralism and deterministic structuralism. And finally, in the last part, we will consider an example of the Russian 'democratization' which is quite instructive on how state-centred insights may be helpful in order to better understand this paradigmatic case of the 'grey' post communist regime, which arguably attracted the biggest attention of scholars.

¹ Offe C., "Capitalism by Democratic Design? Democratic Theory Facing the Triple Transition in East Central Europe," *Social Research*, 58(4), 1991, p. 865-92.

1. Transitology: Towards a New Perspective

Five years ago Thomas Carothers published his seminal article, which declared ‘the end of transition paradigm’.² It raised no less resonance in the ranks of the transition policy experts and makers than *‘The End of History’* by Francis Fukuyama in 1991 who interpreted the sudden collapse of the Soviet Union as the token of the extinction of any viable alternatives to the worldwide ideologies of liberal democracy and market capitalism.³ However, the political processes following the decay of the Soviet bloc have proved over a decade that such optimism was unsound, and this was reflected by the subsequent Carothers’s declaration of the end of transition paradigm.

Confronted with the fact that only a fifth (or even less) of the nearly 100 ‘transition’ countries are really moving towards a liberal democracy, Carothers renounces the core assumptions of transition paradigm. In his words, such patterns as ‘feckless pluralism’ or ‘dominant-power politics’, is a state of normality for many developing and post-communist societies rather than the interim state between democracy and authoritarianism as transitologists usually were prone to think. Hence, according to him, the starting question in transition analysis, ‘How is country’s democratic transition going?’ should be replaced by a more open-ended and realistic one: ‘What is happening politically?’⁴ Such a replacement includes not only paying proper attention to the political influence of the underlying economic, social and institutional conditions, but also makes a largely neglected state-building process as the central focus of analysis.

To be correct, the issues of stateness and rule of law, have been occasionally stressed by political scientists for quite a long time, even before the Soviet Union collapsed or the very third wave of democratization occurred (Huntington: 1968, Skocpol et al.: 1985, Migdal: 1987).

However, until the second half of 1990’s, the majority of transition experts (especially policy-makers and aid-practitioners) largely ignored these issues in pursuit of the implementation of specific reform packages, which were mostly based on the neoliberal (frequently anti-state) perspective. Such an uncompromising belief in the self-organizing magic of founding elections and market lasted out until the end of 1990s, when the Russian financial crisis struck in 1998, in combination with the political setback in almost the whole post-Soviet area. The disappointment with transition programme in this region coincided with similar experiences in other parts of the world. Demands for ‘good governance’ shifted the abstract opposition between the state and market towards a more constructive view of the role of public policy in creating an adequate institutional environment.⁵

² Carothers T., “The End of the Transition Paradigm”, *Journal of Democracy* 13:1, 2002, p. 5-21.

³ Fukuyama F., “The End of History?” In *The National Interest*, Summer issue, 1989.

⁴ Carothers, p. 18.

⁵ Müller K., Pickel A., “Transition, Transformation, and the Social Sciences: Towards a New Paradigm”. *TIPEC Working Paper* 01/11, 2001.

Hence, it is a symbolic (and a bit paradoxical) that the lessons of post-communist transitions that were originally attempted to be analyzed by explicitly applying the experience from earlier transitions, finally crucially contributed to the significant change in the perception of these earlier transitions and of the entire phenomenon of transition.

In the next two sections we will discuss the main points of both approaches of the 'classic' democratic transition and of the 'new' state-building. It should be emphasised that the distinction of these two theoretical perspectives does not denote the clashing of two distinct academic traditions, but rather the replacement of one with another by retaining some important characteristics of former. It reminds some kind of 'genetic evolution' or 'transmutation' when the new tradition does not entirely change the old one, but preserves some its essential elements by supplementing them with a new theoretical perspective.

Table 1. **Comparing approaches of transitology**

	“Democratic transition” approach	“State-building” approach
Focus of analysis	Marketization and democratization	State-building
Methodology	Proceduralism vs. structuralism	Institutionalism
Conception of political process	Transition and consolidation or setback of regime	Open-ended political contestation along inter-elite cleavages
Authority and society	Top-down approach	Mutual dependence and accommodation

2. The Classical Transitology

Methodologically, the birth of classical transitology can be traced back to 1970 when the seminal article of Dunkwart Rustow was published.⁶ It challenged the then prevailing structuralist approach and emphasized the primary significance of the political elites' will to initiate the country's transition to a democracy. In other words, it stated that there are actually no social and economic preconditions, the absence of which could preclude the political and economic reforms towards democracy. This actor-oriented approach became

⁶ See Rustow R. , “Transitions to democracy: toward a dynamic model”, *Comparative Politics*, Vol. 2, 1970, p. 337-363.

dominant in mid 1980's.⁷ It stressed that the collective choices of elites, if taken under the right circumstances and at the right time, can cancel out at least temporarily, the negative effects of such structural factors as a low level of development and education, unfavourable colonial legacies or religious traditions, ethno-linguistic fractionalization etc..⁸ Therefore, it provided some kind of optimism that there is a real possibility to establish a democratic political system in almost any country in the world, if the correct decisions are made at the critical moment by relevant actors.

One of the main assumptions of classical transitology theory was that the democratization occurs in a set sequence of stages. First, there occurs the political liberalization and the *opening* of the authoritarian regime; secondly, there follows the *breakthrough* or the transition to democracy – the most crucial stage when founding elections are held and new democratic government comes to power. Finally, there comes a *consolidation*, a slow and long-term process when the elections are regularized, the state institutions are reformed and civil society is strengthened, which means the overall habituation of the society to the democratic order.⁹

The distinction between the phases of democratic transition and consolidation here will be emphasised. Transition is defined as a distinctive moment in the political life and trajectory of a country – a period of unknown duration and extraordinary uncertainty - that is generally initiated from the dynamics within the authoritarian regime. It is precisely this extraordinary state of uncertainty that is the chief feature of a transition from authoritarian rule.¹⁰ It leads us to two conclusions: firstly, because of its inherent uncertainty, transition can lead either to democracy or to another type of regime, e.g. some kind of soft authoritarianism. Secondly, in such times of 'abnormal politics', structural preconditions matter less than short-term strategic calculations of elites, and if these calculations are positively interlinked with the isolation of hardliners of regime and the reached broad consensus on the change of regime, a new democracy can emerge.¹¹

Two distinct albeit interdependent processes – democratization and marketization – appeared as the focus of attention for classical transitologists. The market transition programme was mostly based on the so-called 'Washington consensus'.¹² It proposed a 'shock therapy' strategy that meant the simultaneous and rapid implementation of several comprehensive measures such as the Liberalization of prices, mass privatization, tight fiscal and monetary

⁷ O'Donnell G., Schmitter P.C., *Transitions from Authoritarian Rule: Prospects for Democracy*, Johns Hopkins University Press, 1986.

⁸ Karl T.K., "From Democracy to Democratization and Back: Before *Transitions from Authoritarian Rule*". CDDRL Working paper Number 45, 2005, P. 11.

⁹ Carothers, p. 7.

¹⁰ Karl, p. 6.

¹¹ *Ibidem*, p. 9-10.

¹² The term was coined by O. Williamson in 1990 to name the neoliberal economic reform strategy that occurred after Latin American debt crisis in 1980s.

policy, the introduction of convertible currency, the removal of state monopolies, and etc.. The attractiveness of the 'shock therapy' was in part due to the promise that in principle all societies were capable of establishing the basic institutions of a modern market economy regardless of their history, the state of the economy, or their previous social and political settings. On the other hand, the proponents of market transition (especially in post-communist countries) saw it not only as an economic, but also as a political strategy for dismantling of old state structures. By stating that under the market 'many economic problems solve themselves' they emphasised the beneficial effects of *self-organizing* markets in comparison of intervention of state into the economy. It was also a justification for the anti-statist character of the politics of marketization and privatization as a means of eliminating those interest groups that still occupied the institutions of old regime.¹³

Meanwhile, regarding the theory of the democratization of regime, the central importance of the 'founding elections' has been emphasised largely. It has been assumed that in attempt to transition to a democracy, free and fair elections are not just a foundation stone but a key generator over time of further democratic reforms.¹⁴ Hence, the conceptual model of an electoral democracy has become the dominant in judgement regarding whether the country had reached the minimal standards of democracy. According to this model, democracy has been defined as the process by which 'individuals acquire the power to decide by means of a competitive struggle for the people's vote.'¹⁵ Another widely used model includes additional dimension, i.e. a set of major civic and political rights and freedoms that serves as a basic indicator of democracy.¹⁶ Therefore, the bulk of transition literature has focused on measuring and comparing the level of democracy in transition countries.

However, some qualifications have to be made as to what has already been said. Firstly, it is not clear how much transitions are 'uncertain' or 'abnormal', and do all transitions share the same degree of unpredictability? Indeed, one can hardly find a name for such structural factors that in any case would determine (or preclude) the transition to democracy, but it is also hardly convincible that the influence of structural factors is so negligible that it may be ignored, that being analyzing the outcomes of any transition. Therefore, the elites' decisions at the moment of transition (no matter how uncertain or abnormal it is) should be viewed as "occurring in settings of 'structured contingency', in which choices are circumscribed by pre-transitional, economic, cultural and other structural factors."¹⁷

Secondly, transitologists tended to assume that the mode of transition is a key aspect, by which the fragments and parts of the new regime are constructed and which help to shape the post-transitional regime in a distinctive way. By

¹³ Müller, Pickel

¹⁴ Carothers, T. (2002): *Op. cit.*, p. 8.

¹⁵ Schumpeter J., *Capitalism, socialism, and democracy*. New York: Harper, 1947, p. 269.

¹⁶ Dahl R. A., *Democracy and its critics*. New Haven and London: Yale University Press, 1989.

¹⁷ Karl, p. 12.

stressing the importance of the mode of transition, there have been attempts to indicate which modes of transitions are the most positive to the prospect of consolidation of democracy. However, contrary to initial expectations, by using quantitative methods it has been revealed that democracy can be consolidated irrespective of their differing modes of transition, and any mode of transition (even 'pacted') *per se* does not determine the success of transition. The point is that these modes are highly contextualized and their different impacts, if they exist in some systemic way, are likely to be indirect and identifiable with other causal factors, both structural and procedural.¹⁸

Thirdly, the three-stage transition model is overly teleological and is not able to fully grasp the essence of so-called hybrid regimes. The work of Guillermo O'Donnell and Philippe Schmitter, in 1986, originally underlay, the transition model which used much broader notion of regime transition (not of democratic transition). However we still do not have the parallel model that could explain the consolidation of non-democratic regimes. Meanwhile, the identification of regimes (that are not of consolidated democracy) with specific adjectives (such as 'delegative democracy', 'hybrid democracy', 'populist democracy', 'illiberal democracy', etc.) 'only states the research problem, rather than solves it',¹⁹ because it is not clear whether such a hybrid regime is more autocratic or democratic and what are the prospects of its further development.

Since these regimes do not follow the underlain logic of democratic transition, the focus of analysis is to be shifted to such political processes that go *beyond* democratization and marketization. The recent turn for emphasizing the central role of the state and its transformation's impact on democratic transition or another trajectory of development of political regime might be one of the most promising ways to respond to the challenges that are confronted by today transitology.

3. The State-Building Approach

State-building is a profoundly complex issue that includes not only the solution of territorial questions, the creation of state apparatus or the evolution of national identity, but also the strengthening of state infrastructural powers and the establishment of the rule of law in its territory. One can argue that its central importance goes even *beyond* another two transitions, i.e. democratization and marketization, since 'if the state cannot project authority within its borders, then it is unlikely to be able to provide the basic framework required for the establishment of any coherent development project'.²⁰

¹⁸ *Ibidem*, p. 25-30.

¹⁹ Gel'man V., "Post-Soviet Transitions and Democratization: Towards Theory Building", *Democratization*, Vol. 10, No. 2 Summer 2003, p. 91.

²⁰ Stoner-Weiss K., *Resisting The State: Reform and Retrenchment in Post-Soviet Russia*, Cambridge: Cambridge University Press, 2006, p. 7.

By this interpretation, therefore, the issue of stateness becomes of central importance not only concerning post-communist countries, but also for all developing countries, including those that usually were treated as 'double transition' cases. As Guillermo O'Donnell has emphasised, 'states are interwoven in complex and different ways with their respective societies. This embeddedness means that the characteristics of each state and of each society heavily influence the characteristics of what democracy will be likely (if at all) to consolidate – or merely endure or eventually break down.'²¹

As many third-wave democratizing states remain unable to fulfil the developmental promises made at the start of their transitions, one can argue that the issue to which we should turn now is not just the kind of government in any particular state (democratic or authoritarian), but the degree of government and the state's actual capacity to govern.²²

In this context the definition of state includes not only the Weberian reference to the state's monopoly over legitimate means of violence, but also encompasses its institutional capacity to maintain the order by mere compliance from society and without resorting to the actual use of force. Michael Mann distinguishes *infrastructural* and *despotic* powers, where despotic power is the 'power of the state elite *over* civil society, infrastructural power is the ability of the state *to penetrate and centrally coordinate* the actions of civil society.'²³ It is the infrastructural (and not despotic) power that is at the core of modern state capacity.

Such a distinction also helps to grasp better 'the paradox of the power of strong state' that has been revealed by Joel Migdal. According to Migdal, the power of a strong state is usually invisible, contrary to the power of a weak state that is naked and obviously repressive, since it is not able to internalize successfully its norms into the society and thus to extract compliance from the society without unqualified coercion.²⁴ In addition, the question of 'state autonomy' (or 'state capture', on the other side) emerges, since a crucial contributor to state's capacity, authority and stability is its infrastructural base – a bureaucracy that has to have some degree of autonomy from societal interests and that can also provide a reliable mechanism of control and coherence.

However, one cannot forget the fact that the state, as a concept, is not a material object, but an analytical abstraction.²⁵ There are several grand theories (pluralism, elitism, Marxism, etc.) that treat the state itself and its impact on politics differently, although it is possible to discern some *formal* organizational

²¹ O'Donnell G., "On the State, Democratization and Some Conceptual Problems: A Latin American View with Glances at Some Post communist Countries", *World Development*, 21(8), 1993, p.1355.

²² Stoner-Weiss K., p. 12.

²³ Mann M., "The Autonomous Power of the State," in John Hall (ed.) *States in History*. Blackwell, 1986, p. 112.

²⁴ Migdal J., "Strong Societies, Weak Societies: Power and Accommodation" in Myron Weiner and Samuel Huntington (eds.) *Understanding Political Development*, Boston: Little Brown, 1987.

²⁵ Patrick Dunleavy P., O'Leary B., *Theories of the State: The Politics of Liberal Democracy*, Basingstoke: Palgrave Macmillan. 1987.

and functional characteristics of modern state that could fit into the perception of the state provided by any of these theories. Such a common denominator of definition of the state may include the reference to the aforementioned the Weberian definition of state and additional (functional) dimension that emphasises the state's duty to keep the order in its territory.

Nevertheless, even if there is such a common denominator that provides the general characteristics of this conceptual abstraction (i.e. the modern state) it is still not clear what analytical use we may expect to get by applying this concept. In other words, what is the reason that could justify the choice of researcher 'to bring the state back in' analysis of any political phenomenon (including democratic transition)?

Although a much more theoretical deliberation is required in order to answer such a question, some basic intuitions may be provided. According to Colin Hay and Michael Lister, the state provides a context within which political actors are seen to be embedded and with respect to which they must be situated analytically. Such a context (or *institutional landscape*) is 'strategically selective', i.e. more conducive to certain strategies and preferences of certain actors than others. The actors are hence *constrained* by such selective terrain, since they must orient themselves if they are to realize their intentions. Moreover, the state contextualizes the agency not only *institutionally*, but *historically* as well. For whilst governments may come and go, the state – as an institutional ensemble – persists, as it evolves over time. That evolution is shaped by both the intended and unintended consequences of governing strategies and policies. To understand the capacity for governmental autonomy is, then, to assess the extent of the institutional, structural and strategic legacy inherited from the past.²⁶

Therefore, the introduction of the concept of state into political analysis may help us justify why *institutions and history matter* for the political process. On the other hand, 'state-centred' approaches, in turn, can be accused of their *determinism*, if constraints on the actions, strategies and preferences of actors are overemphasised. It reminds us of a long-standing clash between proceduralism and structuralism which is clearly seen in the case of methodology of transitology. As we have already mentioned before, the classical actor-oriented transitology emerged by challenging the then-prevailing structuralist approach and stating that there are no social, economic and other structural preconditions that could preclude the establishment of democratic regime in any country of the world.

Nevertheless, we argue that this old dilemma of structuralism *versus* proceduralism may be solved exactly by introduction of the term of stateness into the analysis of democratic transitions. The focus on the stateness issues in the transition analysis may be methodologically and theoretically grounded by the recently developed (and still developing) perspective of 'new institu-

²⁶ Hay C., Lister M., "Introduction: Theories of the State", in Colin Hay, Michael Lister and David Marsh (eds.), *The State: Theories and Issues*, Basingstoke: Palgrave Macmillan, 2006, p. 10-12.

tionalism', which encompasses quite a wide range of hypotheses on *reciprocal* causal relations between actors and institutions.

New institutionalism as a broad theoretical perspective has developed since the 1980s in reaction to the behavioural perspectives and seeks to elucidate the role that institutions play in the determination of social and political outcomes. The core theoretical insight of new institutionalism is that the patterning of social life is not produced solely by the aggregation of individual and organizational behaviour, but also by the institutions that structure action.²⁷ It is necessary to emphasize that new institutionalism recognizes the importance of procedural factors (and by this premise it differs from 'older' institutional theories), but at the same time tries to develop some particular theoretical models that could help us better understand how actors and institutions interact with each other.

The intimate relationship between actors (humans) and institutions is reflected in the very definition of institution. According to the widely accepted definition, institutions are humanly devised rules of game that shape the interaction of humans themselves.²⁸ In this context it also necessary to emphasise the distinction between institutions as *rules* and popular perception of institutions as *organizations* that are collective actors and thus not to be included into the definition of institution used by new institutionalism.

Such from the first glance a seemingly tautological relationship in fact provides various possibilities to formulate the possible causal links between actors and (constraining) institutional factors in a more nuanced way. In fact, the very field of new institutionalism is highly fragmented, since there are several institutionalist approaches that differ among themselves quite significantly. Nevertheless, in our case it enables one at the same time to compare the various hypotheses about the causal relations among institutions and actors, ranging from the economic institutionalism as the most procedural institutionalist approach to the sociological institutionalism as the most structural one.

Table 2. **The four approaches of new institutionalism**

Approach of new institutionalism (model, logic of action)	The hypothesised link between actors and institutions	Authors
Economic institutionalism (the functional model, the logic of instrumental action)	Actors create institutions that provide solutions to problems of collective action. When institutions become less functional, they are substituted with more effective ones.	Williamson (1975), Goodin (1996), Eggertson (1990), Putterman (1986)

²⁷ Clemens E. S., Cook J. M., "Politics and Institutionalism: Explaining Durability and Change", *Annual Review of Sociology*, Vol. 25, 1999, p. 442.

²⁸ North D.C., *Institutions, Institutional Change, and Economic Performance*, Cambridge: Cambridge University Press, 1990.

Rational choice institutionalism (the model of 'veto players', the logic of instrumental action)	Institutions affect the strategies of actors in the interaction with other actors. Established institutions may be suboptimal, since they reflect the problems of public choice and of compatibility of the interests of individually rational 'veto players'.	Tsebelis (2002), Sharpf (1997), Shepsle (1986), Bates et al. (1998)
Historical institutionalism (the model of 'path dependence'; combines both logics of instrumental action and of appropriateness)	Actors tend to adapt to institutions rather than to change them, even if institutions bring unintended and not very much desired effects. The earlier decisions shape the later ones. The more time passes, the more institutions resilient become and the more cost are necessary to change them.	Pierson (2004), North (1990), Thelen (2004),
Sociological institutionalism (the cultural model, logic of appropriateness)	Institutions shape not only the strategies, but also the preferences of actors. The importance of informal rules that dictate how actors behave in the most 'socially appropriate' way.	March&Olsen (1989), Powell&DiMaggio (1991)

So far we have argued that new institutionalism is a theoretical perspective that is directly linked with the state-centred analysis and might perhaps best methodologically ground the latter, since the state is broadly perceived as the institutional ensemble.

However, one cannot forget that the market and the elections (which are at the central focus of classical transitology) are the *institutions* as well. Therefore, the perspective of new institutionalism may be applied for the grounding of the basic premises of classical transitology and, what is the most important, to provide the uniting theoretical link between procedural classical transitology and institutional state-building theories.

From the table on the four approaches of new institutionalism given above, we may see that classical transitology, presupposing self-organizing and functional qualities of democratic political and economic institutions, has much in common with the economic institutionalism, i.e. the most procedural version of new institutionalism.

This version treats institutions functionally, i.e. as capable of reducing transaction costs and solving problems of collective action. If institutions are not able to do that, they are changed by actors with the more effective rules

that give a competitive advantage against other acting units (for e.g. states). Therefore, in the long-term perspective one may expect that there would be competition-driven worldwide convergence of (the most effective) rules of political and economic systems.

The similar argument is used by classical transitologists who tend to assert that in principle it depends on the agreement of elite to adopt free elections and market rules in their country. Since these democratic political and economic institutions are considered to be as the most effective in generating the progress and responding the essential needs of society, one day they should become universal.

That this is not the case (especially in case of adoption of political institutions of democracy), we experience it from today's reality, which teaches us that the scenario of democratic regress may also be very probable. That is why we need to check another hypotheses that recognize larger role for the state as a particular institutional ensemble. From the table given above we see that there can be at least other three underlying hypotheses for explanation and prediction of outcomes of transition in a particular case.

Firstly, the non-democratic regime (if such occurred after transition) may be interpreted as the reflection of particular fixed equilibrium among the most important actors of state that have rational interests incompatible with the full implementation of transition project (rational choice institutionalism). Secondly, in transition there may be the so-called effect of 'path dependency', which means the inertia of state institutions and their earlier development trends even under the circumstances of globally changed environment (historical institutionalism). And lastly but not least, transition and its outcomes can be influenced by certain cultural (informal) traditions that are in contention with the ideology of liberal democracy and of the rule of law (sociological institutionalism).

As it was indicated before, the verification of such a hypothesis and also the evaluation of a state's infrastructural power (that is necessary for successful fulfilling transition project) requires contextualised research. This is not inconsiderable qualification, since it limits (though does not preclude) the application of state-centred theories in a quantitative manner.

However, even if such research can be conducted only by case study or small-N comparison, there is a possible methodological alternative to the application of statistical methods, i.e. so-called 'systematic process analysis'. As Peter Hall stresses, taking seriously the principle that 'correlation is not causation', such methodology assesses the adequacy of a theory not only by inspecting key causal variables and outcomes but by comparing theory's predictions about causal processes with multiple observations about such processes in the cases at hand.²⁹ Taking into mind that the transition, first of all, is a *process*, and the

²⁹ Hall P. A., "Aligning Ontology and Methodology in Comparative Politics", in James Mahoney, Dietrich Rueschemeyer (eds.), *Comparative Historical Analysis in the Social Sciences*, Cambridge: Cambridge University Press, 2003, p. 399.

introduction of state means the historical and institutional contextualization, such a systematic process to the analysis, which considers the importance of distant events, sequencing and complex interaction, may be an adequate methodological instrument for the further development of today transitology.

In the last section we will take an illustrative example of the Russian case and review some of the most recent works on political development of this country that use the state-centred insights in order to explain why democracy in this paradigmatic case of the post communist country that attracted probably the biggest attention of researchers has failed.

4. Russian Case: The Application of the State-Building Approach

Until the mid-1990s the bulk of the transition literature dealing with the post-communist region largely ignored stateness. It tacitly assumed that post-communist transitions would follow the pattern of earlier transitions in Southern Europe and Latin America. In these two regions the focus was upon only two areas – democratization and marketization – because these transitions took place within long-established states.³⁰ In 1996, Juan Linz and Alfred Stepan asserted that ‘stateness problems must increasingly be a central concern of political activists and theorists alike.’³¹

Therefore, the notion of the ‘triple transition’ became increasingly applied in the post-communist studies (and later for almost all transition cases), since most countries of this region *simultaneously* had to cope with the state-building task along with democratization and marketization,³² which may be counted as the additional challenge for transition process.

What aggravated the post-communist transition process even more, is the poor institutional legacy of the old regime. According to the well-known argument of Linz and Stepan, the type of pre-democratic regime is one of the crucial factors that determine the success of consolidation of democracy. And considering this aspect, the post-totalitarian past is reckoned to be as less positive circumstance for transition than the legacy of authoritarian regime which was a case in the countries of Latin America and Southern Europe.³³ As Jon Elster, Claus Offe and Ulrich K. Preuss asserted, virtually everything has been affected by the conditions and habitats of old post-communist regime. More

³⁰ Kuzio T., “Transition in Post-Communist States: Triple or Quadruple?”, *Politics* Vol. 21(3), 2001, p. 168.

³¹ Linz J., Stepan A., *Problems of Democratic Transition and Consolidation. Southern Europe, South America and Post-Communist Europe*, Baltimore: John Hopkins University Press, 1996.

³² Kuzio adds another one “transition”, i.e. nationhood issue, as crucially important for the former Yugoslavia, USSR and Slovakia. However, we choose to treat it as an integral albeit important element of state-building process.

³³ Linz, Stepan

specifically, such inherited constraints include the state of material resources and their organization, the 'inner environment' of mental residues, including the cognitive and normative culture, and the established elites and their informal power resources. At the same time the post-communist countries after the collapse of the pre-democratic regime were confronted with the situation when the political agency was weak and scattered.³⁴

Nevertheless, some scholars have recently challenged this 'dilemma of simultaneity' pointing out that despite ostensibly poor institutional legacy, many countries in the post-communist region have achieved the same or an even higher level of consolidation as the young democracies in southern Europe and Latin America, and furthermore they did so in a much shorter time.³⁵ One of the most valid explanations of this phenomenon could be that the post-communist states have inherited a much more developed structure of 'infrastructural power' in comparison with the majority of countries of Latin America and other regions, which helped some of the former in better implementation of transition project. Therefore, according to such interpretation, the post-communist institutional legacies might be even a positive factor.

On the other hand, it reflects the existence of variety in post-communist region how state-building processes evolve during transition. Anna Grzymala-Busse and Pauline Jones Luong argue that these processes of post-communist state-building are still unfolding and have not reached a stable end-point. They define state formation as a competitive process of establishing authority over a given territory. This process consists of individual or institutional actors of elite who face different *modes of competition* (self-contained or representative) and employ *different mechanisms to win this competition* (formal or informal structures and practices). Thus the various combinations of these modes and mechanisms produce different degrees of elite constraint and popular compliance, which, in turn, comprise distinct state-building trajectories. Those post-communist countries that experienced the representative competition among elites and employed formal structures and practices to resolve this competition, have quite successfully consolidated democracies. Such countries include Hungary, Poland, the former Czechoslovakia, Slovenia, and the former Baltic republics. These countries have a common history of communist rule imposed on previously independent states, which fostered an antagonistic relationship between rulers and ruled and, thus, served to reinforce this state-society division. Where the boundary between state and society was blurred under communism and, hence, former ruling elites did not face mobilized opposition (in Russia and in many of the other former Soviet republics), we find self-contained (i.e. non-accountable and less responsive) competition.³⁶

³⁴ Jon Elster J., Offe C., Preuss U.K., *Institutional Design in Post-communist Societies: Rebuilding the Ship at Sea*. Cambridge University Press, 1998, p. 19.

³⁵ Croissant A., Merkel W., "Introduction", in Aurel Croissant and Wolfgang Merkel (eds.), *Consolidated or defective democracies? Problems of Regime Change*, Special Issue of Democratization vol. 11, no. 5, December 2004, p. 1-10.

³⁶ Grzymala-Busse A., Luong P., J., "The Ignored Transition: Post-Communist State Development". *Paper No. 02-02, March 2002*.

There are also other recent works that demonstrate the impact of Russian state-building processes for prospects of democratization of this country.

Allen C. Lynch in his book "How Russia is not ruled" asserts that the evolution of the neo-patrimonial political system in Russia after the collapse of Soviet Union is not the new trend but rather the reproduction of the long-term state development trajectory. Russia, confronted with harsh geographic conditions and a hostile international environment, since the Medieval Age when it occurred as the Muscovite state, has relied on extensive and despotic state power in order to compete with other international powers both economically and militarily. Although such regime based on the narrow basis and alienated from the society had been sometimes successful, it could not finally cope with new social and economic impulses from modernising society and has therefore collapsed twice in the 20th age – after the First World War and the Cold War.

Russia's path of development, in this light, has been one of (a) concentration of virtually unaccountable power in the hands of the executive, a concentration that at times is able to mobilize resources to perform extraordinary tasks but is not conducive to legal rationality in respect of persons and property; and (b) the absence of a clear line between property and political power. The fundamental test for Russia in the 1990s, was to change this essential unaccountability of executive power and within it to take the chance of establishing the rule of law that is the prerequisite of both capitalist and democratic development. That Russia entered the twenty first century with an executive authority that was largely unaccountable to the formal institutions of state and a continued merger of political power and economic wealth (albeit in new forms) suggests just how powerful Russia's historical path of development was.³⁷

Meanwhile, Vladimir Gel'man seeks to re-define the concept of regime in order to explain the outcomes of post-communist transition combined with the formation of state. To his opinion, post-Soviet pacts (in difference from 'pacts' in earlier transition countries) were merely cartels of incumbents against contenders, cartels that restrict competition, bar access, and distribute the benefits of political power among the insiders. The formation of the 'imposed consensus' of Russia's elites under Vladimir Putin is a good example. These 'pacts' have not enforced democratization, but blocked it. Hence, the very basis of political contestation depended upon intra-elite cleavages, because of the weakness of societal cleavages and growing dependence of mass clientelles upon elite's patronage. In Russia, a zero sum game solution of intra-elite conflicts during the 1991-1993 and later elections undermined any incentives for the ruling group to accept bounds on their own powers by strengthening formal institutions. What is open to argument is whether the 'bad equilibrium' of dominance of informal institutions is now 'destined' to be reproduced over time and become self-perpetuating.³⁸

Similarly, Kathryn Stoner-Weiss, in line with the definition of state-buil-

³⁷ Lynch, A., C., *How Russia Is Not Ruled*. Cambridge University Press, 2005, p.170.

³⁸ Gel'man, p. 93-97.

ding as competitive process, in her book *Resisting the State* argues that the post-communist state-building project in Russia was subverted by well-entrenched economic elites who had little incentive or interest in building the state's regulatory capacities at the expense of their own private extractive opportunities. On the contrary, they had every incentive to continue to resist the state oversight of their activities and even to actively tear the state down and continue to grab its assets.³⁹ More precisely, Stoner-Weiss argues that it was the landslide and rapid privatization that was dominated by insider interests within the bulk of Russian enterprises consolidated strong, but particularistic societal interests. The new 'entrepreneurchiki', formerly members of Soviet nomenclature, were determined to prevent the new Russian state from regulating their rent seeking activities. These groups benefited from the stalled reforms (when Jegor Gaidar as prime minister was replaced by Victor Chernomyrdin) and have an interest in preventing further change. They preferred to co-opt regional governments (or colluded directly with them) to prevent the central state from effectively regulating their activities.⁴⁰ Therefore, Stoner-Weiss finds that in contrast to many expectations, the post-communist project has been to tear the state down through predation in order to enrich a narrow slice of Russian society that consisted most of the members of former Soviet state structures.⁴¹

To sum it up, the rule of Putin could be evaluated as an effort to regain the power and capacity of state that was torn down following the collapse of Soviet Union and the mass privatization. The capacity of state is tried to be increased by the restraining the political contestation and taming the most important social and economic actors. However, the politics of dominant-power is prevailing in Russia, and while there is a significant lack of rule of law, the prospects for representative competition among elite forces by formal means tend to be very modest.

Conclusion

To rephrase a famous quotation of Mark Twain, the report of transitology's death was an exaggeration. What transitology experienced, nevertheless, is a certain redesigning of its main concept. The teleological universal model of transition has been substituted with a more realistic and contextualised one.

The main new element that has been introduced into the general concept of transition is a notion on necessity to build a functioning state. In other words, the task of 'triple transition' that was firstly 'assigned' only for the countries in the post communist region is to be applied for all countries that are 'in transition', 'State weakness', 'state capture' or even 'state failure' are increasingly recognised as the essential reason why 'feckless pluralism' or 'illiberal democracy' prevail in many countries of the world.

³⁹ Stoner-Weiss, p. 8.

⁴⁰ *Ibidem*, p.15.

⁴¹ *Ibidem*, p. 21.

The introduction of the state has its further methodological implications and trade-offs for transitory. On the one hand, it requires contextualising the research, since the very concept of state may be analytically useful for us if it gives us a sufficient view of historical and institutional landscape in which real political processes evolve. Hence, the introduction of state into research to some extent is also a certain methodological choice, as it prefers single or small-N case more than quantitative analysis. On the other hand, it does not preclude the possibility for a ‘middle-range’ theory building through a theoretical perspective of new institutionalism that may generate various theoretical models encompassing both procedural and structural factors.

All in all, although its initial optimism was not fully justified, transitory with its revised form has still a lot of potential to develop further, since its essential normative aim – to help with democratising the world – remains crucially important.

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Twists of Democracy in the Ukraine, or the Political Instability of the Country Reconsidered

When it comes to a description of the political process in Ukraine, scientific literature often employs the concept of political instability or better still, that of the instability of a political regime. To quote the scientific community, there are two key factors underlying the political stability/instability of the country, these include: features of 'political competition' among key political forces and the nature of functioning of the top level executive branch in the political system. This paper relies on criteria suggested by Jack Goldstone and Jay Ulfelder, both American investigators, and discusses the dynamic character of the political regime in Ukraine in the aftermath of the Orange revolution. The analysis is based on the following key assumption, i.e. that political instability will for long be inherent to a democratic regime in Ukraine.

Introduction

Issues surrounding the political regime establishment in Ukraine, or, which is more acceptable by political science, those of its consolidation, are discussed often and widely. The political events in the late 2004 and early 2005 are often referred to as the Orange revolution in literature and are both scientific and popular. These served as a catalyser to start new investigations. A considerable proportion of investigators and political observers considered the revolution an upheaval and impulse not only to turn the foreign policy in Ukraine towards one more favourable to the West, but also to facilitate the development of a more transparent, democratic model of a political system, rather like one which is Central European.¹ In this context, the so-called constitutional reform deserves a largely positive evaluation; one can count its formal functioning since the early 2006, and granted more powers to the Parliament (the Supreme Rada). This is how Ukraine was supposed to turn from a presi-

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¹ Moshes A., "Ukraine: Domestic Changes and Foreign Policy Reconfiguration", *Political Trends in the Eastern Europe: Ukraine and Belarus* (ed. By V. Silitiski and A. Moshes), 2007, p.17, www.StrategicStudiesInstitute.army.mil

dential republic to parliamentary – presidential one. In fact, one must point out that ‘constitutional reform’ reflected interim political compromise achieved in the climax of the revolutionary events between two fighting groups of political elite, i.e. the ‘orange’ one, headed by Yushchenko and Tymoshenko, as well as the ‘blue white’ one, headed by Yanukovych, rather than a clear, well thought through plan, on the way to reform political system of the country.

We would be inclined to think that, in general, the definition of *instability* comes to mind when it comes to the charactering of the dynamics of a political process in Ukraine in the aftermath of Orange revolution. There were several facts pointing to the political instability in the country, firstly, those that came victorious in the Orange revolution failed to consolidate their victory. The conflict between President Yushchenko and Prime Minister Tymoshenko turned out in the resignation of the latter in the middle of 2005. Secondly, compromises reached between Yushchenko and Yanukovych proved to be short-term. Although the political agreement between the two leaders and political forces they headed did facilitate, after considerable trouble, a new orange government headed by Yekhanurov, yet the stable work escaped its grasp. Thus the Rada election was organised in March 2006. Thirdly, although the orange block did formally win the election, however, its leaders failed to form a stable majority and reach an understanding on the distribution of key political positions. When the socialists headed by Moroz merged with the Party of Regions headed by Yanukovych, the latter took the office of the Prime Minister. Fourthly, with confrontation between the majority in the Rada and the Government from one side and the President from the other deepening, Yushchenko decided to dissolve the Parliament and to announce premature election. Fifthly, the premature election did not substantially change the relation of political forces in the country. Not only did it highlight the trend of two confronting political forces, the Party of Regions headed by Yanukovych, mostly supported by the population in the southern and eastern regions of the country, and block headed by Tymoshenko, supported by the central and western regions, dominating the political map of Ukraine. However, neither of the said political forces commands the majority in the Rada and is compelled to look for allies if it is to form the Government.

We have employed the definition of political instability or, to be more precise, that of instability of political regime in order to characterise the political process in Ukraine. It well deserves a little more attention. Modern investigations, having the key object of analysis structural political crises and state failure, also employ concept of political instability.² To quote the scientific community, there are two key factors underlying political stability/instability

² A study by a group of US scientists serves a good example; it deals with cases, reasons and consequences of failures of states 1955 – 2006, “Political Instability Task Force. Internal Wars and Failures of Governance” (PITF). The study was launched in 1994, and was sponsored by the US Government. Key objective of the study was to learn “the reasons behind the vulnerability of states, ranging from political instability to failure of states”. The study material is available at: <http://www.cidcm.umd.edu/projects/project.asp?id=19>

of the country: features of 'political competition' among key political forces and nature of functioning of top level executive branch in the political system. Therefore, 'closed autocracies', where any chance for political competition for power is in fact virtually eliminated, and there are in fact no state institutions restricting top executive branch, may be deemed stable political regimes. Liberal democracies, or political regimes with 'open political parties' competing, and minimum likeliness of coercion also prove stable. What is also important in these regimes is that executive branch is 'largely restricted' by independent courts of law and the legislative branch.³

According to Jack Goldstone and Jay Ulfelder, it is those regimes that can be characterised as 'nominally' formally democratic, yet where political competition, that between dominant political forces is characterised by *factionalized political competition* and where the executive branch clearly plays the dominant role are among those most vulnerable and unstable. The model of *factionalized political competition* is characterised by three key traits: polarization, parochialism and mobilisation. Parochialism characterises a certain model of political competition, where key political parties express interests of narrow social or economic groups by favouring them in one way or another. Such political parties do not perform mediator (key) function between various social groups; rather, they strive to highlight their differences. Polarization happens when competition between key political forces for the influence on political centre becomes 'game' where nobody wins. Not only does the losing party lose political positions; it also faces economic pressure and political prosecution. Lastly, the competing political forces, with view to implement their 'parochial' interests recourse to collective actions, mobilisation of their supporters which can at times include coercive character.⁴

The institutional structure of the political system with the dominant role played by top executive branch, barely restricted by other public institutions and controlled, poses a danger to the political stability due to two major reasons. First, those once elected in such power, and representing the same, may seek to further increase limits of one's competence, and, what's important, to retain it infinitely. Such a situation may provoke either an introduction of dictatorship or split of the society. On the other hand, in the case of the political system, characterised also by an opposed political competition, top executive branch becomes key political 'prizes.' The political power, winning it successfully, may expect not only to fully satisfy the interests of its supporting groups, but to eliminate its opponents from the political game also. It thus makes political compromise considerably less likely, and the confrontation more probable⁵ (more diffuse systems, where top executive branch lacks influence, provides more favourable preconditions for political powers seeking compromise and 'distribution' of power).

³ Goldstone J., Ulfelder J., "How to Construct Stable Democracies" *The Washington Quarterly*, vol.28, Winter 2004/2005, p.9-20. As a matter of fact, both authors of the paper participated in the project.

⁴ Ibidem, p.15.

⁵ Goldstone, Ulfelder (see footnote 3) p.16-17.

One should point out that the issue of instability of the democracy in Ukraine, taken from one aspect or another, has pretty frequently become an object of study by scientists, including Lithuanian scientists. We have no intention to go into much detail here. There are, however, but a few studies that we shall review, thereby concentrating on issues of methodological character. A group of authors (V. Pigenko, Ch. R. Wise and T. L. Brown), discussing the issue of democratic stability in Ukraine, and to get more specific – the position taken by the political elite of the country on the matter of separation of powers (legislative and executive branch) have observed that political discussions on the structure of institutional system has come under strong influence of different ideological provisions and different geopolitical orientation.⁶ In the eve of passing Constitution of 1996, political groups supportive of idea of strong parliament, also sought preservation of fundamentals of socialist – planning economy and for most productive development of relations with Russia. Yet those in favour of a strong presidential power supported the in-depth market reforms and one more favourable to the West. The first trend was more characteristic to political left in Ukraine (socialists and communists) and the second to the right, or the so-called national-democrats. According to the authors of the study, it is the incompatibility of ideological and geopolitical orientations that makes agreements on institutional construction among the political elite unstable, promises new conflicts, even more so, where the winner takes steps to change the rules of institutional ‘game.’ Ž. Šatūniene, a Lithuanian investigator, who analysed pre-conditions for establishment of stable, consolidated democracy in Ukraine, has drawn a general conclusion that “instability of political regime (democracy and authoritarianism alike)” is ‘normal’ and long-term, therefore, arguably, a consolidated form of political regime in the post-Soviet Ukraine.⁷ Key arguments that the author employs to draw the above conclusion include that, given particular merging character of business and political groups interests, structure of political elite in Ukraine will be dominated by an ‘oligarchic’ group, the latter seeking to maximise its benefits, the said situation inducing stress and controversies, which can only lead to instability of political system.

We would be inclined to think that both of the above studies may prove to be useful in that they bring additional arguments to support model of ‘opposed political competition’. This text shall therefore, on the basis of criteria the suggested by Jack Goldstone and Jay Ulfelder, consider the dynamics of the political regime in the Ukraine in the aftermath of the Orange revolution. The key assumption in the analysis lies upon the assumption that political instability will be inherent to democratic regime in Ukraine for considerable period of time.

⁶ Pigenko V., Wise Ch., Brown T. L., “Elite Attitudes and Democratic Stability: Analysing Legislators’ Attitudes towards the Separation of Powers in Ukraine”, *Europe – Asia Studies*, vol.54, no.1, 2002, p.92.

⁷ Šatūnienė Ž., “Nepastovus posovietinės Ukrainos politinis režimas ir demokratijos konsolidavimo perspektyvos”, *Politologija*, no.1, 2006, p.62-63.

1. The Character of Political Competition

Thus, why is the model of political competition inherent to Ukraine? With the March 2006 Rada election drawing closer, three key political forces emerged in political – party system, including pro-presidential, or the party in power, to put it more precisely the coalition of several parties; Our Ukraine, headed by President Yushchenko; Party of Regions headed by its leader Yanukovych and Yuliya Tymoshenko (when the so-called ‘orange’ forces split in the autumn of 2005, it finally became obvious that parties headed by Tymoshenko and Yushchenko shall run the election independently).

Some analysts in Ukraine have claimed that even before the 2006 Rada election an ever increasing “public – political split, taken place as early as during presidential election” may pose a key challenge and threat to the political system and its stability. Sociological studies (spring 2005) showed that a considerable portion of the Ukrainian population records the split of the character. According to the surveys, approximately 44% of the Ukrainian population claimed such a split did exist in the country and 40% of respondents denied that. As much as 82% of the electors supporting Yushchenko in the presidential election claimed that the country was “on the right path”, however, only 17% of those voting in favour of Yanukovych concurred with the same.⁸ No doubt, one can think that the very conception of ‘split’ in the society was firstly influenced by the presidential election campaign, which was still not such distant of a memory. Yet one must also point to the fact that later surveys also evidenced an existence of certain stress in the society, to be more specific, on the country scale between the East and the West. A survey by the International institute of Sociology in Kiev in the late 2005 (November) found that 35% of the respondents approved of the statement referring to the stress between the East and the West, and 49% disapproved of the same statement (as a matter of fact, as much as 54% of the population in the eastern regions of the Ukraine approved of the statement, and on the contrary, in the western ones, the majority disapproved of the same).⁹ Geopolitical views of the population in the given regions in the Ukraine also displayed obvious differences. The surveys in 2005 evidenced an unequivocal support of the development of European Union relations (being 60.7%), and 7.9% and 6.6% of respondents supported eastern vector, or relations with Russia and CIS respectively, to be taken by the foreign policy. Eastern Ukraine was, on the contrary, clearly dominated by totally opposite trends. Here, 56.7% and 16.2% of the respondents considered relations with Russia and CIS countries a

⁸ Якименко Ю., Литвиненко А., Жданов И., “Кто и за что, с кем и против кого? Партии Украины за год до выборов”, <http://www.zn.ua>, 02 04 2005. According to the pools at the end of 2005 50 percent of ukrainians considered that their living conditions after Jushchenko became the president deteriorated and only 11.5 percent argued that it became better. See “Почти половина украинцев считает, что при Ющенко они стали жить хуже”, www.rosbalt.ru, 20 10 2005.

⁹ Moshes (see footnote 1) p.22.

priority, and 16.8%^{10*} of the respondents supported the development relations with the European Union. (Geopolitical orientations differed in case of Southern and Central regions also. The former preferred 'eastern' orientation, and the latter favoured 'western' one. However, gaps did not prove so significant in this case).¹¹

Some analysts in the Ukraine have claimed, even before the election, that the 2006 Rada election would do nothing but increase the existing regional – cultural divides. Political parties, with view to mobilise their 'own' electors, may well take steps to exploit the existing cultural – regional differences and controversies. Yet the escalation of regional and cultural differences (e.g. matter of Russian as official language, which is relevant to the East but not so in case of the West) in the course of election campaign could do no more than increase the splitting of the country along the eastern and western divide. There were also those who thought 'conflict topics' will basically dominate the election, which will make relations between key political parties in the Ukraine even more complicated. There were speculations that the representatives of 'orange' camp will take steps to 'discover' various crimes of the former regime, will escalate the topic of the fight against oligarchy, and various corrupt politicians. Opposition, the 'blue' ones, should exploit the matter of 'political repressions', both in regard to individuals and specific regions that supported opposition during the presidential election. Another possibility, not to be excluded, is that those in favour of regionalism may well use matter of status of Russian as second official language during the election campaign as well as the necessity to develop better relations with Russia not excluding even the escalation of anti-western or anti-American sentiments.¹² Hostility, displayed publicly, between the political forces during the election, should have an impact on the likeliness to form post-election political compromises. Even more so, that most pre-election forecasts witnessed that no political force will manage to bring an absolute victory and will be compelled to look for allies.

One should note that by far all speculations of scientists regarding the course of election have been proven correct. The results of the election evidenced an increasingly structuralised character the political – party system that

^{10*} A decrease in support of 'polyvectoral character' also known as balancing between the West and East policy was also noticeable. (see Евгений Головаха: "Борбу между "правыми" и "левыми" некомпетентные политики превратили в войну между региональными и языковыми группами", , <http://www.grani.kiev.ua>, 2006 08 06.) And as late as in 2003 'polyvectoral character' was supported by 38% of population in the Eastern and Southern regions (7% supported the 'western' course and 22% supported 'eastern' one, respectively), 39% - central (in this case, 11% of population supported the 'western' course and 13% supported the 'eastern' one respectively), 20% supported the 'western' one ('pro-western' orientation appeared most popular, at 39%, whereas the 'eastern' vector was supported by 5%). See Konieczna J., "Мѣдzy Wschodem i Zachodem", *Fundacja Batoriego*, Warszawa, 2004, p. 8-9.

¹¹ From "Ukraine's European Integration in Popular Perceptions", *National Security and Defence*, no.7, 2005, p.43-44.

¹² Якименко Ю., Литвиненко А., Жданов И., "Кто и за что, с кем и против кого? Партии Украины за год до выборов", <http://www.zn.ua>, 02 04 2005.

Ukraine is acquiring. The Party of Regions headed by Yanukovych appeared the most successful at the election, having scored little more than 32% of elector votes and taking 186 seats in the Parliament. The block of Tymoshenko (22.27% and 129 seats) and the Our Ukraine block, supported by President Yushchenko only came third (13.94% and 81 seats). Socialist party (5.67% and 33 seats) and Communist parties (3.66% and 21 seats) also passed the three-percent barrier. The above election results and the relation of political forces in the new Rada evidenced that the 'orange forces' (the Tymoshenko block, Our Ukraine and the socialists headed by Moroz) are in a very favourable position to form a sufficiently stable majority coalition in the Parliament that, pursuant to the new Constitution, shall submit candidate to take the position of Prime Minister to the President. Some analysts, evaluating the good performance by the Tymoshenko block, have come up with conclusion that, overall, there are preconditions forming in Ukraine for the new, 'Centre' political block (political party by Tymoshenko has been most successful in the central regions of the country). And this is the block to reduce the tension existing between the East and central-western region.¹³ However, one should also note in this respect that, in our opinion, it was her political charisma, essentially populist promises and ultimately, the 'radical' opposition posture by her party, rather than her political program, having its objective to 'unite' the country that ensured good results to the block of Tymoshenko (following the 2005 Autumn election, Tymoshenko has retreated to the opposition of President Yushchenko, taking opportunity to express some pointed criticism with regard to the 'oligarchic' Party of Regions).

On the other hand, one should still observe that certain of predictions of the political scientists did appear correct. Experts in the policy of Ukraine, when summarizing the 2006 Rada election, have come to conclusion that traditional political divides, inherent to political system in Ukraine (left and right, national – democrats – Russophiles) is weakening, yet the divide between the East and West remains relevant.¹⁴ What was usually stated when supporting the above finding was that the electorate would usually be mobilised on a regional – linguistic, or, to rephrase it, on territorial – cultural basis. The election results largely confirmed the said findings.¹⁵ The Party of Regions was successful in ten southern and eastern regions of the country (the party headed by Yanukovych was most supported and was successful with highest ration in the areas of Doneck, Luhansk and the city of Sevastopol). A total of over 8.1 million

¹³ Moshes (see footnote 1) p.22-23.

¹⁴“Евгений Головаха: “Борбу между “правыми” и “левыми” некомпетентные политики превратили в войну между региональными и языковыми группами”, <http://www.grani.kiev.ua>, 06 08 2006.

¹⁵ See: <http://www.cvk.gov.ua/vnd2006/w6p001.html>

electors voted for the Party of Regions¹⁶. Block headed by Mrs. Tymoshenko was successful in 14 areas that investigators attribute to the central part of the country. A total of over 5.6 million electors voted for the party headed by Mrs. Tymoshenko. This political force scored the most votes in the areas of Kiev and Volyn and Kiev, the capital city of the country. Our Ukraine, headed by President Yushchenko, was successful in barely three western areas of the country: Ivano-Frankivsk, Lvov and Carpathian – Ukraine (a little more than 3.5 million electors supported the pro-presidential party). Such regional – cultural split of the electorate and party system impeded the way to political compromise, and rendered possible political coalitions unstable and short-term.

It is important to note yet another aspect of political – party system. The divides existed not only between the ‘orange’ political forces and the ‘blue’ ones, the Party of Regions, but inside the so-called democratic coalition itself. In general, the ‘orange’ camp in terms of political ideology consisted of forces exhibiting considerably variety, and ranging from socialists to national democrats. Even one can claim that these forces were united by the legacy of the ‘Orange’ revolution, including the reach for democratisation of political system and reforms, yet, when it came to contents of specific reforms, they envisaged it differently and often to the contrary. The priorities for the foreign policy and geopolitical orientation, too, were far from uniform. Now in order to keep the said coalition united, the matter of its leader and his authority gains importance. President Yushchenko could well be considered an informal leader of democratic coalition. However, by March 2006 he could no longer be the leader and mediator, coordinating the interests of all orange forces. We would be inclined to think that this was due to several reasons. First, the ratings of the President of Ukraine appeared to be on a persistent decline in the aftermath of the revolution (the fall in popularity of Yushchenko is noticeable already in the early 2005, followed by simultaneous rise of Tymoshenko ratings. To rely on the data produced by surveys, the rating of Yushchenko decreased 37.5% to 20% February to June 2005, and that Tymoshenko rose 10% to 17.3%).¹⁷ Thus Yushchenko acquired a strong competitor in the orange camp. It was Tymoshenko, her party, as we have observed before, that came

¹⁶ There are, however, scholars claiming that ‘*political subjectivity*’ of eastern Ukraine is well exaggerated. They base such presumption on the conduct of political elite in the eastern Ukraine in the aftermath of the Orange revolution. At least part of political elite in the eastern Ukraine sought compromise with the new ‘orange’ government (some politicians and members of business elite, who once were active in the Party of Regions took the side of the ‘orange camp’). Such posture was influenced by the fact that big business appears the key political subject in the east of the country and it is inclined to seek ‘constructive’ dialogue with any power in general. This served as a basis for conclusion that it can not possibly make serious political opposition. See also “Доклад Института национальной стратегии Украины (С. Белковский, К. Бондаренко, В. Вакарюк, Е. Курмашов, А. Мушак). Новый политический сезон: выборы-2006 и продолжение оранжевой революции“, *Агентство политических новостей*, <http://www.apn.ru>, 24 08 2005.

¹⁷ See Доклад Института национальной стратегии Украины (С. Белковский, К. Бондаренко, В. Вакарюк, Е. Курмашов, А. Мушак) „Новый политический сезон: выборы-2006 и продолжение оранжевой революции“, *Агентство политических новостей*, <http://www.apn.ru>, 24 08 2005.

second in the election, and the coalition of parties, Our Ukraine, headed by President Yushchenko came in third. In general, Tymoshenko has positioned herself as an active advocate of interests of 'ordinary people', fighting against the oligarchs and evil intentions of Russia. Finally, the constitutional reform on its way since early 2006 has restricted and also, in view of key political actors, has weakened the powers of the President. On the same time the prestige and influence of the Chairman of the Rada and the Prime Minister increased. This fact in the 'orange' camp increased competition and rivalry even more, as to who should claim them. Tymoshenko appeared as the most tangible aspirant to claim the position of the Prime Minister, however, such a course of events, naturally, was not really popular with the President.

Just to remind ourselves of the disagreements between the leaders of the Orange revolution political structures supporting the same are traceable back to mid 2005,¹⁸ and in September Yushchenko and Tymoshenko union saw its final collapse. The crisis formally originated with advocates of Tymoshenko accusing politicians close to President Yushchenko of corruption. The President decided and removed the Government headed by Tymoshenko and parted with some of his political comrades. The political block headed by Tymoshenko thus moved to opposing the President. This in turn did nothing but deepen the political crisis in the country. The Rada did not approve of the Yury Jechanurov as new head of Government until this candidate was supported by the Party of Regions headed by Yanukovych. Yushchenko, with view to get away from political crisis and for the government signed an agreement with Yanukovych whereby the new power undertook an obligation to refrain from prosecuting advocates of Yanukovych. Such a pact allowed for the formation of the government and also a stabilised situation in the country for the interim period. On the other hand, such inevitable political compromises primarily among the electorate of the orange induced disappointment and increased stress and conflicts in the democratic camp. In general, Tymoshenko took steps to exploit compromising character of President and the Government, whether pretending or genuine, and presented herself as politician who did not know compromise. She was among those who criticised the late 2005 agreement between Gazprom, Russian gas monopolist and Ukraine which was supported by the President and the Prime Minister. As a matter of fact one would note that this agreement was evaluated as not transparent, however it was Tymoshenko who made the cancellation or at least review of the agreement the objective of her policy. Given such a situation full of mistrust and even hostility, the issue of forming the orange coalition became very serious. The events that followed after 2006 election totally confirmed the presumption. Negotiations regarding the formation of coalition ran on. The leaders of the 'orange' ones failed to agree upon the key official positions. The negotiations were further hampered by the

¹⁸ Political analysts have noted that key actors of the 'orange' camp, as early as in summer 2005 no longer concealed mutual hostility and demonstrated mutual conflicts publicly. Доклад Института национальной стратегии Украины (Ibidem.)

fact that Tymoshenko wanted to retain the position of Prime Minister to herself and there were political forces strong enough to prevent Tymoshenko from getting the position. Finally the efforts to form the 'orange coalition' proved unsuccessful with the retirement by the socialists.

The formation of new 'anticrisis' coalition, including Party of Regions, socialists and communists was announced immediately. This coalition elected Moroz and submitted the candidate of Yanukovych to the position of Prime Minister. Political crisis which originated following March Rada election were settled in the earlier August only. President Yushchenko submitted Yanukovych for approval as the Prime Minister. New coalition (Party of Regions, Our Ukraine, and socialist party) was formed in the Rada; it also formed the Government. Party of Regions took the block of economical ministries and the President retained influence when forming country's security and defence policy. The members of the coalition signed document initiated by the President, defining interior and foreign policy priorities in Ukraine (true, the document was void of legislative power and imposed no obligations on the signatories. It was not signed by the representatives of Tymoshenko block). The Constitutional Court was finally formed as the result of the agreement. As evidenced by the further course of events, the political compromise between the party in power and the President, was interim only.

The analysts, as early as the summer of 2006 began reporting of an inevitable crisis between the two branches of executive powers, the President and the Cabinet.¹⁹ Initially, the conflicts between Yushchenko and Yanukovych appeared to be due to several ministers (foreign affairs and defence). According to the quota of the President established in the Constitution, the latter was entitled to appoint several ministers to the Government. The conflict between the two representatives of power, the President and the Prime Minister was largely due to the establishment of competence limits. The Prime Minister appealed to the reform on the way and took steps to expand the limits of his competence and the President, again appealing to the reform to retain the same. The relationship between the President and the Prime Minister were further complicated by the Law on Cabinet adopted by the Rada in January 2007. Such an enactment was provided pursuant to the constitutional reform on the way. On the other hand, it was the Rada that adopted the Law on cabinet drafted by the Party of Regions, which further expanded the functions of Prime Minister and thereby decreased the competence of the President. Such wording of the law was vetoed by the President; however the veto was overruled by the Party of Regions and the block of Yulia Tymoshenko which supported the same.²⁰ In general, it is up to Constitutional Court to arbitrate the balancing political system; however, it was practically eliminated from settling political disputes in Ukraine.²¹

The race for power between the President and Prime Minister as well as

¹⁹ "Эксперты: "Оранжевые" министры не сработаются с Януковичем", www.Korrespondent.net 22 08 2006.

²⁰ On Cabinet Law see Ведерникова И., "Кабмин в законе", <http://www.zerkalo-nedeli.com/op/show/612/54393/>, no. 33, 02 – 08 09 2006.

²¹ "Will democracy survive in Ukraine? What the experts say", <http://www.icps.com.ua>, 12 02 2007.

the majority in the Rada supporting him further accelerated. The President demanded the Rada to pass a new Law on the Cabinet as amended, which would take into account the remarks made by President, to prevent the movement of deputies from one party to another and for that matter, to pass Law on Imperative Mandate for the Rada deputies.^{22*} The majority in the Rada, supporting the Prime Minister was not very swift to comply with the demand by the President. It seems that ideas to form constitutional majority in the Rada and to announce impeachment for the President were increasingly stronger. The confrontation reached its peak in the spring of 2007. President Yushchenko saw that coalition in power did not abandon the idea to form constitutional majority in the parliament claimed to be ready to pass a resolution regarding removal of Rada and organising of premature election (among those especially in favour of Rada and premature election was Tymoshenko). The Rada was removed in the early April and a new parliamentary election was scheduled. One should point out that the road to election was by no means simple. The period from spring to the autumn of 2007 when in October election to the Rada was arranged, was very tense. Politics in Ukraine during that period was characterised by a confrontation between the legislative and executive branch (President), between the Government and the President, between various state officials, political parties and specific politicians; furthermore, the efforts of key political forces mobilised their advocates to take collective action. There appeared tents in the capital city of the country and people were brought to meetings from various regions. However, no outbreak of violence occurred.

2. The 2007 Rada Election: To Reconciliation or a Bigger Confrontation?

The 2007 Rada election was formally won by the party of regions, having collected 2% more of the elector's votes, than in 2006. However, if we compare absolute numbers we observe that the support by the electors to the Party of Regions decreased a little: in 2006 it collected 8,148,745 votes of electors and in 2007 – 8,013,918. On the other hand, one should observe that the party retained the primary position in traditional eastern and southern areas of Ukraine. Furthermore, those in favour of Region party were successful in slightly increasing the number of the advocates in central and even western part of Ukraine (in general, those in favour of the Region party intended to score a 5% to 10% increase in number of electors. Yet such numbers were not provided in all

^{22*} As a matter of fact, the Law on Imperative Mandate was critically evaluated by the experts of European Council. The Venice committee stated that European democratic states rely exclusively upon idea of free mandate of national representative. According to some politicians in Ukraine, imperative mandate should discourage deputies from changing political groups. In this case deputy forfeits his mandate when he changes his political group (by the way, practice of imperative mandate does exist in India, Nigeria, South Africa, Cuba, and Vietnam).

areas). It is also worthy to mention that the support for the Party of Regions was most reduced in the southern regions of the country, where the party lost 130.6 thousand votes in Doneck, 70.6 thousand in Luhansk, 106.5 thousand in Charkov. It is due to the above results that the Party of Regions scored fewer seats in the Rada, 175 in stead of 185.²³

The block by Tymoshenko received 30.7% elector votes, and thereby increased the ranks of its supporters by 1.5 million (in 2006, the block received 5,652,876 and in 2007, 7,162,174 electors). In 2007 the Rada election Tymoshenko party was successful in 16 areas (in 2006, victory came in 14 areas). In 2007, the party Tymoshenko block was successful in Ivano – Frankivsk and Lvov areas (in 2006, these were the areas that brought success to the alliance of parties Our Ukraine). In general, political analysts observe that Tymoshenko block was in fact a little more successful in scoring votes across all areas of Ukraine than in the previous election. However, it was the western areas of the country, including those of Ivano – Frankivsk, Lvov, Rivno, Ternopol that most contributed to the Tymoshenko. In case of the above areas, by comparison with results for 2006, 15-20% of ‘additional’ elector’s votes were collected (largely on account of Our Ukraine party). Just like in case of previous election, the southern and eastern regions posed most challenging to Tymoshenko (in Krym, Doneck, and Luhansk).

The coalition of Our Ukraine, National Self-defence, collected 3.3 million elector votes, which means that political power actively supported by the President collected 238 thousand votes less than in the previous election. Only one area was successful, the Carpathian Ukraine. The indicators of block went down in 12 areas. However, like in former Rada election, the ‘orange’ forces combined collected more votes than the Party of Regions. Keeping in mind the fact that socialists headed by Moroz did not make it to the Rada, the ‘orange’ coalition has at least formally better chances to submit candidate for the Prime Minister.

Such results of the election allow for several findings. First, we would be inclined to think that regionalism does perform and will continue to perform important role in the politics of Ukraine. The course and result of the national election (President and Parliament) show evidence that different regions determine different political forces, which usually confront each other. Cultural regional divides, and different geopolitical gravitations inherent to the west and east of the country, shall remain an important factor mobilising the electorate. Such polarisation will render the political competition full of tension and hostility. This impedes the possibility to conclude the political agreements and coalitions. Therefore political instability remains among the key features of political system in Ukraine.

²³ Николаенко Т., “Где Янукович потерял 300 тысяч, а Тимошенко получила 1,5 миллиона”, *Украинская правда*, <http://www.prawda.com.ua/ru/news/2007/10/8/65005.htm>, 08 10 2007.

3. Political Parties as Parochial Political Players

Most political scientists in the Ukraine are rather strict regarding the national political parties. It is often observed that the national political parties lack an ideological definition and form strictly disciplined and hierarchical political compounds. There is still significant role played by the personality of the leader and the distance between common part members and the party elite is still great.²⁴ Even if we assume that some assumptions are not quite exact we would still have to agree with the others. Strict party discipline of political parties in Ukraine is clearly overestimated. Even big parties face certain inner schism (e.g. some influential party members recently deserted block by Tymoshenko and established party of liberal democrats. Confrontation in the Party of Regions between two most influential political groups and informal leaders, Yanukovich and businessman Akhmetov in this political organisation has drawn considerable attention in the press).

On the other hand, we would be inclined to think that observations on divides between party elite and common members or concerning the enclosure of party elite is of considerable significance. According to investigators, the party political career is more likely upon changing from one party to the other rather than inside the party. By the way, the 2007 political crisis between the President and the Rada occurred when group of deputies in opposition joined the parliamentary majority (such trends are also inherent to deputies of local elected authorities. Introduction of imperative mandate in case of local deputies should stop their movement). When a party member changes his party dependency, he is usually sure of his high ranking in the new party nomenclature. On the contrary, activity in primary party structures usually does not guarantee any political career perspective.²⁵

Enclosure and tendency for oligarchy in political parties is determined by the fact that key role in the party is played by financial sponsors who control financial cash flows of the party.²⁶ In case of party hierarchy, taking one step down, there are clients of key financier of the party; they, however, do not play independent political role. In general, unless an influential guardian or financial resources are available, the advancement in a political career is very complicated. Common party members are normally passive and are found at the bottom of the pyramid.²⁷

Political programs or ideological provisions are fairly insignificant regarding the identification of the party. They are nothing but a screen covering a hierarchical and oligarchy character of parties. National political parties basi-

²⁴ Олещук П., "Политические партии современной Украины: между клановой системой и феодальным образованием", *Украинская правда*, <http://www.pravda.com.ua/ru/>, 10 10 2007.

²⁵ Ibid.

²⁶ See: Данилов А., "Коалиция "оранжевых" партий: терриариум единомышленников", <http://www.ura-inform.com/archive/?/2006/02/15/~/-/60503>, 15 02 2006.

²⁷ Олещук (see footnote 21)

cally compete as to which shall offer its electors a more effective social economic program corresponding to their high expectations. True, often no care is taken as to the measures to implement such program. The 2007 Rada election serves as a good example in this respect. The Party of Regions positioned itself in terms of force able to ensure sound relations with Russia together with lower gas price for consumers whereas the block by Tymoshenko advocated the issue of active restoration of deposits.

To sum it up, one can claim that the key political parties in Ukraine rely on influential business supporters. Where economical interests of the latter do not coincide, the chances for the political party to reach for agreement and seek compromise decrease significantly. On the other hand, when the factor of political ideology in party identification further decreases, the factor of culture and region increases accordingly. The Party of Regions has traditionally identified itself in the Rada election by advocating the introduction of Russia in terms of the second official language and supporting the neutral status of the country (however, we shall still observe that neither 'orange' forces, nor the Party of Regions did emphasise the priorities in foreign policy during election campaign).

4. Twists of Constitutional Reform or Back to the Presidentialism?

Just to give one a short reminder, effective January 2006, constitutional reform entered in effect in Ukraine. It provided for an extension of the office of the Rada from 4 to 5 years. The reform increased the role of political parties in the political system; it concerns both local authority election as well as national ones performed on the basis of proportional system (introduction of imperative mandate was strongly advocated, meaning deputies elected on the basis of party list forfeit their mandate when changing from one political group to the other during their term in office). Political party or coalition of the same, scoring majority in the Parliament submits candidate to take the position of the Prime Minister to the President. The President has retained important powers: he is entitled to remove Parliament, where it fails to form Government within 60 days from the beginning of its work; the President shall have the prerogative to appoint foreign and defence ministers and shall be responsible for the foreign policy of the country. True, the President may no longer appoint members of the cabinet or recall the same unless permission by the Parliament is given beforehand. The President may no longer veto amendments of the constitution. On the other hand, the reform does not discuss the limits of competence of President and the Prime Minister, nor does it define the status of opposition in the Parliament. In other words, no rules were formalised as to the manner to deal with the conflicts between key branches of power: the President and the Legislative, the President and the Government, or guarantees of political forces while in opposition.

In general, even those political analysts that have a strict attitude towards Ukraine were compelled to acknowledge that constitutional reform was responsible for considerable change in political, institutional system of the country as Ukraine renounced strong presidentialism, inherent to countries in the CIS area.²⁸ Such changes were meant to be an important safety lock keeping the political system from authoritarianism. With the transfer of President's powers to the Prime Minister, the intensity and opposition of political competition regarding person to be elected President of the country was expected to decrease. The political system under formation was intended to be based on the balance between 'sufficiently strong President' and 'sufficiently strong Prime Minister'. At the same time, it was acknowledged that such system posed a certain risk that the country might experience permanent political crisis and instability where the President and the Prime Minister representing different political forces fail to reach compromise. The political process in Ukraine was further complicated by the absence of clear rules to settle the conflicts regarding two branches of the executive power in practise. On the other hand, we should keep in mind the fact that principles of constitutional reform were agreed under conditions of deep confrontation between the political elite and public groups supporting the same. It is therefore only natural that the most important and principal issues were left out. The relation between central and local powers was not clearly considered either. The constitution does not describe procedure on the way to appoint heads of local administrations. It says that the candidates shall be submitted by the Cabinet and approved by the President; however, it says nothing of the case where the President does not approve of the candidate. So the President can arguably delay the appointment of the head for considerable period of time, yet it may pose a risk to the efficiency of state governance.²⁹ To sum it up, one can claim that political reform was compromise in nature which allowed for prevention of deep stage crisis in the late 2004 to the early 2005, but it did not discuss most issues of institutional character so vital to the state.

There is therefore little wonder that when the crisis ended, there appeared demands to review the constitutional reform or abandon it as a whole. Such demands were stated by the orange camp more often. It is fairly easy to explain the interest of the 'orange' to review the constitutional reform and to return to model of presidential republic. This is one of the ways for President Yushchenko to preserve prestige and political influence whereas his trust by the public was on the decrease (when Tymoshenko lost power, she no longer needed reform either). The opponents of the 'orange' ones rejected the arguments regarding review of constitutional reform and claimed that abandonment of political reform would raise issue of legitimacy of presidential election in Ukraine, i.e. the issue of legitimacy of Yushchenko. Just to remind ourselves,

²⁸ "Чем грозит Украине партийный хаос, интервью директора Российского института стратегических исследований Е Кожохина", <http://www.izvestia.ru/world/article3076313>, 17 02 2006.

²⁹ "Эксперт: Необходим переход к новой стадии Конституционной реформы", <http://www.korespondent.net>, 21 11 2006.

that both political parties, advocates of Yanukovych and Yushchenko, agreed upon the idea of repeated election as soon as political reform was agreed upon. Therefore as it is claimed reform alone took Yushchenko to be elected President in the country.³⁰

When the Party of Regions formed the majority in the Rada and Yanukovych took the position as the Prime Minister, a battle, both visible and invisible as to who, the President or the Prime Minister will get more influence and power, got underway. Such a competitive fight had a negative effect upon state governance. The hostility between the two institutions of executive power reached their peak by the late 2006 to early 2007. The cornerstone for disagreement was the Law on Cabinet. By the way, this was the law that was in the process of consideration at least ten years. The passing of the same was basically blocked by Kuchma, former President of the country, as given absence of the law, the governance of the entire executive power was simply more expedient (when the tandem of Yushchenko and Tymoshenko entered in power, the Law on Cabinet was not adopted by autumn 2005 either). According to experts, a constitutional reform included provisions open to different interpretation. This was exactly what both branches of the executive power did, by interpreting given provisions to suit its interests.³¹ The ideas proposed by the entourage of the President regarding expansion of field of influence of National Security Council serve good example of such a 'competition' which could have made state governance even more complicated. This was in fact intent to balance out the increase of competence of the Cabinet. Surely, the conflicts of this kind should be dealt by the Constitutional Court. However, the same was not formed until the mid-2006 and therefore did not arbitrate the disputes between separate branches of the executive power.

Meanwhile the discussions regarding the constitutional reform gained intensity and zealotry. There appeared to be a trend where political parties, dominating political system would treat rules of constitutional reform in a different manner, even quite to the contrary. It has been observed that from the passing of Constitution in 1996 until 2004 in Ukraine, the constitutional ambiguities would be filled by the acts of the President. Whereas in the second half of 2006 until the early 2007 we saw disputes regarding the authority to fill the constitutional cavities gain increasing intensity. There appears to be 'systematic' competing on distribution of competence between different branches of power, primarily between the Prime Minister and the President.³² There was an undisputable conclusion drawn by the investigators in Ukraine, namely, that any effort to enhance and expand competence of any given institution of executive branch would do nothing but balance out readily unstable political system of the country. Therefore the idea by the President Yushchenko on the

³⁰ Мусияк В., "Судьи КС могут стать орудием антиконституционного переворота", <http://www.glavred.info>, 06 11 2006.

³¹ Мусияк (see footnote 27)

³² Рунак О., "Теория кожаной перчатки", www.glavred.info, 05 09 2006.

formation of the constitutional committee to facilitate dealing with constitutional issues of different character in principle deserves positive evaluation. (There were hints by the President regarding formation of the above committee back in April 2006, and steps were taken to do so in November). True, no such dispute settlement mechanism could work unless there's a consensus between key political forces. Therefore those in favour of regionalism interpreted talks by the President on amendment in constitutional reform as nothing but efforts to abandon the reform altogether.³³ (As a matter of fact, notions on abolishment of reform were increasingly louder by the end 2006. In December Our Ukraine drew an application to the Constitutional Court regarding allegedly illegitimacy of political reform).³⁴

It likely that the reinstated Constitution, drawn upon initiative of the President and his entourage, will be 'pro-presidential'. One would have reason to believe that the discussions regarding contents of the Constitution will be yet another factor to polarise political elite in Ukraine as well as the society.

Conclusion

It is safe to claim that political instability will remain one of key features of political system in Ukraine. We believe political instability to be determined by several factors:

- *First*, cultural – regional divides, different geopolitical gravitations, inherent to the 'West' and the 'East' of the country, will remain an important factor to mobilise the electorate. It is due to this polarisation that the political competition will be increasingly tense and hostile. It also makes a political agreements and coalition less likely;
- *Second*, with the influence of political ideologies on identification of parties less significant, that of cultural – regional one increases. On the other hand, key political parties in Ukraine are still heavily dependant upon influential business, *oligarchic*, groups. Where economical interests of the latter do not coincide, the chances for political parties to reach for agreement and seek compromise to decrease significantly;
- *Third*, political, and constitutional, reform was meant to be an important safety lock keeping political system from authoritarianism. With the transfer of President's powers to the Prime Minister the intensity and opposition of political competition regarding person to be elected President of the country was expected to decrease. The political system under formation was intended to be based on the balance between 'sufficiently strong President' and 'sufficiently strong Prime Minister'. At the same, time it was acknowledged that such a system posed a

³³ "Эксперт: Необходим переход к новой стадии Конституционной реформы", <http://www.korespondent.net>, 21 11 2006.

³⁴ "Оппозиция взялась за отмену политреформы", <http://www.korespondent.net>, 04 12 2006.

certain risk that the country might experience a permanent political crisis and instability where the President and Prime Minister representing different political forces failed to reach a compromise. The political process in Ukraine was further complicated by the absence of clear rules to settle the conflicts regarding two branches of the executive power in practise. To sum it up, it is safe to claim that political reform reminds a compromise which allowed prevention of deep political crises in the late 2004 to early 2005, yet did not deal with a variety of matters of a constitutional character having vital importance to the state.

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National Security Issues

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The Impact of Cooperation with Poland on Lithuania's Energy Security

In 2006, when the Polish company PKN Orlen acquired the controlling stake in the oil refinery Mazeikiu Nafta, Lithuanian and Polish politicians started elaborating on a new phase in the bilateral strategic partnership. Enthusiasm about the future of energy cooperation naturally raises the question: how strongly founded it is? More than ten years ago, a strategic partnership with Poland was nothing more than declaration, why did it happen to become the main tool of energy security? This article analyzes the cooperation between Lithuania and Poland in different energy sectors; evaluates its strengths, weaknesses, opportunities, and threats; and predicts its outcomes to Lithuania's energy security. The model of interaction between geo-energetic actors, which describes their interests and relations, was applied to this research. It is concluded that the strategic energy partnership is hardly feasible due to different geo-energetic functions of Poland and those of Lithuania. Therefore it is suggested to avoid overvaluation of bilateral cooperation and reconsider reliance of Lithuania's energy security upon energy relations with Poland.

Introduction

The years 2006 and 2007, as no previous years, were productive of events that had a lot to do with the consequences on Lithuania's energy security. After January 2006, when the supply of natural gas from Russia through Ukraine to Europe was cut off, concerns about energy security arouse in European Union. In the beginning of 2006 the Prime Ministers of three Baltic States agreed to cooperate while implementing the project of nuclear power plant (NPP) in Lithuania. In the middle of 2006 the supply of oil to Lithuania was cut off as a consequence of an accident in the Druzhba oil pipeline. During the same year, the Polish company PKN Orlen became an owner of Lithuania's oil refinery Mazeikiu Nafta. At the end of 2006 Poland declared its willingness to join the three Baltic States in the NPP project. In the winter of 2006-2007, because of conflict between Russia and Belarus and the threat of natural gas cut-off once

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again occurred to EU. In the beginning of 2007 the Parliament of Lithuania confirmed a new National Energy Strategy, which outlines the main directions for the strengthening of Lithuania's energy security. In 2007 the feasibility study of the Power Bridge between Lithuania and Poland was completed, and Klaipėdos Nafta became the shareholder of a company that will build Odessa-Brody-Plock oil pipeline. The greater part of these and other events are linked to Lithuania's relations with foreign countries and energy companies.

More intense cooperation with Poland is one of most significant changes in Lithuania's foreign and energy from 2006. For more than 10 years, Poland was considered as Lithuania's 'gates' to Western Europe and opportunity to increase energy security. A similar position dominated all the National Security Strategies beginning from 1994. However all attempts to strengthen Poland's interests expand connections with Lithuania were less successful than expected. A major push for bilateral cooperation in the energy sector was the purchase of Mazeikiu Nafta portfolio by PKN Orlen in 2006. The change of shareholders invoked hopes that the relations between Lithuania and Poland would grow to the next stage of new cooperation and real strategic partnership. In 2007 the President of the Republic of Lithuania in his State of the Nation supported efficient cooperation with neighbouring countries and positive changes in 2006 – the sale of Mazeikiu Nafta and agreements with Poland on connecting natural gas and power grids.¹ The Government of the Republic of Lithuania in its Report on Activities in 2006 to the Seimas concluded that “the strategic partnership of Lithuania and Poland is increasingly developing” and it is “proven by particular projects.”² The same opinion – that a strategic partnership provides an increasing number of practical examples – is expressed by the representatives of Poland as well.³ On January 18, 2007 the Seimas passed the Resolution on the Approval of the National Energy Strategy (National Energy Strategy). The National Energy Strategy states, that the mission of the state is “to develop the strategic partnership of Lithuania and the Baltic States and Poland as well as closer cooperation in all energy sectors (especially electricity, gas and oil sectors).”⁴ In the Spring of 2007 the Prime Minister of Lithuania Gediminas Kirkilas and Prime Minister of Poland Jaroslaw Kaczynski signed

¹ *State of the Nation Address to the Seimas of the Republic of Lithuania by H.E. Mr. Valdas Adamkus, President of the Republic of Lithuania (2007)*, http://www.president.lt/file/state_of_the_nation2007.pdf, 2007 08 26.

² Government of the Republic of Lithuania, *Nutarimas dėl Lietuvos Respublikos Vyriausybės 2006 metų veiklos ataskaitos pateikimo Lietuvos Respublikos Seimui* [Resolution on submission of the report on activities of the Government of the Republic of Lithuania in 2006 to the Seimas of the Republic of Lithuania], No. 307, 2007 03 21, http://www.lrv.lt/14_vyr_dok/2006_veikl_atask.pdf, 2007 09 04 (in Lithuanian).

³ Ministry of the Foreign Affairs of the Republic of Lithuania, *Lietuvos ir Lenkijos strateginė partnerystė įgauna vis daugiau praktinių pavyzdžių* [Strategic partnership of Lithuania and Poland gets even more examples of practical cooperation], 2006 06 13, <http://www.urm.lt/index.php?1080257421>, 2007 08 06 (in Lithuanian).

⁴ Seimas of the Republic of Lithuania, *Resolution on the Approval of the National Energy Strategy*, No. X-1046, 2007 01 18, http://www3.lrs.lt/pls/inter3/dokpaieska.showdoc_l?p_id=292522, 2007 09 01.

a joint communiqué, where they expressed their support for: the construction of a nuclear power plant in Lithuania and power grid between Poland and Lithuania; an EU common energy policy; an opportunity to connect the gas pipelines of Lithuania and Poland; and a determination to solve the problem of the renewal of oil supply to Lithuania.⁵ Ambitions of such a wide cooperation inspired some high ranked Lithuanian politicians to initiate discussions on the creation of the 'Energy Rzeczpospolita' – the guarantee of region's energy security.⁶

This article analyzes the opportunities for cooperation in the energy field between Lithuania and Poland as well as its expected outcomes for Lithuania's energy security. The model of relations between geo-energetic actors is applied. The model describes the main interests of geo-energetic actors and priorities of their energy security policies. The natural gas, electricity and oil sectors of Lithuania and Poland are analyzed and joint energy projects assessed from the point of energy security in the article. It should be mentioned that the following topics were not a subject of analysis: relations between Poland and Lithuania in other than energy fields; internal energy policies of both countries if they are not directly related to Lithuania and Poland respectively; Lithuania's relations in the energy field with other countries. It is concluded that prospects of energy cooperation between Lithuania and Poland are limited. Therefore creation of the 'Energy Rzeczpospolita' is impossible or even unnecessary.

1. Dependence of the Energy Security on Geo-energetic Position

1.1. Relations among Geo-energetic Actors

Energy security does not have one definition. The concept of energy security varies because of the position of geo-energetic actor (the state). The position of geo-energetic actor depends on the place of its energy sector in a chain of the cycle of energy resources: extraction/generation – transportation/refining – consumption. The dominant activity in a separate energy sector (natural gas, oil, electricity, coal) can be: extraction of energy resources (natural gas, oil), production (electricity), transportation of energy resources (transit), refining

⁵ Alfa.lt, *Lietuva ir Lenkija spartina energetinį bendradarbiavimą [Lithuania and Poland accelerate energy cooperation]*, 2007 03 03, <http://alfa.lt/straipsnis/127321>, 2007 08 05 (in Lithuanian).

⁶ For example, see Tėvynės Sąjunga, *Rusijos sulaikymo strategija. Rusijos įtakos Lietuvoje mažinimo planas [Russia's containment strategy. Plan of reducing Russia's influence in Lithuania]*, 2007 05 09, http://www.visuomenei.lt/modules/document_publisher/documents/2/Rusijos%20sulaikymo%20strategijos%20projektas%2007%2005%2010.doc, 2007 09 03 (in Lithuanian). Also Kubilius A., *"Mažeikių nafta" ir strateginė partnerystė su Lenkija [Mazeikių Nafta and strategic partnership with Poland]*, 2006 12 18, http://www3.lrs.lt/pls/inter/w5_show?p_r=4932&p_d=62373&p_k=1, 2007 09 03 (in Lithuanian).

(liquefaction of natural gas, oil refining), and consumption of energy resources (distribution nets, storage facilities). The dominant activity of a separate energy sector depends upon, *firstly*, the dominant infrastructure of the energy sector – extraction, production, transportation, refining or consumption. Due to the fact that the energy infrastructure may not be exploited (for example, oil pipeline to Lithuania) – the flows of energy resources are the *second* factor of the dominant activity: export (extraction), transit (transportation), export of products (refining) or import (consumption). Commonly one state fulfils different functions in different energy sectors. The dominant function in all energy sectors or the function in the sector of dominant energy resource determines the function of whole energy field in the geo-energetic scheme – its geo-energetic position. The state's function in the geo-energetic scheme is directly related to its geo-economic position.

According to the dominant activity in the different energy sectors the states can be divided to suppliers, transporters and/or refiners, and consumers. This division is conditional, because one state can fulfil all functions at once. In such cases the dominant function is attributed. It should be mentioned that the dominant function can vary as a consequence of both changes in infrastructure (for example, because of construction of new oil export terminal) and changes in the flows of energy resources. Relations between different geo-energetic actors depends on, *first*, the geo-energetic nature of actor and, *second*, the intensity of interrelations. The intensity of interrelations depends upon the connections of the energy infrastructure as well as the bilateral flows of energy resources.

The relations between geo-energetic actors can be divided into the following groups: relations among suppliers; relations among transporters/refiners; relations among consumers; relations between suppliers and transporters/refiners; relations between suppliers and consumers; and, *finely*, relations between transporters/refiners and consumers. Interrelations between the *different* geo-energetic actors are meaningful in a geo-energetic analysis, when they can be described as interdependence – situation, when one geo-energetic actor cannot avoid the services of other geo-energetic actor without increase of threats to its energy security in the short term. For example, Lithuania cannot disrupt the supply of natural gas from Russia through Belarus, because the capacities of natural gas import from Latvia are insufficient, therefore such a move would threaten Lithuania's energy security. Similarly, Lithuania cannot refuse to buy natural gas from Russia, because only Gazprom supplies natural gas to Lithuania through the existing gas pipelines. Eventually, Lithuania (consumer) depends both on Belarus (transporter) and Russia (supplier). Interrelations among the *same* geo-energetic actors are meaningful in geo-energetic analysis, when they are connected by interdependence with other geo-energetic actor(s) (for example, dependence of two or more suppliers from the same consumer or the group of consumers).

Table 1. Interrelations between Geo-energetic Actors

Object Subject	Supplier	Transporter/Refiner	Consumer
Supplier	<i>Interests</i>	Avoidance of transit countries and refiners; guarantees of stable supply; takeover of the control of transit infrastructure and prevention of any impact by transporter/refiner on supplier; guarantees of favourable conditions of supply; in the case takeover of the control of transit infrastructure is unsuccessful – diversification of supply routes or avoidance of transporter; takeover of the control of refining	Monopolization of supply for different consumers; diversification of export markets; increase of dependence of consumers on supplier; expansion of influence in the distribution of energy resources
	<i>Equal Actor</i>		
	<i>Relations</i>	<p style="text-align: center;">Competition</p> Competition for consumer markets, access to the infrastructure of transportation and refining	<p style="text-align: center;">Cooperation</p> Supplier is dependent on transit infrastructure that transports energy resources to consumers. Both supplier and transporter are interested in stable supply, transit, and cooperation with consumers. Refiners are dependent on supply. Relations between suppliers and refiners develops in the same way as between suppliers and consumers.
<i>Dominant Actor</i>			
<i>Relations</i>	<p style="text-align: center;">Takeover of the Control</p> Fulfilment of all interests	<p style="text-align: center;">Takeover of the Control</p> Fulfilment of all interests	<p style="text-align: center;">Increase of Dependence</p> Supplier limits capabilities of consumer to diversify supply; increases consumer's dependence and monopolizes supply. The latter allows to guarantee the most favourable price and conditions of supply as well as to expand influence in the distribution of energy resources

Transporter/Refiner	<i>Interests</i>	Increase of influence in the trade of energy resources between suppliers and consumers; limitation of suppliers capabilities to develop refining; limitation of suppliers capabilities to diversify the routes of supply – increase of suppliers’ dependence on transit and refining infrastructure	Monopolization of transit and refining; elimination of competitors by takeover of their infrastructure, expansion of transit capabilities; prevention of close cooperation between other transporters/refiners and suppliers, and/or consumers, if this cooperation can decrease actors importance	Increase of influence in the trade of energy resources between suppliers and consumers; expansion of export markets of refined energy products; prevention of consumers capabilities to develop refining; prevention of consumers capabilities to diversify supply routes – increase of consumers’ dependence
	<i>Equal Actor</i>			
	<i>Relations</i>	Cooperation Supplier depends on transit infrastructure, through which energy resources reaches consumers. Both supplier and transporter are interested in stable supply, transit, and cooperation with consumers. Refiners are dependent on supply. Relations between suppliers and refiners develops in the same way as between suppliers and consumers	Competition Transporters and/or refiners competes among themselves for transit and/or refining of the energy resources from the same suppliers or for the same consumers	Cooperation Consumer depends on transit infrastructure and stable supply. Transporter looks for stable and long term relations
<i>Dominant Actor</i>				
<i>Relations</i>	Increase of dependence Transporter and/or refiner limits capabilities of supplier to diversify supply routes and markets, if this can threaten its importance	Takeover of the Control Fulfilment of all interests	Increase of Dependence Transporter and/or refiner limits capabilities of consumer to diversify supply routes and suppliers, if this can threaten its importance. In the field of refining of energy resources relations are the same as between supplier and consumer	

Consumer	<i>Interests</i>	Favourable price and conditions of stable supply; increase of supplier's dependence; takeover of the control of extraction and production	Avoidance of transit countries and refiners; guarantees of stable supply; takeover of the control of transit infrastructure and prevention of any impact by transporter/refiner on consumer; guarantees of favourable conditions of supply; in the case takeover of the control of transit infrastructure is unsuccessful – diversification of supply routes or avoidance of transporter; takeover of the control of refining	Avoidance of the competition for suppliers; avoidance of the competition for transit and refining – favourable conditions of supply
	<i>Equal Actor</i>			
	<i>Relations</i>	<p style="text-align: center;">Cooperation</p> Supplier and consumer are interdependent. Supplier and consumer are interested in stable supply through transit countries, therefore they expand the diversity of transit routes. Competition for access to refining infrastructure	<p style="text-align: center;">Cooperation</p> Consumer is dependent on transit infrastructure and stable supply, therefore looks for stable and long term relations	<p style="text-align: center;">Competition</p> Consumers compete for suppliers, routes of supply of energy resources and refining
<i>Dominant Actor</i>				
<i>Relations</i>	<p style="text-align: center;">Takeover of the Control</p> Fulfilment of all interests	<p style="text-align: center;">Takeover of the Control</p> Fulfilment of all interests	<p style="text-align: center;">Takeover of the Control</p> Fulfilment of all interests	

As it is seen in Table 1, the relations between geo-energetic actors can be competition, cooperation, increase of the dependence, and takeover of the control. Competition is common among equal actors and the same geo-energetic actors (among suppliers, transporters, consumers), for example: competition between Iran and Russia for access to EU natural gas market; competition between Austria and Hungary for the transit of natural gas to Western Europe; competition between India and China for supply of energy resources from Middle East. Cooperation is feasible between equal, but different type (suppliers, transporters/refiners, consumers) geo-energetic actors, for example: cooperation between Iran and China in the field of oil supply; cooperation between Turkey and Azerbaijan in oil supply to Western Europe and the United States. When all three different types of geo-energetic actors cooperate, geo-energetic region, which encompasses whole cycle of the energy resources, may evolve (for the moment Western part of Eurasia is the only place, where such a region could be formed). However, the geo-energetic region should involve only equal actors, because otherwise it would be nondurable. The relations between actors

of different sizes can be increased in relation to dependence or takeover of the control. The increase of vulnerability and decrease of independence are the outcomes of an increase of dependence, for example, Lithuania's dependence on the only supplier of natural gas and increased vulnerability to Russia's natural gas politics. The loss of geo-energetic subjectivity, in particular to the energy sector (or the whole energy field) is an outcome of the takeover of the control. Takeover of the control allows an actor to fulfil its interests, which are determined by its geo-energetic features. This is the reason why the overwhelming majority of the governments try to control takeovers in the energy field. It is common to define energy companies as strategic, because of their importance both to energy and national security.

1.2. Criteria of Energy Security

Energy security supposes the minimization of negative changes in the conditions of supply of energy resources. Energy security in the relation to other geo-energetic actors is associated with independence, diversification, flexibility, and stability. A more specific definition of energy security depends on the geo-energetic type of particular energy industry. Energy security for suppliers is the supply of diversified energy resources to diversified and stable markets through diversified routes with favourable conditions and the price. Energy security for consumers is the import of diversified energy resources from diversified and stable suppliers through diversified routes with favourable conditions and the price. Energy security for transporters and refiners is the transportation and refining of diversified energy resources from diversified and stable suppliers to diversified and stable consumers with favourable conditions and the price. Apart from stability and the diversification of energy resources (dependence on one energy resource – undiversified energy mix) all geo-energetic actors look for the avoidance of external monopolization and vertical integration of their energy sectors.

Lithuania's energy security is associated more with foreign relations than internal politics. An example can be the National Energy Strategy.⁷ Within the framework of the National Energy Strategy, the ensuring of energy security is based on the following provisions:

- Energy security is an integral part of national security;
- Ensuring of energy security requires a predictable, reliable, economically acceptable and environment-friendly energy supply;
- Energy security covers the totality of the conditions ensuring the diversity of traditional and renewable primary sources of energy, diversity and security of energy supply and independence from dictate of a monopolistic supplier, availability of energy to the consumer at acceptable prices in a competitive energy market;

⁷ *Resolution on the Approval of the National Energy Strategy* (note 4).

- Lithuania links its energy security to the integration of the country's energy systems into EU energy systems and with an efficient EU and national energy policy, which should ensure that Lithuania's energy security is on a par with that of other EU states.

Seeking to implement the strategic tasks of energy security, the National Energy Strategy highlights the role of Poland. The purpose is to foresee the likely outcomes of cooperation with Poland to Lithuania's energy security, *first*, the geo-energetic types of Lithuania's and Poland's energy sectors are evaluated. *Second*, the potential relations with Poland in different energy sectors are analyzed. *Third*, different types of relations are identified. *Fourth*, the consequences to Lithuania's energy security are assessed.

2. Relations between Lithuania and Poland in the Natural Gas Sector

2.1. Dependence of Lithuania and Poland on Imports from Russia

In their study, the *EU Standards for Energy Security of Supply - Updates on the Crisis Capability Index and the Supply/Demand Index Quantification for EU-27* Energy Research Centre of the Netherlands and Clingendael International Energy Programme assess inter alia Supply/Demand Index – quantitative indicator, which is covering full energy supply/demand balances.⁸ The Supply/Demand Index (S/D index) assesses energy security of supply in the medium and longer run and it covers final energy demand, energy conversion and transport and primary energy resources⁹ (Crisis Capability Index, which shows the risk of sudden unforeseen short term supply interruptions and the capability to manage them, was not assessed for all EU member states). Lithuania and Poland have different S/D indexes. In 2005 Lithuania's index was sixth lowest in EU – 45, while the one of Poland is higher than EU average (56) – 60. The authors of the study also had assessed EU energy supply/demand trends and calculated S/D index for 2020. It can be concluded that Lithuania's position will remain in 2020 (46), while Poland will exceed EU average (53) – 55. This assessment shows different vulnerabilities of energy sectors of Lithuania and Poland and less favourable position of Lithuania in the flows of energy resources in EU.

⁸ Scheepers M., Seebregts A., Jong J., Maters H., *EU Standards for Energy Security of Supply. Updates on the Crisis Capability Index and the Supply/Demand Index Quantification for EU-27*, <http://www.ecn.nl/docs/library/report/2007/e07004.pdf>, 2007 08 16.

⁹ *Ibidem* (note 8).

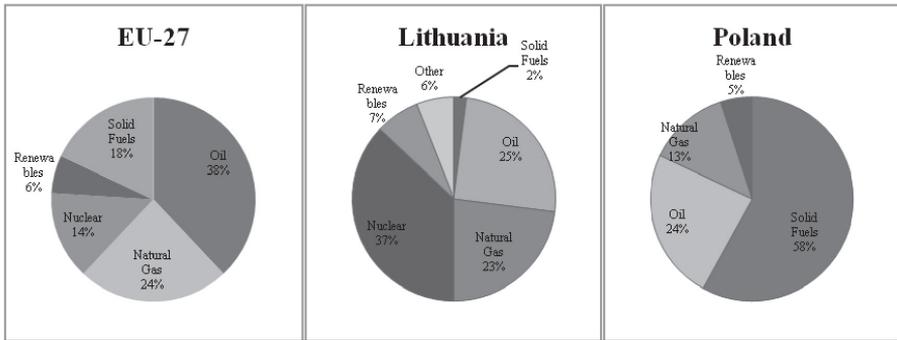


Figure 1. Total Primary Energy Supply in EU-27, Lithuania, and Poland in 2004¹⁰

In 2006, Russia's natural gas constituted 39% of all EU natural gas imports. Russia's share continually grows, despite of slight decrease in 2006 (1% in comparison with 2005, when it was 40%).¹¹ However the latter drop should be considered as a consequence of a relatively warm winter and the subsequent decrease of total natural gas consumption in 2006 (5.4%). The EU's share in Russia's exports of natural gas is 54%¹², therefore it is not quite true to say that EU is dependent on Russia – Russia and the EU are rather interdependent.

Table 2. Natural Gas Dependency of Lithuania and Poland in mtoe¹³

		Lithuania	Poland
Primary production	2005	0	4.3
	2006	0	4.3
	2006/2005 %	0	-0.7
Total imports	2005	2.8	9.5
	2006	2.8	9.9
	2006/2005 %	-1.6	4.8
Resources (primary production + total imports)	2005	2.8	13.8
	2006	2.8	14.2
	2006/2005 %	-1.6	3.1

¹⁰ Commission of the European Communities, *Commission Staff Working Document. EU Energy Policy Data*, SEC(2007)12, 2007 10 10, http://ec.europa.eu/energy/energy_policy/doc/02_eu_energy_policy_data_en.pdf, 2007 08 10.

¹¹ Jimenez A., "Statistical Aspects of the Natural Gas Economy in 2006", *Eurostat Data in Focus*, 14/2007, http://epp.eurostat.ec.europa.eu/cache/ITY_OFFPUB/KS-QA-07-014/EN/KS-QA-07-014-EN.PDF, 2007 08 10.

¹² In 2006 Russia produced 556 billion cubic meters of natural gas, exported – 262.5 billion cubic meters. Natural gas exports to EU constituted 142 billion cubic meters. OAO Gazprom, *Annual Report 2006*, http://www.gazprom.com/documents/Report_Eng.pdf, 2007 07 15.

¹³ Jiménez (note 11).

Stock change	2005	0	-0.2
	2006	0	-0.5
Total exports	2005	0	0
	2006	0	0
	2006/2005 %	0	0.2
Gross inland consumption (resources + stock change – total exports)	2005	2.8	13.5
	2006	2.8	13.7
	2006/2005 %	-1.6	1.1
Energy dependency (total imports – total exports)/gross inland consumption	2005 %	100	69.7
	2006 %	100	72.2

The situation surrounding the natural gas sectors in Lithuania and Poland is different of that in EU. In 2006 Poland's natural gas dependency on imports was 72.2%, Lithuania's – 100% (see Table 2). However the assessment of dependency is an insufficient indicator, it is suggested to evaluate additionally, *first*, the diversification of imports, *second*, the share of imported energy resources in the energy mix, and, *third*, the consumers importance to the supplier (supplier's dependence on consumer). EU natural gas dependence on imports is 61%¹⁴, however imports are diversified (see Picture 2) – Russia's share is 39%. Natural gas constitutes 24% in total primary energy supply (see Picture 1). Moreover, EU market for Russia is of strategic importance – 54% of all natural gas exports go to EU.

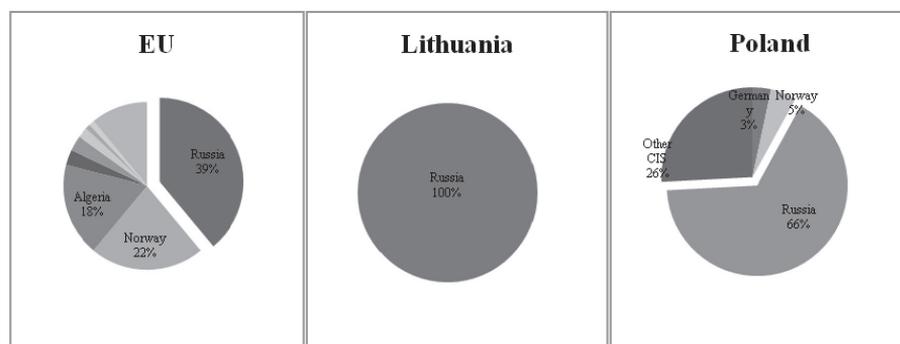


Figure 2. Natural Gas Imports in EU, Lithuania, and Poland in 2006¹⁵

¹⁴ *Ibidem*.

¹⁵ *Ibidem*. Also see *The BP Statistical Review of World Energy 2007*, http://www.bp.com/liveassets/bp_internet/globalbp/globalbp_uk_english/reports_and_publications/statistical_energy_review_2007/STAG-ING/local_assets/downloads/spreadsheets/statistical_review_full_report_workbook_2007.xls, 2007 06 12.

Poland's natural gas imports are less diversified than in the EU – Russia's share constitutes 66%. However natural gas makes barely 13% in total primary energy supply. Therefore Poland's energy sector is less dependent on natural gas imports from Russia. On the other hand, situation in Poland's natural gas industry will change in forthcoming years. *Firstly*, due to environmental requirements consumption of solid fuels should be reduced in Poland. In 2004, it was predicted that consumption of natural gas would reach 18.5-19.3 billion cubic meters (bcm) in 2010.¹⁶ *Second*, the imports of natural gas will grow as an outcome of stable production, decreasing reserves, and increasing consumption (see Picture 3). It can be estimated that Poland's dependence on natural gas imports will grow in general and from Russia in particular.

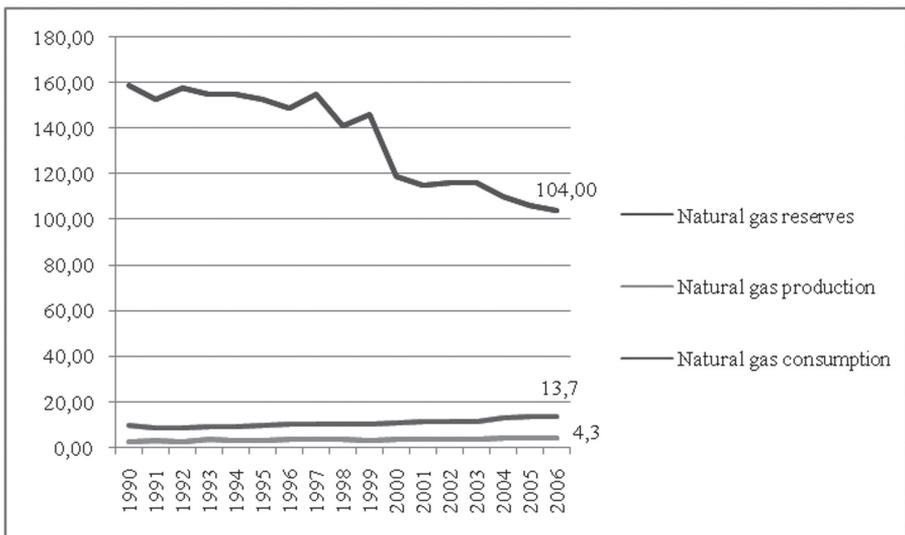


Figure 3. Natural Gas Reserves, Production, and Consumption in Poland¹⁷

Concerning the natural gas sector, Lithuania is in worse situation than Poland. In 2006 natural gas constituted 28.5% of total primary energy mix¹⁸. A total of 100% of consumed natural gas comes from Russia – natural gas imports are totally undiversified. Moreover, Lithuania's market is meaningless for Russia's exports – Lithuania imports only 1.4% of all Russia's natural gas exports. Gazprom could easily redirect this amount to other markets. Even joint

¹⁶“Wintershall сделала предложение Польше” [“Wintershall made a proposal to Poland”], *PBK daily*, 2007 05 31, <http://www.rbcdaily.ru/2007/05/31/tek/278103>, 2007 08 01 (in Russian).

¹⁷ *The BP Statistical Review of World Energy 2007* (note 15).

¹⁸ Department of Statistics to the Government of the Republic of Lithuania, *Energetikos statistika 2006 m.* [*Energy statistics 2006*], <http://www.stat.gov.lt/lt/news/view/?id=1923>, 2007 06 20 (in Lithuanian).

Lithuania's and Poland's import barely reaches 4.9% of entire Russia's natural gas exports (in 2006 Russia's natural gas export achieved 201.13 bcm)¹⁹.

2.2. Importance of Lithuania and Poland to Russia's Natural Gas Exports to Western Europe

Lithuania is insignificant natural gas transit country. Natural gas is supplied only to the Kaliningrad District through the territory of Lithuania – 1.2 bcm in 2006. Although transit increased by 66.9% in 2006 comparing to 2005 (0,721 bcm),²⁰ Lithuania cannot be described as a transit area in geo-energetic meaning (as a transporter), because amounts of transit do not reach consumption. In 2006 natural gas transit amounted 42.9% of consumption. On the other hand, in the case capacity of gas pipeline running through Lithuania to Kaliningrad was increased, Lithuania would become more important natural gas transit country. This perspective is a subject to at least two factors, first, the demand for natural gas in Kaliningrad and, second, the decision by Gazprom and Kremlin on future routes of natural gas supply to Kaliningrad. The demand for natural gas in Kaliningrad will reach 2 bcm in 2012.²¹ Additional quantity can be supplied whether capacity of gas pipeline through Lithuania (capacity is sufficient from Belarus to Lithuania) is increased or a new branch of Nord Stream gas pipeline along the bottom of the Baltic Sea is laid to Kaliningrad. The decision on the ways of further gasification of the Kaliningrad District is rather political one; therefore one should not expect economic solution. Accordingly an idea to build 1 billion USD worse branch of Nord Stream gas pipeline is not excluded.²² It can be foreseen, that in the case Lithuania's and Russia's relations deteriorate, political support for the bypass route will increase and Lithuania's perspectives to become a transit country – will worsen.

¹⁹ "Russian Oil Exports Down 1%, Gas Exports 3% in 2006 – Ministry", *RIA Novosti*, 2007 02 01, <http://en.rian.ru/russia/20070201/60026020.html>, 2007 08 30.

²⁰ AB "Lietuvos dujos", 2006 m. konsoliduotas metinis pranešimas [*Consolidated annual report 2006*], http://www.vpk.lt/uploads/metinis_pranesimas_2006.pdf, 2007 08 01 (in Lithuanian).

²¹ Рагузина Г., *Калининград стал заложником амбиций энергетического и газового гигантов* [*Kaliningrad became a hostage of ambitions of energy and gas giants*], http://www.bellona.ru/articles_ru/chubais_tec, 2007 06 23 (in Russian).

²² *Ibidem*.



Map 1. Lithuania's and Poland's Gas Pipeline Networks²³

Poland's role in Russia's natural gas exports to Western Europe – role of natural gas transit country – is significant. 25-26 bcm of natural gas are transported to Germany through Poland by Yamal-Europe gas pipeline (projected capacity – 33 bcm per year) annually²⁴. Considering natural gas consumption in Poland (13.7 bcm in 2006), amounts of natural gas transit allows describing Poland as a country of natural gas transit. It means that Poland can influence a trade in natural gas between Russia and Western Europe. Moreover, Rus-

²³ Gas Transmission Europe, *Operational Procedures at major cross-border interconnection points*, http://www.gie.eu.com/download/gridmap/GTE_OP_150.pdf, 2007 07 16.

²⁴ Успенский А., "Поляки требуют от "Газпрома" отдать долг. EuRoPol GAZ подсчитала разницу в тарифах" [The Polish claim for dept from Gazprom. EuroPol GAZ has counted difference in tariffs], *РБК daily*, 2007 01 17, <http://pda.daily.rbc.ru/2007/01/17/tek/263467.shtml>, 2007 05 11 (in Russian).

sia does not have sufficient leverage to affect Poland's natural gas industry without harm to the interests of partners in Western Europe (Germany at the first place). How natural gas transit country may exploit - its position and role - was shown in the conflict between Russia and Belarus for natural gas prices in 2004 and 2006. The only guarantee Belarus had that Russia would not cut off supplies was transit through Belarus to Western Europe.

2.3. Likely Geo-energetic Changes in the Natural Gas Sectors of Lithuania and Poland

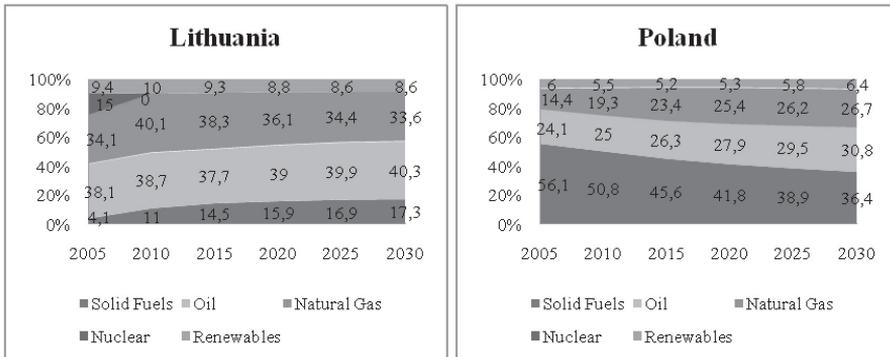


Figure 4. Gross Inland Consumption by Energy Resources in Lithuania and Poland²⁵

Making an assumption that energy projects, which could change geo-energetic position of Lithuania and Poland, are not to be implemented – NPP, gas pipelines, liquefied natural gas (LNG) terminals – the balance of primary energy resources will change in both countries (see Figure 4). The major shift in Lithuania would be the end of nuclear energy (after the decommissioning of the Ignalina NPP) and the increase of natural gas consumption in short and medium term. However the share of natural gas should decrease and reach its former amount in the long term. Increase of Lithuania's natural gas consumption is insignificant – during the next 20 years it will grow only 1 bcm. This makes no impact on the natural gas market of the region. Lithuania will remain 100% dependent on Russia. Therefore, it can be concluded that there will be no fundamental shifts in the energy security of natural gas sector of Lithuania. Obviously, after the decommissioning of the Ignalina NPP more natural gas will be consumed for electricity production and vulnerability of the entire energy sector will increase as an outcome.

²⁵ European Commission, Directorate-General for Energy and Transport, *European Energy and Transport Trends to 2030*, 2003 01 30, http://ec.europa.eu/dgs/energy_transport/figures/trends_2030/1_pref_en.pdf, 2007 04 12.

Concerning energy security, forecasts of Poland's natural gas sector are worse than those of Lithuania. The share of natural gas in the balance of primary energy resources should increase from 14.4% in 2005 to 26.7% in 2030 (see Figure 5). Consumption will grow more than 2.5 times in this period; while production will shrink by one third (see Figure 3). It is forecasted that natural gas imports will face 3 times increase, Poland's dependency on imports will reach 92.6% in 2030 (in 2006 it was 72.2%).

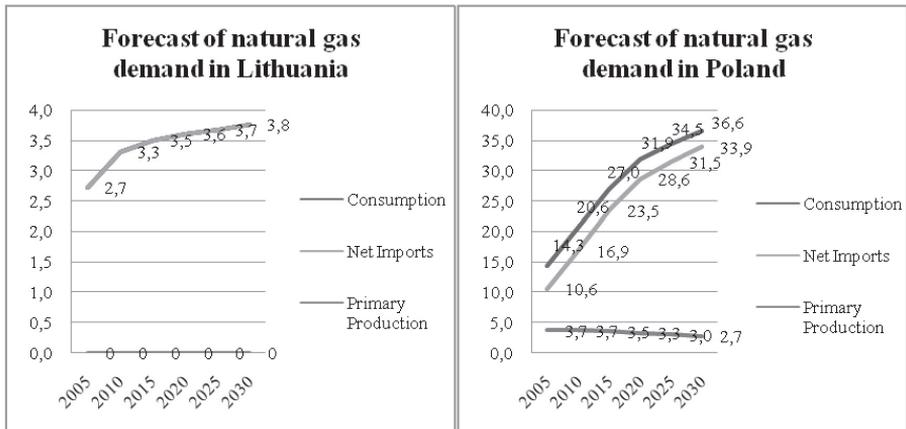


Figure 5. Forecasts of Natural Gas Consumption, Imports, and Production in Lithuania and Poland²⁶

In the case a structure of natural gas imports remains the same, Poland will be forced to expand imports from Russia and satisfy increased demand. According to *Russia's Energy Strategy till 2020*, natural gas exports from Russia should increase by 30% in 2000-2010, 4.5% – 2010-2015, 1.4% – 2015-2020 and finally arrive at 281 bcm in 2020²⁷. Even making an overoptimistic assumption that natural gas exports will grow steadily by 4.5%, it should reach 290 bcm in 2030. Assuming that Poland will import additional natural gas from Russia, Poland's share in Russia's natural gas exports would make 9.1% in 2020 (Poland would import 25 bcm from Russia, while total imports would be 28.6 bcm) and 10.7% in 2030. On the one hand, one tenth of whole natural gas exports looks like serious leverage at least in negotiations with Russia. On the other hand, it should be considered that increase of natural gas demand is forecasted in the whole EU as well as in Lithuania and Poland. Therefore, intense competition for Russia's natural gas is very feasible. It is highly

²⁶ *Ibidem*.

²⁷ Government of the Russian Federation, *Энергетическая стратегия России на период до 2020 года [Russia's Energy strategy to 2020]*, No. 1234-p, 2003 08 28. <http://www.minprom.gov.ru/docs/strateg/1/print>, 2006 11 25 (in Russian).

doubtful that Poland will look more attractive in political and/or economic sense to Russia after 10 years than, for example, Germany or France. Consequently, energy security situation in Poland's natural gas sector will worsen in the future, if no improving measures are applied.

As it was stressed before, an increase of Russia's natural gas transit could partly neutralize the indicated negative trends. The only valid scenario for Lithuania to increase transit is the expansion of capacity of gas pipeline through Lithuania to the Kaliningrad District. This project is mentioned in the National Energy Strategy: "expansion and modernisation of the national gas transmission networks and ensuring the increase of natural gas transit through Lithuania, and that the conditions applied for transit are in line with the EU legal acts and their practical implementation."²⁸ The prognoses expected is that Kaliningrad will need 4.8 TWh of electricity in 2010 and 5.8 TWh in 2020 in the case of moderate scenario of economic development (3.6 TWh of electricity were consumed in Kaliningrad in 2005)²⁹. Considering the closure of the Ignalina NPP and the fact that Lithuania will not be able to export electricity to Kaliningrad from 2010, Administration of the Kaliningrad District is implementing project of thermal power plant (TPP), which is going to consume 1.5 bcm of natural gas working at full capacity. As it was mentioned, additional natural gas can be supplied whether through Lithuania or laying down a branch from Nord Stream gas pipeline. If Gazprom decides to increase supply through Lithuania, it will encourage Lithuania's transit function and improve the energy security in the natural gas sector (although 100% of imports would come from Russia). This would place Lithuania in a more favourable situation than that of Poland, however with the only exception that no other projects of natural gas infrastructure are implemented in the region.

2.4. An Impact of Natural Gas Infrastructure Projects on Countries' Energy Security

2.4.1. Nord Stream Gas Pipeline

Recently the Nord Stream gas pipeline (formerly known as North European Gas Pipeline) makes probably the largest firestorms among all natural gas projects. The new route has to connect natural gas field Yuzhno Russkoye and Germany through the Baltic Sea (from Vyborg in Gulf of Finland to Greifswald in Germany)³⁰. It is not excluded to extend gas pipeline eventually to Netherlands and UK. In the beginning it was also planned that the branches of gas pipeline could reach

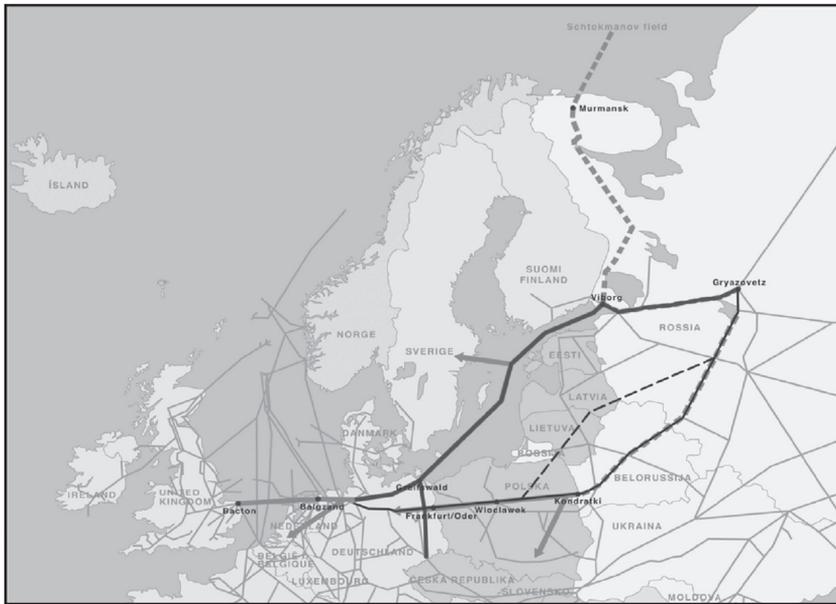
²⁸ *Resolution on the Approval of the National Energy Strategy.*

²⁹ *Баланс электроэнергии Калининградской энергосистемы на период до 2020 года [Balance of electricity in the energy system of Kaliningrad to 2020]*, [http://impera.ru/region/economics/electricity, 2007 06 04](http://impera.ru/region/economics/electricity,2007_06_04) (in Russian).

³⁰ For example, see Nord Stream, *Project Information Document: Offshore Pipeline Through the Baltic Sea*, November 2006, http://www.nord-stream.com/uploads/media/PID_ENGLISH_01.pdf, 2007 07 22.

Finland and Sweden. Projected capacity of pipeline is 55 bcm per year, the price – more than 5 billion Euros. Project is included into the list of Trans-European Energy Network (TEN-E) Projects of European Interest³¹. Nord Stream is a part of NG1 connection between UK, Northern continental Europe, and Russia.

Nord Stream will supply natural gas from Russia to Western Europe by-passing Central and Eastern Europe because of political and economic reasons. The only way to avoid transit through this region is to build off-shore pipelines. It is declared that Nord Stream project will allow Russia's natural gas monopoly Gazprom to implement at least two tasks, *first*, to expand capacities of natural gas exports to Europe and, *second*, to diversify export routes and eventually decrease the role of transit countries (Ukraine, Belarus, and Poland). Western European countries-consumers that import Russian natural gas are also interested in bypassing transit countries. Direct interconnections without intermediaries presupposes stable supply, because, *first*, the supply is independent from relations between supplier and transporter (transit country) – experience of Belarus and Ukraine cases. *Second*, the supplier has less ways to diversify export and reorient supply – becomes more dependent on consumer. *Third*, the risk of decreased supply due to increased consumption in transit countries is reduced.



Map 2. Projected and Under Construction Gas Pipelines³²

³¹ Commission of the European Communities, *Communication from The Commission to The Council and The European Parliament. Priority Interconnection Plan*, COM(2006) 846 final, 2007 01 10, http://dete.parliament.bg/pub/ECD/COM_2006_846_EN_ACTE_f.pdf, 2007 08 02.

³² *Морской газопровод через Балтийское море (проект)* [Maritime pipeline through the Baltic Sea (project)], <http://www.mnr.gov.ru/part/?act=more&id=1291&pid=781>, 2007 07 15 (in Russian).

It is obvious that the Ukraine, Belarus, and Poland – Russia’s natural gas transit countries – are least interested in new gas pipeline. Construction of bypass routes decreases their influence on Russia’s exports and increases vulnerabilities. However, only Lithuania and Poland publicly challenge Nord Stream project. It is rational for Poland to oppose the project – Warsaw tries to convince Europe and Russia to build on-shore gas pipeline, primarily because it is cheaper. Polish experts are reasonably concerned that Russia will refuse to implement intergovernmental agreement that was signed between Poland and Russia in 1993 and according to which second line of Yamal-Europe gas pipeline through the territory of Poland should be build. Turning down of this project would bring financial losses to Poland and more important – will decrease Poland’s role in the flow of natural gas to EU.

Nord Stream will threaten Lithuania’s energy security only if (environmental and military threats are not assessed in this article) the branch from gas pipeline is laid to the Kaliningrad District and exclave becomes independent from the transit through Lithuania. Chances that this is going to happen are low; on the other hand, it is always worthless to work at predicting Moscow’s moves towards “selfish neighbours”.

Concerning the construction of Nord Stream, Lithuania could be more flexible than Poland, because interests of both countries do not match. Poland seeks to build the second line of Yamal-Europe gas pipeline (also known as Yamal II) and to increase transit. Transit will not increase through Lithuania in any case – whether Nord Stream or Yamal II is built. Therefore for Lithuania’s energy security there is no major difference, which of the projects will be implemented (if a branch to Kaliningrad from Nord Stream is not built).

2.4.2. Yamal II and Amber

The Yamal II project, even in the EU Priority Interconnection Plan, is called a competitor of Nord Stream, which is supported by Poland and Baltic States³³. Lithuania’s support to Yamal II could be based on energy security interests only if there was proposed a branch from gas pipeline to Lithuania, which would diversify routes of natural gas imports (while supplier remains the same) and reduce the risk of supply interruptions. Unfortunately, there are no plans to built branches to Lithuania – Yamal II would bypass country as Nord Stream.

According to the project, the Yamal II should be laid parallel to the first line of Yamal-Europe gas pipeline. Length of route is 700 km, capacity – 43 bcm, price – 1.5 billion Euros³⁴. Transit through second line (bearing in mind, that Poland will consume natural gas, supplied through the first line in the long term) would guarantee Poland the role of significant transporter and revenues

³³ *Priority Interconnection Plan* (note 31).

³⁴ *Ibidem*.

from transit. Poland would remain one of the factors of energy security of Western Europe and, eventually, would gain additional political influence. The Polish gas company PGNiG has submitted a proposal for a feasibility study; however the European Commission agreed only under condition that the relevant Member States and companies should be involved.³⁵ No other companies had joined PGNiG, and the latter had to resign from the study. The reason of PGNiG singleness was lack of Russian Gazprom and German E.ON interest to implement a project competing with the Nord Stream gas pipeline project, which is planned to transport natural gas to the same market.

Yamal II can be constructed probably after, *first*, the Nord Stream operates in full capacity; *second*, the demand for natural gas grows in Western Europe faster than expected; *third*, the production of natural gas increases in Russia faster than expected; *fourth*, Western European countries still have interest to increase imports from Russia; *fifth*, relations between Russia and Belarus as well as Russia and Poland are satisfactory enough for Moscow to treat these countries as reliable partners for energy cooperation. It is difficult to forecast when (if ever) all these conditions will be satisfied. Even it happens Yamal II will be discussed not earlier than sometime between 2015-2020.

Although Yamal II is considered to be an alternative to Nord Stream in EU, Amber gas pipeline project is seen as such an alternative in Lithuania. For example, in the National Energy Strategy it is said that one of the factors influencing a stable functioning of the energy sector in Lithuania is “the construction of a new gas pipeline to Europe under the Baltic Sea bypassing the territory of the Baltic States.”³⁶ On the other hand, Amber is not even listed in the EU *Priority Interconnection Plan*, it is marked only as a “Project of Common Interest.”³⁷ Amber route would have to run parallel to Yamal gas pipeline, so it can be called an alternative to Yamal II.

Amber could strengthen energy security of Lithuania. *First*, Lithuania could integrate into EU gas pipeline networks and become a part of a single European internal market in natural gas. *Second*, Amber allows diversifying routes of natural gas imports from Russia and reduces risks of supply interruptions. *Third*, the new pipeline would make natural gas exports from Russia dependent on Lithuania – stable supply to EU would be directly related to stable supply through Lithuania. This factor could diminish Russia’s capabilities to manipulate amounts and prices of natural gas. *Fourth*, Lithuania’s role in supplying the Kaliningrad District would increase. *Fifth*, Lithuania could receive revenues from transit.

Although the Amber gas pipeline looks attractive, the project has less than minimal chances to be implemented. It cannot compete with Yamal II – the

³⁵ *Ibidem*.

³⁶ *Resolution on the Approval of the National Energy Strategy*.

³⁷ The European Parliament and The Council Of The European Union, *Decision of The European Parliament and of The Council. Laying Down Guidelines for Trans-European Energy Networks and Repealing Decision 96/391/EC and Decision No 1229/2003/EC*, No 1364/2006/EC, 2006 09 06, http://eur-lex.europa.eu/LexUriServ/site/en/oj/2006/l_262/l_26220060922en00010023.pdf, 2007 01 15.

Polish project does not require buying out land or getting permissions for constructions. In the case of Gazprom and the German counterparts if they decide to resign from a Nord Stream, it is very unfeasible, that they would choose to start negotiations with the Baltic Countries on new project, become dependent on them and pay transit tariffs only in purpose to bypass Belarus. Amber project can be implemented after, *first*, Nord Stream and Yamal II operates at full capacity; *second*, these pipelines do not satisfy EU's demand for natural gas; *third*, Russia can increase production of natural gas; *fourth*, Russia agrees to increase exports to Western Europe and does not seek to diversify it; *fifth*, EU countries agree to boost imports from Russia; *sixth*, Russia does not refuse to make the Baltic States transit countries of its natural gas exports and to become dependent on them. Making an assumption that there are no impossibilities, all mentioned conditions could be fulfilled beyond the limits of meaningful forecast – not earlier than 2030. Therefore it should be not considered as feasible project, which can strengthen the hope for energy security.

2.4.3. A Gas Pipeline Connecting Lithuania and Poland

One of the weaknesses of Lithuania's energy sector is an absence of interconnections with Western European energy systems.³⁸ As the opportunities are indicated the following projects: *first*, the construction of LNG terminal in the Baltic region (not necessarily in the Baltic States). LNG terminal is also called Lithuania's interest in the Baltic region – "development of the natural gas supply system and system interconnections with EU gas networks providing for consideration, in co-operation with Latvian, Polish and Estonian experts, of the expediency of construction of a regional liquefied natural gas import terminal."³⁹ *Second*, the interconnection of gas pipeline networks of Lithuania and Poland – "with the construction of gas pipeline to Eastern Europe from alternative sources (the Caspian Sea or Norway) and interconnection of gas pipeline networks of Lithuania and Poland, Lithuania acquire possibilities of alternative gas supply."⁴⁰

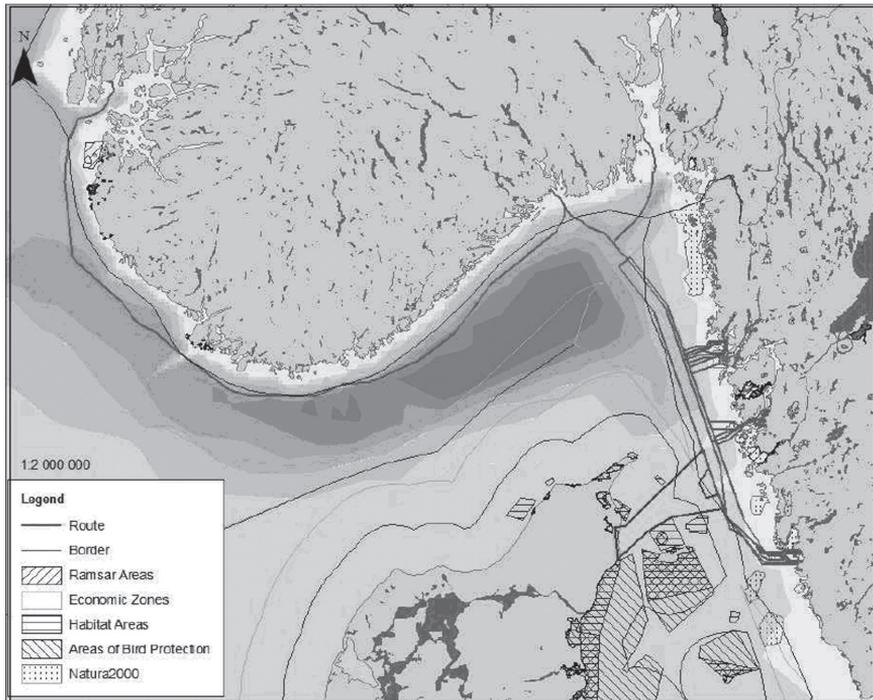
The gas pipeline that is mentioned in *National Energy Strategy* could connect gas pipeline network of Lithuania with, *first*, the gas pipelines transporting Russia's natural gas through Poland, *second*, the projected LNG terminal in Poland, *third*, the gas pipelines transporting natural gas from alternative to Russia sources – Norway or the Caspian Sea Basin. All of the mentioned projects are whether hardly implemented or too small to be joint by Lithuania. The only project that plans to transport Russian gas is Yamal II, but, *firstly*, it is not to be constructed in the medium term and, *second*, connection to Lithuania is not planned. Lithuania could join LNG terminal project in Poland, if, *first*, it

³⁸ *Resolution on the Approval of the National Energy Strategy.*

³⁹ *Ibidem.*

⁴⁰ *Ibidem.*

was constructed, *second*, its capacity would allow connecting other consumers, *third*, the terminal was close to Lithuanian border – otherwise construction of interconnection becomes economically unfeasible. The same conditions can be applied assessing Lithuania’s chances to connect to gas pipelines from Norway and /or the Caspian Sea: *first*, they should reach Poland, *second*, there should be enough gas for Lithuania, *third*, they should be not far away from Lithuanian border with Poland. Therefore decision on construction of pipeline, which can strengthen strategic energy partnership between the countries, can be made after choosing among projects to connect with.



Map 3. Skanled Gas Pipeline⁴¹

Poland links its diversification of natural gas supply tasks with natural gas imports from Norway. Already in 2001 Poland agreed with Denmark and Norway on Baltic Pipe gas pipeline project – new route for transportation of Norway’s natural gas through Denmark to Poland. Unfortunately, as an outcome of Russia’s pressure, Denmark’s vague position, and Poland’s internal political problems project had not been started. In the beginning of 2007 new

⁴¹ Gassco and DNV, *Information Concerning the Planning of the Skanled Gas Pipeline*, June 2007, http://www.energinet.dk/NR/rdonlyres/E7D26121-FE5C-46C9-9DCB-7BE95E65CD38/0/TheSkanledgaspipelineprojectsummaryver_02_250607.pdf, 2007 09 05.

impulse for Poland's attempts to diversify imports was contract between PGNiG and ExxonMobil on purchase of 15% of shares in two fields on Norway's continental shelf – Skarv and Snadd.⁴² Production should start in 2011 and run for 20-25 years. 15% of shares would guarantee about 0.2-0.6 bcm of natural gas per year.⁴³ Such an amount of gas allows for the diversifying of imports only 'politically,' because there would be no significant impact on the structure of imports. Besides, the problem of transportation from Norway remains.

Because of lack of transportation capacity Poland seeks to connect to Scandinavian natural gas network. In 2007 PGNiG joined the consortium led by Norwegian Gassco, which builds Skanled gas pipeline from Karst in Norway to Sweden and Denmark (see Map 3). PGNiG purchased 15% of shares in pipeline. Constructions of Skanled begin in 2009 and pipeline is planned to be operative in 2011. Its capacity will be 7 bcm per year.⁴⁴ Considering production limit of Karst (9 bcm per year), it is highly feasible that capacity of Skanled will be increased.

In 2007 PGNiG also made a deal with Danish Energinet.dk on feasibility study on Baltic Pipe gas pipeline from Denmark to Poland under the Baltic Sea. Baltic Pipe should connect Skanled with Poland, which will have an opportunity to import natural gas from Norway. Companies agreed that PGNiG will finance the project and is an owner of it at the initial phase⁴⁵. PGNiG representatives stress, that Skanled and Baltic Pipe allow Poland improving its energy security, eliminating supply interruptions, decreasing dependency on single supplier, and increasing natural gas imports.⁴⁶ It is interesting, that companies are considering an option to build reversible gas pipeline.⁴⁷ It means that Poland and Denmark would have a possibility to transport natural gas from Norway through Denmark to Poland as well as from Russia through Poland to Denmark (Poland could hold on to the transit function).

Poland's plans to import natural gas from Norway will not essentially solve the problem of increased dependency on Russia. PGNiG share in Skarv and Snadd fields cannot assure adequate quantity of natural gas. Moreover, Poland's share in Skanled gas pipeline could allow transporting no more than 1-1.5 bcm per year. Therefore it is not clear, where Poland is going to get additional natural gas for Baltic Pipe.

⁴² *PGNiG to Acquire Stake in Norwegian Shelf Licences*, http://www.rigzone.com/news/article.asp?a_id=41995, 2007 09 06.

⁴³ *PGNiG Will Acquire Hydrocarbon Reserves on the Norwegian Shelf*, <http://reakt.wordpress.com/2007/03/01/pgnig-will-acquire-hydrocarbon-reserves-on-the-norwegian-shelf/>, 2007 09 06.

⁴⁴ Herron J., "Expansion Likely on Norway-Denmark Gas Pipeline", *Dow Jones Newswires*, 2007 09 07, <http://www.downstreamtoday.com/News/ArticlePrint.aspx?aid=5854>, 2007 09 06.

⁴⁵ Watson C., "Denmark and Poland Considering Gas Pipeline", *Energy Business Review Online*, http://www.energy-business-review.com/article_news.asp?guid=464FFA34-5CEC-4DFA-A80C-5D0DC8312455, 2007 09 06.

⁴⁶ *Polish Oil and Gas Company Joins Skanled Consortium*, http://www.en.pgnig.pl/316_2414.htm, 2007 09 06.

⁴⁷ "PGNiG and Energinet.dk reached agreement on Baltic Pipe", *Scandinavian Oil-Gas Magazine*, http://www.scandoil.com/moxie-bm2/news/contracts_world/pgnig-and-energinetdk-rea.shtml, 2007 09 06.



Map 4. Projected LNG Terminal in Poland⁴⁸

Another direction of improvement in regards to energy security is the project of the LNG terminal in Poland. LNG terminal in Gdansk is listed in *Priority Interconnection Plan* next to other NG4 projects. In 2005-2006 it was assumed that LNG terminal with capacity of 3-5 bcm would cost 500 million Euros and be operative in 2010 – the construction had to begin in 2007.⁴⁹ However, in 2006 PGNiG announced tender for feasibility study of LNG terminal. Two options were assessed – Gdansk and Swinoujście (see Map 4), which is 300 km to the West from Gdansk. PGNiG has chosen second option, because, *first*, route for LNG tankers is shorter; *second*, the North Eastern regions of Poland have less developed network of gas pipelines; *third*, the power plants in the region could shift from coal to natural gas⁵⁰; *fourth*,

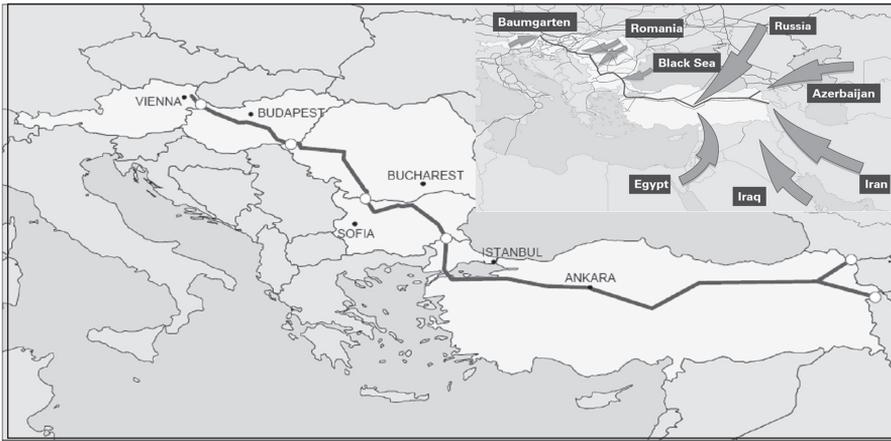
⁴⁸ *LNG Map. Information by Entry Point*, http://www.gie.eu.com/download/gridmap/GLE_LNG_207.pdf, 2007 08 10.

⁴⁹ *Signing of a Letter of Intent Regarding the Construction of the Maritime Gas Terminal in the Port of Gdansk*, <http://www.portgdansk.pl/events/a-letter-of-intent-regarding-the-construction-of-the-lng-terminal>, 2007 08 10.

⁵⁰ Jeziorski M., “Alternative Access”, *The Warsaw Voice*, 2006 01 18, <http://www.warsawvoice.pl/view/10305>, 2007 08 10.

the infrastructure of port is more suitable.⁵¹ It is obvious that possibilities of transportation of re-gasified LNG to Lithuania were not among the assessed criteria.

Capacity of projected terminal is 2.5 bcm per year with option to increase it till 5-7.5 bcm.⁵² This amount would allow Poland diversifying imports and supplying industrial plants of North Western regions. Lithuania's connection to the terminal, even without economic feasibility study, is hardly feasible firstly because of the price of gas pipeline to Lithuania (doubtfully Poland would agree to share the costs in support of the "strategic partnership"). Moreover, if Lithuanian companies are ready to invest their money for the latter gas pipeline, it will be more rational to build alike terminal in Lithuania.



Map 5. Nabucco Gas Pipeline⁵³

Third mentioned option for Lithuania is connection to gas pipelines that transport natural gas from the Caspian Sea. For the moment there is only one project of natural gas supply from the Caspian Sea to Europe – Nabucco.⁵⁴ The gas pipeline has to connect the Caspian Sea and Middle East suppliers through Turkey, Bulgaria, Romania, Hungary and Austria with Western European

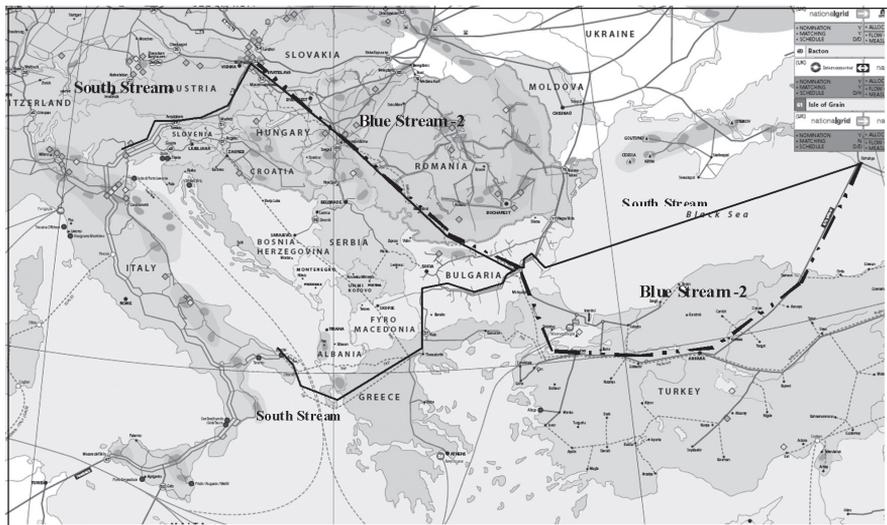
⁵¹ Management Board of PGNiG selects the Location for LNG Terminal on the Polish Coast, http://www.en.pgnig.pl/cp/news/478_2208.htm, 2007 08 10.

⁵² Poland Moves in New Directions Regarding Liquid Natural Gas Import, http://www.ilf.de/index.php?id=63&L=1&tx_ttnews%5Btt_news%5D=131&tx_ttnews%5BbackPid%5D=18&cHash=b675b13948, 2007 08 10.

⁵³ Nabucco Gas Pipeline International GmbH, *Nabucco Gas Pipeline Project. Gas Bridge Between Caspian Region/ Middle East/ Egypt and Europe*, February 2007, http://www.nabucco-pipeline.com/cms/upload/Partner_Logos/Nabucco_presentation_web_Feb_2007.pdf, 2007 07 05.

⁵⁴ In 2002 an idea of Nabucco gas pipeline was drafted by Austrian and Turkish companies OMV and BOTAS. Later on Bulgarian Bulgargaz, Romanian Transgaz and Hungarian MOL joined them. These five companies agreed to implement feasibility study in 2002. Feasibility study concluded, that project is technically and economically feasible. In 2005 joint company for construction of pipeline was established. Construction has to begin in 2009 and pipeline has to be operative already in 2012.

natural gas market. The length of the projected route will be 3300 km, capacity – 31 bcm per year, price – 5 billion Euros.⁵⁵ The starting points of gas pipeline are planned at the border of Turkey and Georgia as well as Turkey and Iran, ending – Baumgarten Hub in Austria. In the project’s reasoning there are four main strategic goals declared: *first*, “opening a new gas supply corridor for Europe and for the countries involved in the project, for very cost-effective gas sources”; *second*, “raise the transit role of the participating countries along the route”; *third*, “contribution to the security of supply for all partner countries, and also for Europe as a whole”; *fourth*, “strengthening the role of the gas pipeline grids of all Nabucco partners in connection with the European gas network.”⁵⁶ Nabucco has to connect giant natural gas reserves with insatiable European market of natural gas through the Black Sea region and strengthen the role of Central Europe as a transit area.



Map 6. Competitors of Nabucco Gas Pipeline⁵⁷

However, Nabucco lacks the main part of the chain – supply. All five companies that attend the project represent transit and consumer countries – there are no companies that produce sufficient amount of natural gas in the Caspian Sea or Middle East. This is a major challenge to the pipeline, to which Poland wishes to connect. Second challenge is alternative projects in the region, which are initiated and pushed forward by Russia – exporter with guaranteed supplies. Alternative projects are: Blue Stream 2 – extension of Blue Stream gas

⁵⁵ *Nabucco Project Description*, <http://www.nabucco-pipeline.com/project/project-description-pipeline-route/index.html>, 2007 07 05.

⁵⁶ *Nabucco Project. Mission Statement/Strategic Goals*, <http://www.nabucco-pipeline.com/company/mission-statement-strategic-goals/index.html>, 2007 07 05.

⁵⁷ *Operational Procedures at major cross-border interconnection points*.

pipeline, which runs from Russia to Turkey under the Black Sea, to Central Europe; South Stream (backed by Italy's ENI and Russia's Gazprom) – gas pipeline project from Russia to Bulgaria under the Black Sea and eventually to Italy (see Map 6). Although Nabucco has strong political backing in Europe, its positions are weaker vis-a-vis competitors, because Russia, *first*, offers natural gas in one package with gas pipelines, *second*, has support of potential consumers in Western Europe, *third*, is able to attract key transit countries (Bulgaria in the case of South Stream or Hungary in the case of Blue Stream 2).

Even some supplier(s), except Russia, guarantees to load completely Nabucco in 2020 (30 bcm per year), there are no assurances that it will ever reach Poland. *First*, Poland is not a partner in the project. *Second*, part of transported gas will remain in the transit countries. Therefore it is not clear how much of natural gas will be available for sale in Baumgarten. *Third*, the interconnections between Poland and Czech Republic (which has connections to Baumgarten) are insufficient. In the case Nabucco is built and there is available gas for Poland (and its price is reasonable to build a gas pipeline), there doubtfully will be any left for Lithuania. Taking into account that Baumgarten natural gas storages have connection with Western European natural gas network, any alternative transportation further from Baumgarten through newly built infrastructure would be uncompetitive. Therefore, it may be concluded that Lithuania's hopes to import natural gas from the Caspian Sea are unreasoned. In the case Lithuania has a chance to become a transit country of natural gas to Western Europe, Nabucco will be even harmful to its energy security, because it would strengthen the role of South Eastern Europe vis-a-vis Central and Eastern Europe in the trade of energy resources.

3. Relations between Lithuania and Poland in the Electricity Sector

3.1. Differences in the Electricity Industries of Lithuania and Poland

Electricity industries in Lithuania and Poland differ in fuel inputs for electricity generation. More than 70% of electricity are produced in the Ignalina NPP in Lithuania, while coal dominates electricity production in Poland – more than 90%. *Second* difference – from 2001 Poland is a member of the Union for the Coordination of Transmission of Electricity (UCTE). UCTE unites almost all electricity transmission grids in Western and Central Europe. Poland has also connections with Ukraine and Belarus – members of UPS/IPS system, which unites former Soviet Union. Lithuania has connections only with UPS/IPS. The only Lithuania's connection with Poland is through Belarus, which has two connectors with Poland.

The main similarity between Lithuania and Poland is that both countries

are exporters of electricity (see Table 3). However they cannot be described as competitors, because countries sell electricity to different markets and are not interconnected. The biggest share of Lithuania's export was directed to Latvia (0.7 TWh), Belarus (0.63 TWh) and Russia (0.46 TWh), import – from Russia (1.39 TWh)⁵⁸. Poland is sixth largest exporter of electricity in EU⁵⁹. In 2005 Poland exported electricity to Czech Republic (11.1 TWh), Slovakia (2.8 TWh), Sweden (1.2 TWh) and Germany (1 TWh), imported – from Germany (2.3 TWh), Ukraine (1 TWh), Belarus (0.9 TWh) and Sweden (0.8 TWh)⁶⁰.

Table 3 **Balances of Electricity Sectors in Lithuania and Poland in TWh⁶¹**

	Lithuania					Poland				
	2004	2005	2006	2005/ 2004 %	2006/ 2005 %	2004	2005	2006	2005/ 2004 %	2006/ 2005 %
Total net production	17.7	13.6	11.0	-23.2	-19.1	140.8	143.6	147.3	2.0	2.6
Conventional thermal	2.7	3.0	2.5	11.1	-16.7	137.0	139.7	144.0	2.0	3.1
Nuclear	13.9	9.5	7.9	-31.7	-16.8					
Hydro and other	1.1	1.1	0.6		-45.5	3.8	3.9	3.3	2.6	-15.4
Imports	4.3	5.6	5.8	30.2	3.6	5.3	5.0	4.8	-5.7	-4.0
Exports	11.5	8.6	6.2	-25.2	-27.9	14.6	16.2	15.8	11.0	-2.5
Energy absorbed by pumping	0.7	0.5	0.6	-28.6	20.0	2.3	2.2	1.6	-4.3	-27.3
Energy supplied	9.8	10.1	10.0	3.1	-1.0	129.2	130.2	134.7	0.8	3.5
Contribution of the sources to the production in %										
Conventional thermal	15.3	22.1	22.7			97.3	97.3	97.8		
Nuclear	78.5	69.9	71.8							
Hydro and other	6.2	8.1	5.5			2.7	2.7	2.2		

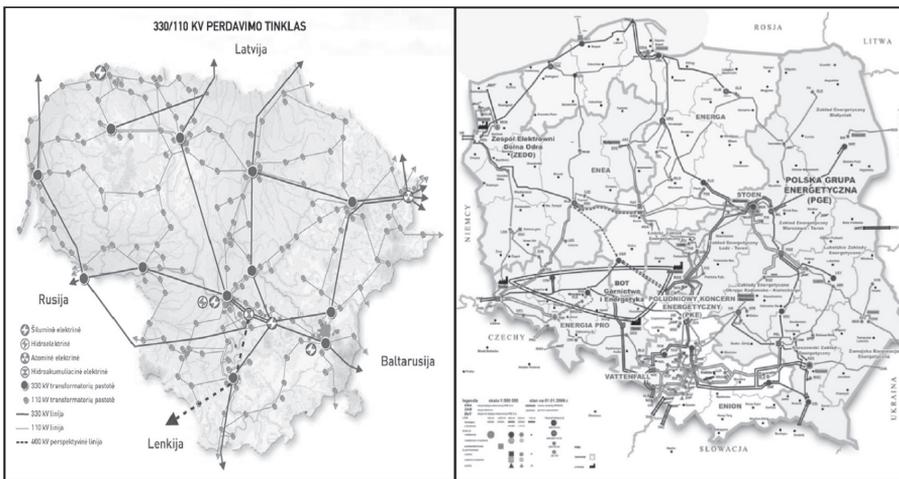
⁵⁸ Ministry of Economy of the Republic of Lithuania, *Tiekimo saugumas Lietuvos elektros energijos rinkoje. Monitoringo ataskaita* [Security of supply in the electricity market of Lithuania. Report of monitoring], 2007, http://www.ena.lt/pdfai/Monitoringas_2007.pdf, 2007 09 06 (in Lithuanian).

⁵⁹ *Panorama of the European Union. Gas and Electricity Market Statistics. 2006 Edition*, Luxembourg: Office for Official Publications of the European Communities, 2006, http://ep.eurostat.ec.europa.eu/cache/ITY_OFFPUB/KS-76-06-289/EN/KS-76-06-289-EN.pdf, 2007 08 22.

⁶⁰ UCTE, *Statistical Yearbook 2005*, http://www.ucte.org/_library/statsyearbook/Statistical_Yearbook_2005.pdf, 2007 09 03.

⁶¹ Bassan M., "Electricity Statistics – Provisional data for 2006". *Eurostat Data in Focus*, 4/2007. http://ep.eurostat.ec.europa.eu/cache/ITY_OFFPUB/KS-QA-07-004/EN/KS-QA-07-004-EN.PDF, 2007 08 02.

Poland is biggest producer and consumer of electricity in all of Central Europe. Although it is estimated that the consumption of electricity will increase and old coal-fired power plants should be closed or renovated, Poland will have sufficient power reserve to remain exporter of electricity.⁶² Lithuania is exporter of electricity only till the end of 2009 – the decommissioning of the Ignalina NPP. In the National Energy Strategy it is foreseen that “after the decommissioning of Unit 2 of the Ignalina NPP at the end of 2009, the current generating capacities, including small capacity CHP plants that are planned to be constructed, will be sufficient to meet the national demand until 2013.”⁶³ However Lithuania may face the need to import electricity even earlier, because the price of electricity that is produced in the Lithuanian Power Plant may not be competitive. Lithuania will convert from the exporter to the importer. Although the options to import electricity from other UPS/IPS countries are considered, the most probable future supplier of electricity is Russia – eventually this would increase dependency of Lithuania’s energy sector on Russia.



Map 7. Electricity Transmission Network in Lithuania and Poland⁶⁴

⁶² For example, see Deksnys R., *Atominės elektrinės konkurencingumo Baltijos, Skandinavijos, Vakarų Europos šalių ir Rusijos elektros energijos rinkose analizė (galutinė ataskaita)* [Analysis of competitiveness of nuclear power plant in the Baltic, Scandinavian, Western European and Russian markets (final report)], Department of Electric Power Systems at Faculty of Electrical engineering and control systems in Kaunas University of Technology, 2005 12 01 (in Lithuanian).

⁶³ *Resolution on the Approval of the National Energy Strategy*.

⁶⁴ 330/110kV perdavimo tinklas [330/110kV transmission network], <http://www.lietuvosenergija.lt/lt/main/system/network>, 2007 08 15 (in Lithuanian). Polish Energy Group, http://www.pse.pl/galeria/pge_01.jpg, 2007 08 15.

3.2. Joint Projects between Lithuania and Poland in the Electricity Sector

In purpose to reduce the threats to the energy security in the electricity sector, the National Energy Strategy indicates the following tasks (beside to the construction of new thermal power plants, renovation programmes and others): *first*, the interconnection of Baltic electricity transmission networks with the networks of Poland and Scandinavian countries by 2012; *second*, the application of the Baltic States to UCTE; *third*, construction of a new NPP in Lithuania “to satisfy the needs of the Baltic countries and the region an its inclusion in the electricity market of the region not later than by 2015”⁶⁵. The implementation of these tasks requires cooperation between Lithuania and Poland.

3.2.1. The Power Bridge between Lithuania and Poland

Lithuania’s plans to connect electricity transmission networks with Poland – to build Power Bridge between the countries – exist from 1993. The Power Bridge has a strategic importance for Lithuania. *Firstly*, it would increase stability of electricity supply in Lithuania – create an opportunity to import electricity after the decommissioning of the Ignalina NPP. *Second*, the connection would allow joining European internal market in electricity. In 2003, the study on project financing, which was sponsored by IPA-EBRD, it was advised to build interconnection with back-to-back converter (1000 MW of power).⁶⁶ Polish side delayed the project due to fear of the import of cheap electricity produced at the Ignalina NPP. Later, when a decision on the closure of the Ignalina NPP was made and the fear of “cheap Lithuanian electricity” had to disappear, Polish energy experts have started to worry about cheap Russian electricity that would reach Poland through Lithuania.⁶⁷ Due to increased competition it would be difficult for electricity generation companies of Poland to develop. Poland, eventually, could lose its strong positions of the exporter of electricity. It is profitless to Poland to allow Lithuania becoming the transit country of electricity to Poland, because it could threaten Poland’s energy security (independence in the electricity sector). Power Bridge in Poland is not treated as the gates to Western Europe for the Baltic States, it is rather Russia’s gates to Poland.

On the other hand, Power Bridge between Poland and Lithuania is not a

⁶⁵ *Resolution on the Approval of the National Energy Strategy.*

⁶⁶ The price of project was evaluated 434 million Euros. In purpose to make the project cost-effective, financial support of 267 million Euros from EU was needed. Juozaitis R., *Ilgas lietuviškos elektros kelias į Vakarus [Long way of Lithuanian electricity to the West]*, <http://neris.mii.lt/mt/straipsniai/20055/ilg.doc>, 2007 09 09 (in Lithuanian).

⁶⁷ Komaras J.J., “Lenko pozicija: kodėl nėra elektros tilto į Vakarus?” [Position of the Polish: why there is no power bridge to the West?]. *Lrytas.lt*, 2006 03 14, <http://www.lrytas.lt/?id=11422625581141696756&view=4>, 2007 01 15 (in Lithuanian).

bilateral issue. After connection of networks, Baltic Ring – connecting the Baltic countries, Scandinavia, Poland and Germany – would be completed. This is the major reason why project was included into the Priority Interconnection Plan. UCTE enlargement to the East is treated as an important opportunity for EU to expand the trade in electricity and transmission capacities.⁶⁸ It cannot be accomplished without connecting the Baltic States to UCTE. Therefore the Power Bridge facilitates the development of internal market in electricity as well as the trade with neighbouring countries.

Moreover, not the Baltic countries or Lithuania would become the main transit corridor from UPS/IPS to UCTE. Such a perspective belongs to Poland. It is foreseen, that trade between EU and Belarus, Ukraine, and Russia will reach 40 TWh per year in 2030, among the Baltic States, Finland, and Russia – 30 TWh per year⁶⁹. The lion's share of the trade between Western Europe and Russia and/or Ukraine will pass Poland. The main difference between Lithuania's and Poland's Power Bridge and wide UCTE-UPS/IPS interconnection is that Lithuania becomes the transit country in the case of Power Bridge and Poland – potential consumer. If UCTE and UPS/IPS are interconnected through Belarus and Ukraine and capacity of the transmission networks in Poland are increased, Poland will become the transit country, consumers – other states of Western and Central Europe. Probably this was the reason why the decision had been made to modify the Power Bridge project and include the expansion of the transmission networks in Poland and the interconnection between Poland and Germany.⁷⁰ Exploiting the necessity to link the Baltic States to Western European grids, Poland seeks to solve its own problems in the electricity sector and neutralize potential threats to its energy security. On the other hand, even the latter modification has not improved the implementation of the project.

The project of interconnection line between Lithuania and Poland (including the upgrading of the Polish electricity network and the Poland-Germany section) is part of the Priority Interconnection Plan as “necessary in order to allow participation in the internal energy market”⁷¹ (see Map 8).

⁶⁸ European Commission, Directorate-General for Research, *Energy Corridors. European Union and Neighbouring Countries*, 2007, <http://www.ecn.nl/docs/library/report/2007/b07016.pdf>, 2007 08 20.

⁶⁹ *Ibidem*.

⁷⁰ *Priority Interconnection Plan*.

⁷¹ *Ibidem*.



Map 8. Denmark-Germany-Baltic Ring⁷²

Difficulties surrounding the implementation of the projects are indicated as following: *first*, the change in scope – its modifications, *second*, the lack of coordination and political will, *third*, uncertainties due to different synchronized areas, *fourth*, Polish grid stability and security, *fifth*, environmental concerns regarding the natural protected area crossed by the routing, *sixth*, the need for legal amendments to allow expropriating land for construction in Poland and others⁷³. Although a portion of these problems are technical in nature, the remaining are related to “the spirit of strategic partnership”: lack of political will, legal amendments, environmental concerns and others. In September 2007 The European Commission even appointed a coordinator to facilitate and accelerate the implementation of the power connection linking Lithuania, Poland and Germany.⁷⁴ To the opinion of the European Commission, most complicated for implementation part of the project is line Alytus-Elk (Lithuania-Poland).⁷⁵ Then again, probably the most complicated part of the project is different geoenetic interests of Lithuania and Poland.

In July 2007 Lietuvos Energija and Polskie Sieci Elektroenergetyczne signed the final feasibility study of the Project, which says that interconnection will cost about 240 million Euros and it will be feasible if EU funds 75% of the

⁷² *Priority Projects for Electricity*, http://ec.europa.eu/ten/energy/studies/doc/2004_brochure/electricity_network_07_en.jpg, 2007 08 12.

⁷³ *Priority Interconnection Plan*.

⁷⁴ BNS, *Europos Komisija paskyrė koordinatorių energijos tilto iš Lietuvos į Lenkiją projektui* [The European Commission appointed coordinator for the project of power bridge from Lithuania to Poland], 2007 09 13, <http://www.euro.lt/lt/naujienos/apie-lietuvos-naryste-europos-sajungoje/naujienos/1471/?print=1>, 2007 09 13 (in Lithuanian).

⁷⁵ European Commission, Directorate-General for Transport and Energy, *Trans-European Energy Networks. 1st TEN-E Information Day*, 2007 03 30, http://ec.europa.eu/ten/energy/documentation/doc/2007_03_30_ten_e_infoday_presentation_en.pdf, 2007 08 15.

project; additional investments into internal grids – 370 million Euros in Poland and 95 million Euros in Lithuania.⁷⁶ The latter investments should be done by the attendees of the project – Lietuvos energija and Polskie Sieci Elektroenergetyczne. If Poland holds its position – the construction of interconnection only after upgrading internal networks – interconnection can never see the daylight. Moreover, Poland will have a leverage in its relations with Lithuania for pressure in other issues that are both related to energy and not.

3.2.2. Construction of the New NPP in Lithuania

Construction of new NPP in Lithuania is another important project of improving Lithuania's energy security. This task is in the National Energy Strategy. In June 2007 the Seimas passed the law on Nuclear Power Plant and cleared the way for the project⁷⁷. The law had laid down the path to continuance of the nuclear energy in Lithuania.

The beginning of NPP project can be dated as February 2006, when the Prime Ministers of Lithuania, Latvia and Estonia signed the communiqué, in which they had expressed their support to the project and had invited national electricity companies to invest. Some week later heads of Lietuvos energija, Latvenergo and Eesti Energia agreed on the demand for feasibility study. Leaders of the Baltic States and their electricity companies are interested in the NPP, because all three countries is going to face electricity deficit after the closure of Ignalina NPP and the increased imports from Russia (or demand for the investments in electricity production in their countries). In the initial feasibility study it was concluded, that, comparing with other options, construction of new NPP is best solution, because, *first*, the balance of primary energy resources could be sustained, *second*, the security of supply could be strengthened, *third*, environmental pollution could be reduced, *fourth*, the project is cost-effective.⁷⁸ It was advised in the study to construct 800-1600 MW of power NPP. The decision of the Baltic States to cooperate on the project matches the global and EU trend to develop nuclear energy.

An evolution of the project was changed at the end of 2006, when the Prime Ministers of the Baltic countries and Poland agreed on Poland's entrance

⁷⁶ BNS, *Lietuvos ir Lenkijos elektros tiltas apsimokės, jei ES dengs 75 proc. investicijų* [Power bridge of Lithuania and Poland will be feasible, if EU covers 75% of investments], 2007 07 31, <http://www.euro.lt/lt/naujienos/apie-lietuvos-naryste-europos-sajungoje/naujienos/1219/>, 2007 08 02 (in Lithuanian).

⁷⁷ Seimas of the Republic of Lithuania, *Lietuvos Respublikos atominės elektrinės įstatymas* [Law of the Republic of Lithuania on nuclear power plant], X-1231, 2007 06 28, http://www3.lrs.lt/pls/inter3/dokpaieska.showdoc_l?p_id=301267, 2007 07 10 (in Lithuanian).

⁷⁸ *Naujos atominės elektrinės statybos Lietuvoje įgyvendinamumo studijos rezultatų apibendrinimas* [Summary of the results of the feasibility study on the construction of the new nuclear power plant in Lithuania], 2006 10 25, <http://www.lpc.lt/repository/Summary%20Report%20for%20Media%20-%20LT.pdf>, 2007 08 13 (in Lithuanian).

to the project.⁷⁹ Baltic countries saw the linkage between Poland's involvement in the NPP project and the speed of development of the interconnection between Poland and Lithuania.⁸⁰ *Second* argument was reduced costs for participants and *third* – the possibility to build more powerful plant. Poland's decision is probably based on the following interests: *first*, to invest in the electricity generation in the Baltic States; *second*, an opportunity to get an experience in nuclear energy, which can be applied in the future in Poland;⁸¹ *third*, to guarantee that electricity, which will flow through the interconnection, will be produced in the plant that belongs also to Polish company; *fourth*, to satisfy the demand for electricity in the Eastern regions and increase the exports to the Central and Western Europe.

After Poland's intentions were declared and accepted, the power of projected NPP was increased to 3200 MW. At the same time an ultimatum from Warsaw had reached Vilnius with the claim for one third of the electricity produced in the NPP (1200 MW), otherwise Polish companies would leave.⁸² Such a quantity of electricity would allow Poland the loading interconnection with relatively more expansive electricity from the NPP (than from Russia), which, in addition, belongs to Polish investors. One third of shares in the project guarantees the same number of votes as Lithuania's and would reduce portfolio of Latvia and Estonia. The NPP project virtually would be Lithuanian-Polish with Latvia and Estonia as junior partners. Considering Lithuania's experience of "strategic partnership with Poland", the project can end in failure. In the case other partners accept Poland's claims, Poland will get 1200 MW, while the Baltic States the remaining 2000 MW. Taking into account initially projected power of 1600 MW, Poland is unnecessary partner. However, then the interconnection project would be threatened and this circumstance once again reminds about Warsaw's capabilities to manipulate Lithuania's requirements for the energy security.

⁷⁹ *Naujos atominės elektrinės statyba. Projekto chronologija* [Construction of the new nuclear power plant. Chronology of the project], http://www.lpc.lt/lt/main/atom/Events_nuclear, 2007 09 01 (in Lithuanian).

⁸⁰ Pakalkaitė V., "Lenkų bilietas į Ignaliną – ir elektros tiltas" ["Ticket of the Polish to Ignalina – power bridge too"], *Verslo žinios*, 2007 01 09, <http://vz.lt/Default2.aspx?ArticleID=79a120d9-7ac6-4912-a499-c129d1ab9edf>, 2007 02 15 (in Lithuanian).

⁸¹ The Prime Minister of Poland Jaroslaw Kaczynski has mentioned plans to develop nuclear energy in Poland even in his inauguration speech at the Parliament on July 2006. For example, see "World Nuclear Review – Week Ending 21st July 2006", *The Nuclear Communication Network*, No.29/06. http://www.analys.se/lankar/Internat/NucNet/internatNucRew29_06.htm, 2007 02 15.

⁸² "Pokalbyje dėl naujos elektrinės – Lenkijos spaudimas" ["At the discussions on new power plant – Poland's pressure"], *Bernardinai.lt*, 2007 07 21, <http://www.bernardinai.lt/index.php?url=articles/65476>, 2007 07 25 (in Lithuanian).

4. Relations between Lithuania and Poland in the Oil Sector

The entire EU, especially after enlargement in 2004, becomes a huge oil refining area, connecting Russia with North America: one third of oil imports come from Russia, while one fourth of exports of petroleum products – to the US⁸³. Lithuania and Poland do not fit EU average. Lithuania imports oil from Russia, and refines and exports petroleum products mainly to the Western Europe. Therefore Lithuania can be described as an oil refiner between Russia and the Western Europe. Poland does not belong to the group of refiners, connecting Russia and the remaining Europe – its refining capacities are not sufficient even for internal demand. On the other hand, both Lithuania (till 2006) and Poland are transit countries of Russia's oil to the Western Europe.

4.1. Oil industries in Lithuania and Poland

4.1.1. The Main Trends in the Oil Sectors of Lithuania and Poland

Oil consumption in Lithuania was more stable than in Poland for the last ten years – in Poland oil consumption has risen 30% (see Figure 6). Increased demand in Poland does not allow expanding export of petroleum products, it is even on contrary – Poland imports petroleum products. Strongest side of Lithuania's oil industry is refining of oil and export of petroleum products (see Table 4). In 2006 Lithuania imported only 2.5 times less oil than Poland and exported 2 times more petroleum products.

⁸³ Kröppel C., "Oil Economy 2006", *Eurostat Data in Focus*, 13/2007, http://epp.eurostat.ec.europa.eu/cache/ITY_OFFPUB/KS-QA-07-013/EN/KS-QA-07-013-EN.PDF, 2007 08 23.

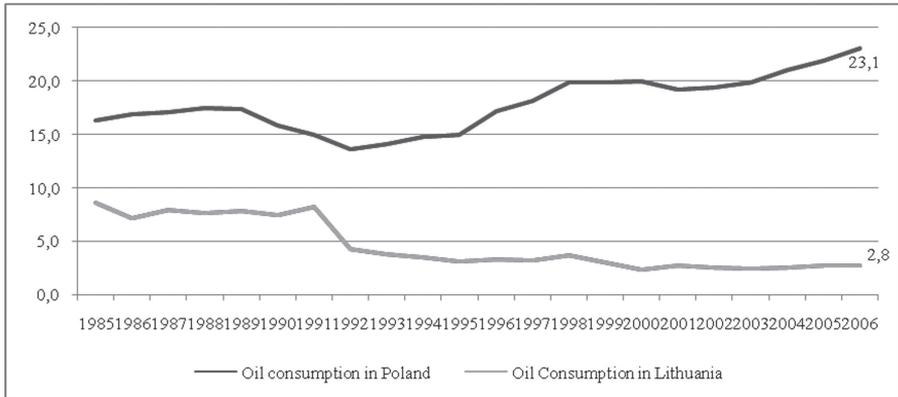


Figure 6. Oil Consumption in Lithuania and Poland⁸⁴

However oil refining and exports of petroleum products are decreasing in Lithuania. The main cause of unstable oil refining is relations between owners of oil refinery Mazeikiu nafta and oil suppliers – Russia's oil companies.

Table 4. Oil dependency in Lithuania and Poland in thousand tons⁸⁵

			Lithuania	Poland
Crude Oil	Production	2004	302	879
		2005	216	857
		2006	180	769
		2006/2005 %	-16.7	-10.3
	Total Imports	2004	8756	17930
		2005	9000	18281
		2006	8518	20680
		2006/2005 %	-5.4	13.1
	Total Exports	2004	193	178
		2005	147	237
		2006	116	283
		2006/2005 %	-21.1	19.4
	Input to Refineries	2004	8682	18867
		2005	9227	18822
		2006	8251	21548
		2006/2005 %	-10.6	14.5

⁸⁴ The BP Statistical Review of World Energy 2007.

⁸⁵ Kröppl (note 83).

Petroleum Products	Total Inland Deliveries	2004	1907	19574
		2005	2022	19803
		2006	2059	21268
		2006/2005 %	1.8	7.4
	Total Imports	2004	441	5025
		2005	421	5527
		2006	498	5783
		2006/2005 %	18.3	4.6
	Total Exports	2004	6558	2334
		2005	6697	2496
		2006	6245	2851
		2006/2005 %	-6.7	14.2

A comparison of forecasts of oil consumption in Lithuania and Poland (see Figure 7) shows, that, *firstly*, oil consumption will increase by 2% annually in both countries. *Second*, oil production in Lithuania will grow by 2% per year, while in Poland production reaches its peak in 2015 and will decrease eventually. However production rate remains minimal in both countries – less than 1 million tons per year. *Third*, oil imports will increase significantly. In 2020 Poland's demand will be 6 million tons higher than in 2005, Lithuania's – 2 million tons. *Fourth*, the growth of oil imports to Lithuania is a consequence of increased oil refining and exports of petroleum products. It is forecasted, that Poland will import more both oil and petroleum products. In 2020, if Lithuania redirects its exports of petroleum products to Poland, it will cover Poland's demand for imports of petroleum products.

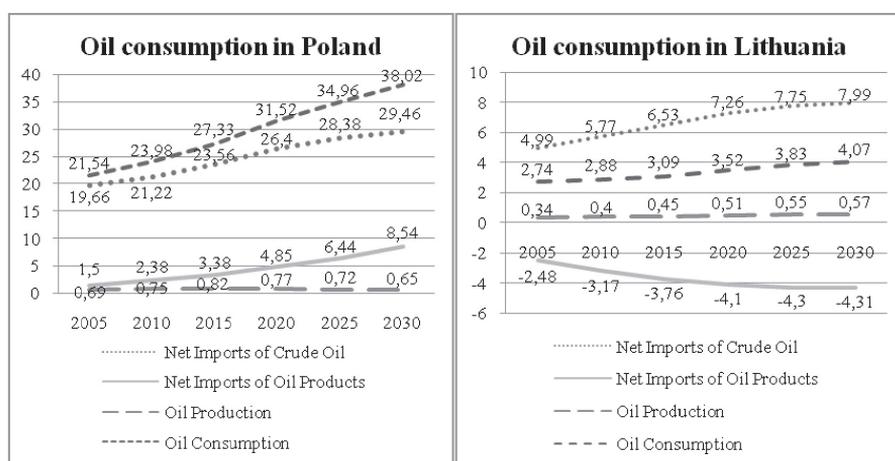


Figure 7. Oil Consumption in Poland and Lithuania in million toe⁸⁶

⁸⁶ European Energy and Transport – Trends 2030 (note 25).

The structure of the oil imports to both countries is similar (see Figure 8). In 2006 Lithuania imported 97% of oil from Russia, Poland – 92%. Export of oil from Russia decreased by 1% in 2006 and amounted to 249.91 million tons. Accordingly exports to Lithuania and Poland made 10.36% of total exports (to Poland – 9.24%). These numbers depict dependency of both countries on Russia. On the other hand, oil trade is more flexible than trade in natural gas due to wider variety of transportation (oil pipelines, rails, tankers) consequently amounts of trade may vary more.

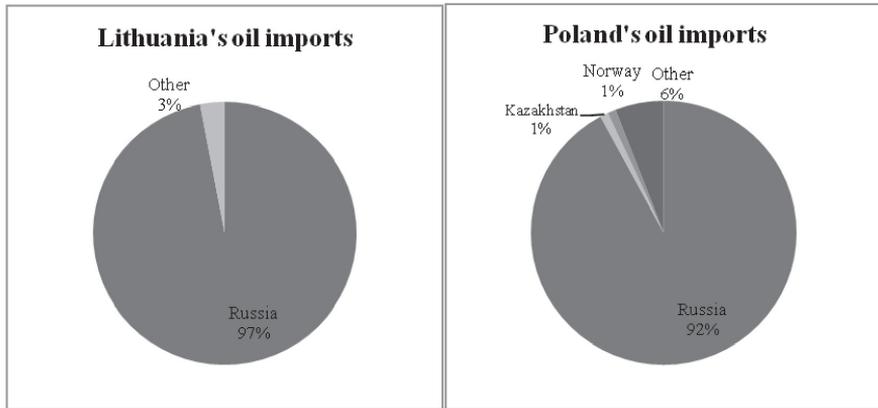


Figure 8. Lithuania's and Poland's Oil Imports⁸⁷

Before PKN Orlen became an owner of Mazeikiu Nafta, Lithuania and Poland were competitors in the oil refining only in the short term – in the medium term Lithuania could turn into important supplier of petroleum products for Poland. This scenario would allow Poland diversifying imports of petroleum products. Naturally, diversification would be effective with one condition – Mazeikiu Nafta does not belong to Russia's oil companies.

4.1.2. The Oil Transit through Lithuania and Poland

Lithuania and Poland were competitors in the oil transit until the middle 2006. About 20-22 million tons of oil are annually transported through the Druzhba oil pipeline in Poland to Germany⁸⁸ (see Map 9) – slightly more than Poland consumes (see Figure 6). About 10 million tons annually are exported from Gdansk.⁸⁹

Till an accident in the branch of the Druzhba oil pipeline (see Map 9) Lithuania used to export 6-7 million tons of Russia's crude oil (7.1 million tons in

⁸⁷ Kröppel.

⁸⁸ AFP, *Russian Oil Supplies to Poland, Germany Caught in Belarus Dispute*, 2007 01 08, http://www.breitbart.com/article.php?id=070108124819.kkhgowaq&show_article=1, 2007 02 05.

⁸⁹ *Baltic Maritime Outlook 2006. Goods Flows and Maritime Infrastructure in the Baltic Sea Region*, March 2006, http://ec.europa.eu/transport/intermodality/motorways_sea/doc/potential/2006_03_baltic_maritime_outlook.pdf, 2007 02 05.

2004, 6.2 millions tons – 2005, 2.8 millions tons – 2006)⁹⁰ – almost twice more than consumes. On July 29, 2006 an accident happened in the branch of the Druzhba oil pipeline (in the first line of Unecha-Primorsk) near Bryansk in the Russian Federation – 48 cubic metres of oil (around 40 tons) spilled over. The pressure had been reduced in the pipeline and Lithuania was left without the oil.⁹¹ The Federal Ecological, and the Technological and Nuclear Supervisory Service (Rostekhnadzor) made an investigation and has found 7853 failures in the pipeline, which has to be fixed before exploitation. In September 2007 Rostekhnadzor confirmed its readiness to fix the pipeline if Transneft will sponsor it.⁹²



Map 9. The Oil industry and infrastructure in Central and Eastern Europe⁹³

⁹⁰ “AB” *Mažeikių nafta 2006 metų prospektas-ataskaita* [AB Mazeikiu Nafta folder-report 2006], www.nafta.lt/get_file.php?id=117, 2007 07 05 (in Lithuanian).

⁹¹ Alike accidents (when spill is less than 100 tons) are not an extraordinary thing in the pipeline, which is 30-40 years old (first line of the Druzhba was built in 1968, second – 1974). Clear correlation between the age of pipeline and accidents is found in the Russia Pipeline Oil Spill Study, accomplished by UNDP and World Bank Energy Sector Management Assistance Programme. More than 30% of oil spills happen in the oil pipelines that are older than 20 years. See Joint UNDP/World Bank Energy Sector Management Assistance Programme, *Russia Pipeline Oil Spill Study*, April 2003, <http://www.esmap.org/filez/pubs/03403RussiaPipelineOilSpillStudyReport.pdf>, 2007 02 05.

⁹² Newsru, “*Дружба*” *коней: трубопровод в Литву не будет отремонтирован* [The end of the Druzhba: pipeline to Lithuania will not be fixed], 2007 09 07, <http://www.newsru.com/finance/07sep2007/druzhba.html>, 2007 09 07 (in Russian).

⁹³ Chalupec I., “*Mažeikių naftos*” *įsigijimas – stiprios regioninės grupės Centrinėje Europoje formavimas* [Acquisition of Mazeikiu Nafta – creation of strong regional group in the Central Europe], 2006 12 15, http://www2.orlen.pl/pub/files/MN_Closing_IR_v15122006_LT.pdf, 2007 07 05 (in Lithuanian).

The latter decision will allow us to make a presumption, that the oil pipeline will not be fixed and Lithuania will not remain a country of oil transit. Firstly, Russia follows the principle “Russia’s goods to Russia’s ports” – oil export is increased through Russia’s oil export terminals, capacities of which are constantly increasing. About 7 million tons of oil that were exported through Lithuania were not significant to Russia. *Second*, Russia seeks to refine more oil and its territory and increase the exports of petroleum products. *Third*, Russia diversifies markets of oil exports to the East. Therefore, and particularly after the control of Butinge oil terminal was passed to the Polish company, Russia has no motives to fix an oil pipeline and renew oil transit through Lithuania. A loss of the oil transit was the price that Lithuania paid for “wrong” decision on the new owner of Mazeikiu Nafta.

Considering the age of the Druzhba oil pipeline, Russia is going to face more often a similar dilemma – whether to upgrade existing pipelines or build the new ones. Obviously, solution will depend on economic as well as geo-energetic arguments – relations between Russia, as a supplier, and transit and/or consuming countries. It can be forecasted, that a number of Russia’s oil transit countries will decrease and as a result Poland can also become consumer instead of transporter as Lithuania did. Arguing on the technical condition of the pipeline Russia cut-off oil transit through Latvia in 2003 (the ability to increase export through Butinge had facilitated); when capacity of Primorsk oil terminal was increased – Lithuania’s turn has come. If/when it is possible to redirect the oil from the Northern branch of the Druzhba oil pipeline, Belarus and Poland probably will be the next on the list to lose transit revenues as well as oil imports by oil pipelines from Russia. Moreover, Russia would gain additional tool for more effective “divide and rule” policy – Russian companies could choose among the ‘most attractive’ partners for trade in the Central Europe. There are some indications already that Poland will lose its role of oil transit country – Transneft has suspended oil export through the Gdansk oil terminal from the second quarter of 2007.⁹⁴

4.2. The Impact of PKN Orlen Investments on Lithuania’s Energy Security

4.2.1. Reasoning of PKN Orlen investments in Lithuania

A loss of oil transit function reduced an intensity of geo-energetic relations in the oil sector between Lithuania and Poland – transporters dependent on the same supplier. On the other hand, after PKN Orlen investments to Mazeikiu Nafta and the Butinge oil terminal⁹⁵, the oil sectors of both countries became hardly separable. The prospects of oil refining in Lithuania will depend on

⁹⁴ Zhdannikov D., “Russia sets flat Q2 oil export schedule”. *Reuters*, 2007 03 21, <http://uk.reuters.com/article/oilRpt/idUKL213035720070321>, 2007 05 15.

⁹⁵ In December 2006 PKN Orlen bought from Yukos International UK B.V. 53.7% of shares for 1,492 billion USD and from the Lithuanian Government – 30.66% of shares for 0.851 billion USD. Portfolio of 84.36% in total cost 2,34 billion USD. The remaining shares are controlled by the Lithuanian Government – 10% and minority shareholders – 5.64%.

PKN Orlen abilities to guarantee oil supplies as well as strength of company's international positions – capabilities to compete in the Central and Eastern Europe, firstly, with the Hungarian MOL and Austrian OMV.

As PKN Orlen argues, it was the biggest tender in Poland's history.⁹⁶ From the energy security point of view, it was more advantageous to Poland to buy Mazeikiu Nafta than for Lithuania to sell it. According to the management of PKN Orlen, reasoning to buy Mazeikiu Nafta was based on⁹⁷, *first*, the natural outcome of company's development, looking for promising acquisitions and orienting to the markets that are expected to grow. *Second*, Mazeikiu Nafta is a high-complexity refinery and the only in the Baltic States. *Third*, crude oil and petroleum products pipelines as well as the Butinge oil terminal belong to Mazeikiu Nafta. *Fourth*, the market of Mazeikiu Nafta products covers the Baltic States, Western Europe and the US. On top of official goals additional ones can be added: strengthening of PKN Orlen positions in Poland and securing the Polish oil industry from the Russian companies.⁹⁸

Control of Mazeikiu Nafta is a gate not only to the market of the Baltic States but to Poland's as well (especially considering growing demand for petroleum products in Poland). In the case Mazeikiu Nafta falls under the management of company that produces oil, the main target market of Mazeikiu Nafta will be Poland. Company that produces oil could reduce costs of refining (firstly because of lower price for crude oil) and compete effectively with companies that do not have their own reserves and production – PKN Orlen at the first place. If such an oil producing company was from Russia, threat for PKN Orlen would increase (in comparison, for example, with Kazakhstan's Kazmunaigaz), because Poland – market as well as its oil companies – was always an aim to Russian oil giants. In Poland some oilmen believed, that PKN Orlen would not be able to resist a competition and be driven to bankruptcy with eventual takeover from the side of Russian companies.⁹⁹ For these reasons, the purchase of Mazeikiu Nafta was one of the key tasks enhancing country's energy security for PKN Orlen and the Polish Government. Similarly, in purpose to protect the interests of the energy security of Lithuania, this sale had to follow the key condition – that the refinery cannot be controlled by the supplier (the Russian oil companies). Otherwise Lithuania's oil sector would be challenged by attempts to monopolize entire industry and expansion of influence to the whole energy sector.

⁹⁶ *Chalupec* (note 93).

⁹⁷ *Chalupec*.

⁹⁸ More on PKN Orlen motives to buy Mazeikiu Nafta see BRE Bank Securities, *PKN Orlen. Expansion to Lithuania*, 2006 06 05, http://i.wp.pl/a/dibre/aspolek/pkn_050606_eng.pdf, 2007 07 05.

⁹⁹ Komaras J.J., “Kodėl lenkai bijo rusų Mažeikiuose?” [“Why the Polish fear the Russians in Mazeikiiai?”], *Lrytas.lt*, 2006 04 09, <http://www.lrytas.lt/?id=11445789341142311187&view=4>, 2007 08 25 (in Lithuanian).

4.2.2. Challenges to the Energy Security in the Oil Sector

Conditions in the oil sector of Lithuania are most advantageous comparing with the remaining sectors (even after the loss of oil transit). Seeking to guarantee a stable functioning of the oil sector, Lithuania should be interested in the permanence of Mazeikiu Nafta owners – reducing the chances of the Russian companies to claim for greater influence in Lithuania. Guarantees of the possibilities of independent supply of petroleum products are *second*, the task of effectiveness and security. Lithuania can satisfy its demand for petroleum products whether from Mazeikiu Nafta or by import. If Mazeikiu Nafta, due to some causes, suspended operation, capabilities of a diversified and flexible import of petroleum products would allow securing stable supply.

After prevention of the threats from the North East PKN Orlen can more safely expand its influence in the Central Europe, where two other competitors are active – Hungarian MOL and Austrian OMV (see Figure 9). The results of competition of three companies will define the future of Mazeikiu Nafta too (PKN Orlen investment capabilities at the first place). From the positions of the energy security it is important for Lithuania that major shareholders of Mazeikiu Nafta would remain the same – basically, that PKN Orlen would not be forced to sell Mazeikiu Nafta at least in the medium term. Successful development of PKN Orlen should concern Lithuania no more than company's capabilities to implement its investment commitments. Obviously, this motivation could change, if Lithuanian Government had decided to become shareholder of PKN Orlen. However, the latter decision is hardly feasible.

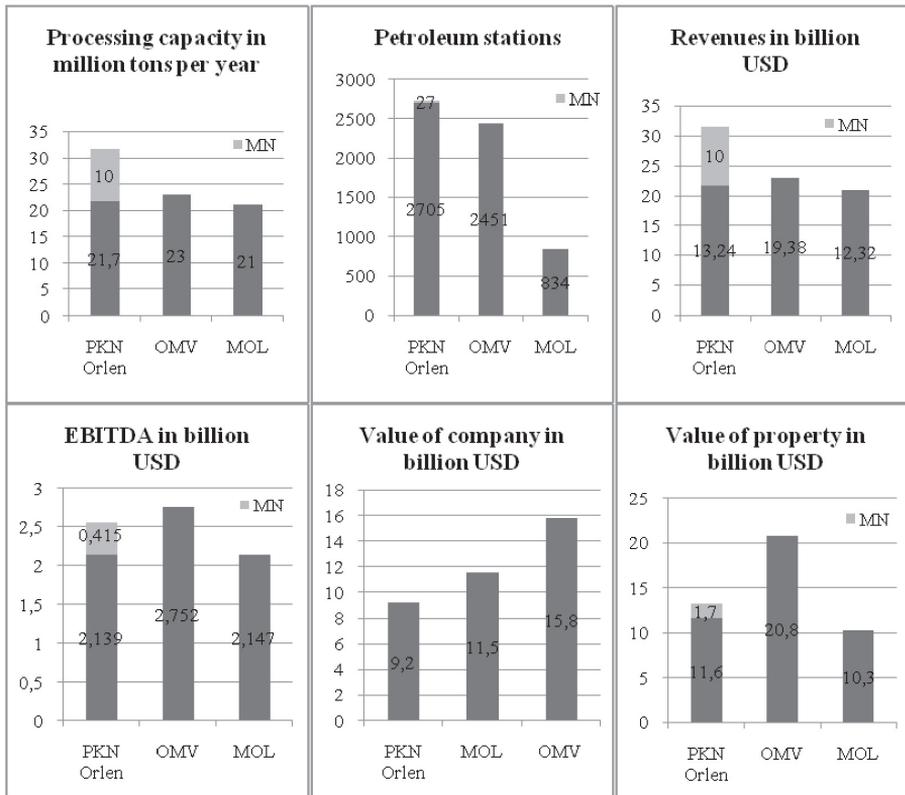


Figure 9. Comparison of PKN Orlen, OMV, and MOL Performance in 2005¹⁰⁰

PKN Orlen can further develop in at least three directions: *first*, strengthening of its positions in Poland, *second*, buying new assets in the Central and Eastern Europe, *third*, the merge with the other company in the Central and Eastern Europe. Strengthening of PKN Orlen positions in Poland is linked to the plans of merge with state controlled (51.9% of shares) Lotos Group, which holds Gdansk oil refinery and 400 petroleum stations. This prospect is supported by PKN Orlen managers.¹⁰¹ Capitalization of merged companies would reach 13 billion USD¹⁰² and would outreach the one of MOL (see Figure 9). Second direction – buying assets of companies that refine oil and/or trade petroleum products in the Europe – is vaguer due to lack of attractive tenders. Third direction – merge with other oil company. This issue was already discussed

¹⁰⁰ Chalupec.

¹⁰¹ Interfax, *Polish PKN Orlen plans to merge with Lotos, no Warsaw listing for Czech Unipetrol*, 2007 09 04, <http://www.interfax.com/5/309376/news.aspx>, 2007 09 05.

¹⁰² “PKN Orlen ambicijos” [“Ambitions of PKN Orlen”], *Versus*, 2007 05 07, <http://www.lrytas.lt/?id=11785581771176340376&view=4&p=4>, 2007 09 05 (in Lithuanian).

among PKN Orlen and MOL managers as well as the leadership of Poland and Hungary. After the amalgamation, capitalization of the new company would be more than 20 billion USD; giant would have petroleum stations in Poland, Hungary, Czech Republic, Slovakia, Germany and Lithuania. Alike company could resist pressure not only from Austrian MOL, but Russian oil majors as well. It would also facilitate consolidation of the refining area of the Central Europe. Once again, merge with MOL should concern Lithuania as much as it is related to the ownership of Mazeikiu Nafta, investment commitments, and capabilities to satisfy internal demand for petroleum products.

As it was mentioned before, Lithuania can satisfy its demand for petroleum products whether from Mazeikiu Nafta or by imports. Lithuania can import petroleum products whether by rail or through Klaipėdos Nafta petroleum products transshipment terminal. Considering the fact, that maritime transport is more flexible and allowing diversifying suppliers, it is important to Lithuania securing control of the latter. The National Energy Strategy says that Lithuania “has achieved diversification in the supply of petroleum products and is technically secured against possible supply disruption from any one country. Lithuania has sufficient transportation, processing, storage and distribution capacities to meet the demand in petroleum products.”¹⁰³

Controlling the stake (70.6%) of Klaipėdos Nafta belongs to the Lithuanian Government. Company holds import-export petroleum products terminal, which capacity exceeds Lithuania’s demand – 7.1 million tons per year. In 2006 the terminal loaded 5.5 million tons of petroleum products. The main client of Klaipėdos Nafta is Mazeikiu Nafta (76% of loaded products).¹⁰⁴ Therefore results of Klaipėdos Nafta activity depends on refining and export capacities of Mazeikiu Nafta. On the other hand, potentially the terminal could shift to imports of petroleum products and as in the case Mazeikiu Nafta, disrupt its operations. Moreover, Klaipėdos Nafta could be used as an oil import terminal for Mazeikiu Nafta itself. Possibility to be exploited as multifunction facility and the ownership by the state makes Klaipėdos Nafta a balancer and stabilizer of the market of petroleum products. Changes of the owners of the terminal could harm this flexibility: if Klaipėdos Nafta was controlled by the Russian companies, they would (depending on relations with PKN Orlen) whether increase export of petroleum products and eventually limit the export of Mazeikiu Nafta or import petroleum products to Lithuania and eventually compete with the products of Mazeikiu Nafta. If the owner of Klaipėdos Nafta terminal is the same as one of Mazeikiu Nafta, he/she could control the entire oil industry (import, refining, and export). Taking into account PKN Orlen ambitions to control from 30 to 50% of the market of the petroleum products in the Baltic States, company’s intentions to buy Klaipėdos

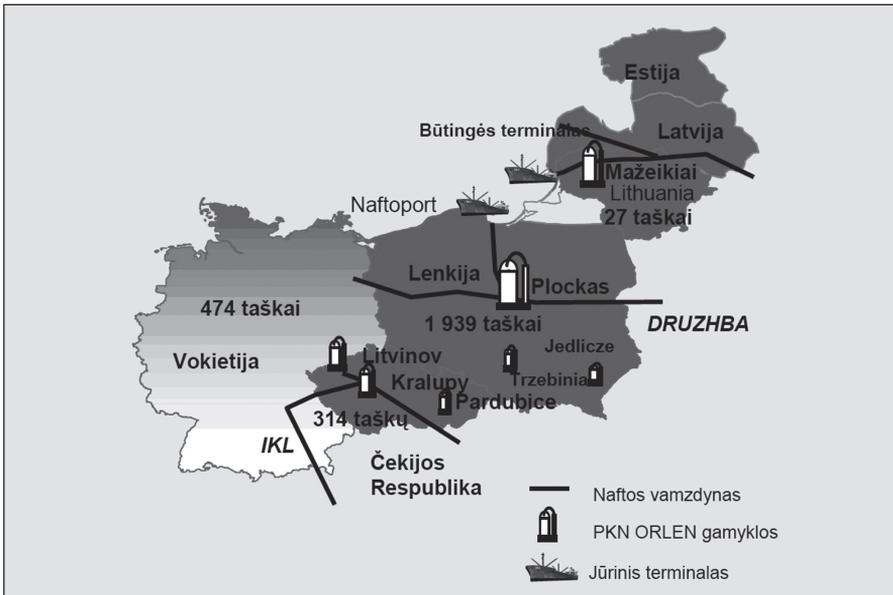
¹⁰³ *Resolution on the Approval of the National Energy Strategy.*

¹⁰⁴ *AB “Klaipėdos nafta”, Metinis pranešimas 2006 m. [Annual report 2006], March 2007, http://www.oil.lt/uploads/media/Metinis_pranesimas_2006_patvirtintas.pdf, 2007 07 05 (in Lithuanian).*

Nafta¹⁰⁵ should be considered very cautiously. Consequences of the loss of the ownership probably would be followed by the dominant company in the oil industry and the deficit of guarantees that are mentioned in the National Energy Strategy.

4.2.3. Projects of Oil Pipelines that Influence Energy Security of Lithuania and Poland

On purpose, to secure refining quantities, PKN Orlen has to buy 30 million tons of oil per year. If all this oil came from Russia, it would make 12% of Russia's oil exports and become a quite significant factor in the negotiations. On the other hand, "negotiating positions of PKN Orlen are weak due to undiversified system of supply – dependence on Russia (see Map 10). Taking into account Russia's aim to diversify its oil exports, PKN Orlen may face problems of oil shortage. However they are more feasible for the refineries that do not have capabilities to import oil through maritime terminals than to Mazeikiu Nafta or similar refineries.



Map 10. Infrastructure controlled by PKN Orlen¹⁰⁶

¹⁰⁵ "PKN Orlen" taikiny – "Klaipėdos nafta" ["Target of PKN Orlen – Klaipėdos Nafta"], *Balsas.lt*, 2007 03 28, <http://balsas.lt/naujienos/verslas/straipsnis68637>, 2007 08 22 (in Lithuanian).

¹⁰⁶ *Chalupec*.

Companies controlled by PKN Orlen and all the countries in the Central Europe may face disruptions of oil supplies, if Russia implements its attempts to bypass unnecessary intermediates – countries that the Druzhba oil pipeline passes through. It is hardly feasible that the supply of oil could be stopped at all, however quantities of transit may decrease and conditions of supply – change. Such a bypassing project is Baltic Pipeline System 2 (BPS-2) – construction of the oil pipeline from Unecha to Primorsk and expansion of the capacities of the oil terminal in Primorsk (see Map 9). After a conflict between Russia and Belarus for the oil price, taxes sharing schemes, and transit tariffs in 2007, Russia's oil pipeline monopoly Transneft had prepared anti-crisis programme. One of its items is the construction of BPS-2.¹⁰⁷ The length of the oil pipeline will be 1157 km, the price – 2.5 billion USD.¹⁰⁸ For this price Russia buys an opportunity, *first*, to keep empty the oil pipeline to Lithuania; *second*, reduce and eventually cancel oil export through the Druzhba branch in Poland; *third*, manipulate volumes of oil exports among all the branches and transit countries of the Druzhba oil pipeline; *fourth*, the increase the price of oil. If constructed, the new oil pipeline would be a major challenge to Poland – it can be forced to import oil through the terminals that are used for the export now (as it happened with the Butinge oil terminal). This would eventually increase the price of oil and diminish competitiveness of PKN Orlen. In contrary to Poland's, conditions of Lithuania's energy security would remain the same.

An alternative to the described unoptimistic one are Poland's plans to diversify oil imports by oil pipelines and attract the oil from the Caspian Sea. The latter task was given to the project of Odessa-Brody-Plock oil pipeline. Further construction of Odessa-Brody oil pipeline¹⁰⁹ to the oil refinery in Plock (Poland) and forward to Gdansk could allow Ukraine and Poland diversifying imports and becoming important transit countries between the

¹⁰⁷ Newsru, *Россия может быстро построить трубу в обход Белоруссии и отказаться от поставок нефти в Литву* [Russia can quickly build a pipeline bypassing Belarus and deny oil supply to Lithuania], 2007 02 13, www.newsru.com/finance/13feb2007/vainshstock.html, 2007 06 10 (in Russian). Capacity of the pipeline in the initial phase is going to be 50 million tons, while loading capacity of Primorsk to be increased till 130 million tons per year. In 2007 The Russian Government committed Ministry of Industry and Energy and Transneft to implement project in 18 months – till 2009. Newsru, *“Дружба” врозь - правительство одобрило план строительства обходного нефтепровода* [Druzhba smashed – government approved the plan of construction of bypassing pipeline], 2007 05 22, www.newsru.com/finance/22may2007/druzhba.html, 2007 06 10 (in Russian).

¹⁰⁸ ИА Регнум, *Вайншток: Стоимость проекта БТС-2 - около 2,5 млрд долларов* [Vainshtok: The cost of BPS-2 – about 2,5 billion dollars], 2007 06 10, www.regnum.ru/news/841614.html, 2007 06 10 (in Russian).

¹⁰⁹ Odessa-Brody oil pipeline was finished in 2001 (length – 674 km, capacity – 14,5 million tons). It was supposed to facilitate oil export from the Caspian Sea to Europe bypassing Russia. From Brody (connecting point with the Druzhba pipeline) oil had to be transported to oil refineries in the Western Ukraine (4 million tons per year) and the rest through the Druzhba to Slovakia, Hungary, Czech Republic, and Croatia. Pipeline was virtually empty till 2004, when Ukrtransnafta decided to reverse the line and export Russia's oil through Odessa instead.

For example, see *Нефтегазовые проекты. Одесса–Броды* [Oil and gas projects. Odessa-Brody], www.oilcapital.ru/info/projects/63395/private/71862.shtml, 2007 08 29 (in Russian).

Caspian Sea and the Western Europe. However the key challenge remains – neither Azerbaijan nor Kazakhstan can guarantee sufficient supply for the new pipeline. Azerbaijan cannot produce enough oil even for Baku-Tbilisi-Ceyhan oil pipeline (from Azerbaijan to Turkey). Kazakhstan diversifies its exports to the East – oil export capacities are limited to the West. In addition, Kazakhstan does not want confrontation with Moscow for Ukraine or Poland, because country is dependent on the transit through Russia. Therefore, even if the project is implemented, Lithuania will not have any direct consequence on its energy security. It could affect them only indirectly – Lithuania would be isolated from the developing alternative to Russia's oil infrastructure. On the other hand, it could be easier to PKN Orlen securing supplies, so company's chances to survive would increase.

Conclusions

The natural gas sector has a different significance to the energy sectors of Lithuania and Poland. It is more important to Lithuania's geo-energetic position, because, *first*, the natural gas constitutes a bigger share in the balance of the primary energy resources. *Second*, Lithuania is totally dependent on a single natural gas supplier – Russia. The major difference between Lithuania and Poland is that Poland is the transit country of natural gas from Russia to the Western Europe (Germany) and this strengthens its advantage vis-a-vis Lithuania, which can be attributed to consumers. Poland has more instruments and leverages in the negotiations with Russia for the price and conditions of the supply of natural gas. The gas pipeline networks of Lithuania and Poland are not directly interconnected. Both countries are united only by the dependence on natural gas imports from Russia. However, Lithuania consumes insignificant quantities of natural gas and cannot compete with Poland as equal consumer. Geo-energetic relations between Lithuania and Poland can be described as of little significance in natural gas sector.

Lithuania's relations with Russia (dominant supplier) can be qualified as takeover of the control – Gazprom totally controls gas supply to Lithuania, holds one third of the shares of Lietuvos Dujos and can prevent any project that plans an alternative gas pipeline to Lithuania. Poland's (transporter) relations with Russia (supplier) develop as between equal actors. Russia depends on transit through Poland and together with partners (Western European consumers) has intentions to reduce this dependency – i.e. develops an alternative infrastructure that bypasses Poland. Poland acts in opposite way – increases transit capacities and obstructs close cooperation between supplier and consumer that bypasses Poland (supplier and consumers share the same interests towards transit countries).

It is hardly feasible that Lithuania and Poland will ever be interconnected by any gas pipeline. The transit routes will not run through the territories of

these countries. Therefore Lithuania's attempts to become a country of natural gas transit from Russia to the Western Europe are ungrounded. Transit routes may cross only Poland in the long term. Possibilities to join the projects that could be implemented in Poland and facilitate diversification of supply are also overvalued in Lithuania. If transit capacities are not to be developed in Poland, country probably will transform from equal transporter to the consumer in relations with dominant supplier – as Lithuania. Relations among consumers in the field of the diversification of supply are based on competition for suppliers as well as routes. This is why Poland would be interested in connecting gas pipelines with Lithuania only if it guaranteed a restoration of the role of transporter. Consumption of natural gas in Lithuania will never achieve at the size to be significant enough to Poland's energy security.

Lithuania has to diversify import routes and sources and develop its transit function autonomously and independently from Poland. Natural gas will not reach Lithuania through alternative gas pipelines or through existing pipelines but different suppliers. Therefore probably construction of LNG terminal in Lithuania is the only real option for diversification of supply. In the transit field Lithuania should create favourable conditions for the natural gas supply to the Kaliningrad District and prevent any attempts to bypass Lithuania supplying gas to exclave. None of these directions of an improvement of Lithuania's energy security in natural gas sector is necessarily based on close geo-energetic relations with Poland.

The conditions of the electricity sectors of Lithuania and Poland differ as well. Lithuania is supplier of electricity only till 2010, while Poland will remain in this role. As it is in the natural gas sector, Lithuania's and Poland's relations in the electricity sector are not meaningful in geo-energetic sense. Although both countries are exporters of electricity, they are not interconnected and supply electricity to different consumers (Poland belongs to UCTE and Lithuania – UPS/IPS). The shape of relations between neighbours in the electricity sector does not have direct outcomes on their energy security.

Relations would evolve if electricity transmission grids were connected or countries supplied electricity to the same consumers. Implementation of Power Bridge project between Lithuania and Poland could bind electricity sectors of both countries. However it is natural that it has not happened, because relations between Lithuania and Poland would be as between equal suppliers – competition for consumers and access to the transmission networks. An interest of every supplier is to avoid competition – eventually Poland's decision to delay the project is understandable and reasonable.

After the decommissioning of the Ignalina NPP Lithuania will become a consumer in relations with dominant supplier of electricity. However even then it will not be useful to Poland's energy security to allow connecting electricity networks, because Lithuania would have an opportunity to strengthen its transit role and become a transporter of Russia's electricity to Poland. This scenario would facilitate Lithuania's position due to possible cooperation with both consumer and supplier; while impede the one of Poland – weaken

its role of supplier. Poland would also become dependent on Lithuania. In the case where there were no other options except building the connection, the most safe option for Poland is to develop and expand the electricity transit and to become a transporter. Poland would be forced to compete with other countries of the Central Europe for transit. Lithuania's 'strategic partner' probably prepares for similar scenario – upgrades its transmission networks and connections with Germany.

After becoming consumer of electricity energy security policy should include at least three following directions: *first*, the diversification of suppliers and routes, *second* direction – the expansion of transit – making supplier dependent on Lithuania and *third* – increasing the supply. An increase of supply helps geo-energetic actor to enhance independence (decrease dependence on supplier(s)) or to become a supplier. Construction of the new NPP in Lithuania could sustain supplier's role. Poland's attendance in the project with preconditions requiring certain quantity of production is reasonable, because it could prevent Lithuania from becoming supplier to Poland and competitor. The loading of the Power Bridge would allow increasing the control over the connection and limiting Lithuania's chances to develop transit independently. Therefore, Lithuania should increase the role of transit from Russia to consumers (for example, Scandinavian countries) that are interested in diversification of suppliers as well as routes. While increasing supply Lithuania should avoid an involvement of those geo-energetic actors, relations with which cannot be advantageous and useful.

Poland is a transit country in the oil sector. Lithuania used to be a transit country till the middle of 2006. Although countries are not directly interconnected by infrastructure whether of crude oil supply or transit, they used to be equal competitors, because both transported oil from the same source – Russia. Russia's attempts to limit influence of transit countries, diversify the markets, increase refining in the country and develop export infrastructure bypassing transit countries fully match behaviour of typical supplier. It can be forecasted, that Poland will lose its role of transit country as Lithuania did and become consumer in the middle-long term.

After suspension of transit, Lithuania has remained a refiner. If Poland loses oil transit, it will not have the same option (to remain a refiner), because its demand for petroleum products already exceeds oil refining capacities. Due to these reasons Poland tries to exploit its transporters role and diversify suppliers as well as routes and increase independence – prevent Russia from becoming dominant supplier instead of equal one as it used to be. Russia's role of dominant supplier would threaten Poland's energy security. The Polish companies as well as the Government make the efforts to implement Odessa-Brody-Plock oil pipeline project and to become a transit country of Caspian oil – remain a transit country and diversify suppliers and routes. This pipeline is not about to reach the Baltic States, therefore Lithuania should not have an interest to attend the project. Second direction of Poland's energy security policy in the oil sector is to reduce supplier's ability to dominate relations. Russia would become a

dominant supplier, if conditions for takeover of control of the oil sectors of the other geo-energetic actors were created – when other actors lost independence in their functions. Russia had disrupted the oil transit through Lithuania and tried to create the conditions for takeover of Mazeikiu Nafta. The control of oil refining in Lithuania would allow making influence on Poland's oil sector, which is dependent on imports of petroleum products. Therefore PKN Orlen decision to anchor in Lithuania decreased an intensity of threats to Poland's energy security at least in the oil sector.

Lithuania's energy security in the oil sector depends on effective prevention of monopolization of the oil sector and changes in the ownership of Mazeikiu Nafta. One of the instruments of prevention of monopolization of petroleum products market is control of Klaipėdos Nafta (crude oil and petroleum products terminal). Only PKN Orlen has capabilities to monopolize petroleum products market, accordingly Lithuanian Government should not allow the Polish company acquiring this strategic facility. Changes in the ownership of Mazeikiu Nafta would threaten Lithuania's energy security if the refinery passes to supplier – Russia's companies, which already have significant influence on the processes in Lithuania's energy sector.

Strategic partnership is feasible only between those geo-energetic actors that cooperate. Preconditions for cooperation are meaningful relations in geo-energetic sense, equality of geo-energetic actors, which have complementary functions in one sector or entire energy field. Lithuania and Poland have intense enough relations only in the oil sector, but they are not based on cooperation. There are no meaningful relations in the electricity or natural gas sectors and, as analysis shows, they are hardly feasible. Moreover, if they were feasible, they would not be cooperation. Consequently, in the energy sector Lithuania should not overvalue the role of Poland and undervalue the other Baltic States, which have meaningful and promising relations with Lithuania.

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A Coalition Minority Government in Lithuania: Formations, Circumstances and Activity Problems

This article analyzes a case of a minority government in Lithuania. The main attention is paid to the circumstances surrounding its formation and activity problems. The research is based on Kaare Strom's, Valentine Herman's, John Pope's and other authors' theoretical expertise of a rational choice and the new institutionalism, making it possible to estimate the institutional and political factors that preconditioned the formation of a minority government, determine the key features (type) of the government, its survival, and also activity problems. The author of the article makes the assumption that the formation of the minority government was primarily a rational choice of political parties, making it possible to seek both short-term ('intermediate') and long-term ('electoral') goals. The key issue of the article is not the stability of the governing coalition and the government that it supports, but the effectiveness of its activity.

Introduction

On 18 July 2006, for the first time in Lithuania, a minority coalition Government was formed and instantly nicknamed the '2K' project.¹ Politicians treated this decision as stability seeking, whereas experts in politics criticized it because of activity ineffectiveness, 'ossification', etc. The political forces that formed and supported the Minority Government argued that such a government was the only one possible in the current political situation, while the majority opposition claimed that better variants were possible including an early elections to the Seimas.

In political science, minority governments were long treated as problematic cases; meanwhile majority governments - as a given 'norm'. This stand-

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¹ Named by using the initial surname letters of the leaders of the most important ruling and opposition parties – Gediminas Kirkilas, the Chairman of the Lithuanian Social Democratic Party, and Andrius Kubilius, the Chairman of the Homeland Union. The essence of the "formula" is the ability of the two opposing parties, namely the LSDP and HU, to come to an agreement on common goals and coordinated activity.

point is primarily based on the fact that governments, having parliamentary majority support, can guarantee political stability and effective governance. However, in the long run, this treatment was considerably changed due to the practice of parliamentary democracies: from the institutional point of view, political systems 'do not oppose' the formation of such governments; from the political point of view, the activity of minority governments can be tolerated by the opposition.

European practice indicates that for many years exclusively minority governments used to be formed in Denmark; very often – in Italy, Norway, the Netherlands, Finland, Sweden; also – in Ireland, Belgium, Iceland and other countries.² By the way, an analysis of the governments' formation practice in 'old' Western European democracies pointed out that minority governments make up more than 30 per cent of all governments ever formed.³ During recent years, post-Soviet Croatia, Poland, Slovakia, Romania and, as it will be discussed in this article, Lithuania have also acquired a certain practice in forming minority governments and their activity.⁴

Within the parliamentary system, the activity of any government depends on the confidence and support of the parliament; therefore, a minority government can survive if it manages to ensure the support of other (non-ruling) political parties and independent parliamentarians. This support can be both formal, institutionalized by signed agreements, and non-formal – the so-called *ad hoc* support.⁵

Some authors stress that the formation of minority governments is determined by five 'classical' political circumstances: (1) when after elections the party winning the parliamentary majority is incapable of forming [its own] single-party majority; (2) when certain features of the party system (for example, high ideological polarization) become a non-negotiable obstacle to form a majority coalition; (3) when, during 'the transitional period' ideological-party differences are forgotten and temporary [minority] governments are formed; (4) when cooperation of coalition partners collapses and one or more of the [former] partners agree to further remain in power; and (5) when the party – government formation initiator – simply goes short of ballots to form a majority government.⁶

On the other hand, the formation of minority governments is very often determined by interests of the political parties or even the motivation of individual politicians associated with pragmatic (tactical, conjuncture-related,

² Christiansen F., Damgaard E., "Parliamentary Opposition under Minority Parliamentarism, <http://www.psa.ac.uk/2007/paps/Christiansen.pdf>, 25.08.2007.

³ Strom K., *Minority Government and Majority Rule*, New York: Cambridge University Press, 1990, p. 58 – 59; Herman V., Pope J. "Minority Governments in Western Democracies", *British Journal of Political Science*, Vol. 3, No. 2, 1973, p. 193 - 194.

⁴ Muller-Rommel F., Fettelschoss K. "Cabinet Government and Cabinet Ministries in Central Eastern European Democracies: A Descriptive Cross National Evaluation", <http://www.essex.ac.uk/ecpr/events/jointsessions/paperarchive/uppsala/ws10/MullerRommelFettelschoss.pdf>

⁵ Christiansen, Damgaard (note 2), *ibidem*.

⁶ Laver M., Schofield N. *Multiparty Government*, Oxford: Oxford University Press. New York: Oxford University Press, 1990, p.72 – 73; Herman, Pope (note 3), p. 195 – 198.

personal) considerations. This might be related to party ambitions to influence the political agenda, adoption of concrete decisions or efforts to guarantee better positions in the nearest elections.⁷

Significance of political factors regarding minority governments is undoubtedly very important. Yet, institutional factors which are related to constitutional principles of the political system and structure (relations) of power institutions should be considered still more important; primarily if in forming a government, a constitutional investiture (confidence in government voting) imperative is established. It should be pointed out at the outset that a 'successful' minority government is possible only in case 'the investiture voting' does not take place.⁸ Besides, from the institutional point of view, the parliamentary dismissal and government termination rules, as well as the ratio of parliament powers to those of the presidential head of state in the government formation and its activity process are no less important.⁹

As it was mentioned before, the European parliamentary practice demonstrated that a formed minority government can be sufficiently stable. Yet, the main problem should rather be considered not the stability of minority governments, but the effectiveness of their activity.¹⁰ According to Kaare Strom, a minority government should not only be viable, i.e., have the confidence of the parliament, but it should also be capable of working qualitatively, i.e., effectively.¹¹ Of course, the effective activity of the government calls for at least minimal stability.

Also, it is often pointed out that minority governments cannot be effective - this is confirmed by the fact that during socio-economic pressures or macro-economic crises they tend to increase the budget deficit, delay the adoption of political decisions, slow reforms, etc.¹² It is likely that these problems are still more urgent in post-Soviet cases where governments constantly face issues of systemic reforms, tight lawmaking agendas and others.

This paper investigates the coalition minority Government in Lithuania (summer of 2006 – autumn of 2007), more specifically, circumstances of its formation and activity. The investigation is based on the theoretical provisions of rational choice and new institutionalism. Attention is largely focused on two problems: first, the determination of political parties and their leaders to form a minority Government (analysis of formation circumstances); second, it

⁷ Strom K. "Minority Government in Parliamentary Democracies. The Rationality of Losing Cabinet Solutions", *Comparative Political Studies*, 17: 2, 1984, p. 209 - 210.

⁸ Martin L., Stevenson R. "Government Formation in Parliamentary Democracies", *American Journal of Political Science*, No. 45, 2001, p. 33 - 50; Strom K. "Democracy, Accountability, and Coalition Bargaining", <http://repositories.cdlib.org/cgi/viewcontent.cgi?article=1117&context=csd>, 10.07.2007.

⁹ Kang Sh. "The Influence of Presidential Heads of State on Government Formation in European Democracies: Empirical Evidences", <http://troi.cc.rochester.edu/~sgkg/document/diss2.pdf>, 25.08.2007

¹⁰ In this study, the effectiveness of government activity is perceived as the ratio of formulated objectives, necessary costs to the results obtained.

¹¹ Strom (note 3), p. 5.

¹² Green-Pedersen Ch. "Minority Government and Party Politics: The Political and Institutional Background to the "Danish Miracle", http://www.mpi-fg-koeln.mpg.de/pu/mpifg_dp/dp01-1.pdf, 12.07.2007.

attempts to ground the statement that a much more important problem is not the stability of the minority government, but the effectiveness of its activity (activity analysis). On the one hand, the investigation of these two problems is based on a rational theory of minority government formation formulated by Kaare Strom and attempts to disclose what primary ambitions of the parties are – policy/program seeking or office seeking.¹³ On the other hand, it is sought to enrich this theory with the experience of the Lithuanian case by primarily taking into consideration the fact that the minority Government was formed without long-term democratic traditions and, what is more, in an unstable party system.

The article grounds these statements:

- First, the minority government formation was a rational choice of political parties and the implementation of their interests was favourably influenced by certain features of the party system;
- Second, the stability of the minority government was determined by the disunity of the parliament opposition and a formalized agreement with the main opposition party, yet all this did not create conditions for the effective activity of the government;
- Third, under the minority government, interest groups sought to influence public policy decisions not through the ruling coalition and the government supported by it, but through the divided opposition – this had a negative impact on lawmaking agendas of the parliament and implementation of the government program.

The investigation aims are achieved by analyzing the specifics of the Lithuanian political (governance) system, features of the party system, tactical attitude of political parties during government formation as well as certain public policy decisions on lawmaking issues.

The article consists of two parts: in the first part, the institutional and political context of the minority government formation process is presented (the main focus is on party system features); in the second part, circumstances of a specific minority government formation and issues of activity effectiveness are analyzed (the main emphasis is laid on the essential guarantees of government survival and ineffectiveness of public politics (lawmaking) process under a minority government).

¹³ Strom, (note 3), p. 68 - 69; Strom (note 7), p. 211 – 213; Kalandrakis T. “Minority Government: Ideology and Office”, <http://politics.as.nyu.edu/docs/IO/4754/kalandrakis.pdf>, 08.25.2007

1. Specifics of the Lithuanian Political System and Party System Features

1.1. Government Formation of Rules: Positive Parliamentarism

When a government is formed in any political system, institutional (constitutional) factors, primarily those related to investiture rules, play an important role.¹⁴ Kaare Strom calls them, the proximate government formation circumstances which are linked with government formation (governance crisis) duration, number of attempts made by parties to form a government, etc.¹⁵ Minority governments are most likely in systems where negative government formation rules are applied, i.e., where imperative investiture voting is absent. This means that the formed government can function until the parliament tolerates it; when forming the government, the parliament does not vote on government approval *in corpore* (for example, when voting on the program). It also implies that the government under formation need not seek confidence of the parliament, whereas the latter indicates its intolerance of the government by only expressing distrust for it. These are the so-called *negative parliamentarism systems*.¹⁶

However, in *positive parliamentarism* systems, minority governments are hardly probable. It is cases when formal investiture voting is applied, i.e., when the newly-formed government is granted the mandate to act by the parliament voting on the approval of the government *in corpore*, - usually on its activity program.¹⁷ In other words, if the imperative parliament voting on government (program) approval is constitutionally institutionalized, it is considerably more complicated to form a minority government. Since other parliamentary parties are not the initiators of the government under formation, it is more beneficial to choose the tactics for opposing and preparing for new elections.

These essential differences are confirmed by the long-term practice of negative and positive parliamentarism, i.e., negative parliamentarism systems are much more lenient in 'giving a green light' to minority governments, than are the positive parliamentarism systems (see Table 1).

¹⁴ Strom (note 7), p. 219; Strom (note 3), p. 25, 110.

¹⁵ Strom (note 7), p. 208.

¹⁶ Christiansen, Damgaard (note 2), *ibidem*.

¹⁷ Strom, *Ibidem*, p. 219.

Table 1. Investiture rules and types of governments in European countries (selected cases)¹⁸

No.	State	Investiture voting imperative (where '+' is positive and '-' is negative parliamentarism)		Prevalent types of governments
1.	Ireland	+		minority governments functioned
2.	Austria		-	coalition majority governments
3.	Belgium		-*	minority governments functioned
4.	Czech Republic	+		coalition majority governments
5.	Denmark		-	minority governments prevail
6.	Estonia	+		coalition majority governments
7.	Greece	+		coalition majority governments
8.	Spain	+		minority governments functioned
9.	Italy	+		frequent minority governments
10.	United Kingdom		-	single-party majority governments
11.	Latvia	+		coalition majority governments
12.	Poland	+		coalition majority governments
13.	Lithuania	+		coalition majority governments****
14.	the Netherlands		-	minority governments functioned
15.	Norway		-	frequent minority governments
16.	France		-*	coalition majority governments
17.	Slovakia	+		coalition majority governments
18.	Slovenia	+		coalition majority governments
19.	Finland	+**		From 1960 coalition majority governments dominate (before that –minority governments frequent)
20.	Sweden	+***		frequent minority governments
21.	Switzerland		-	coalition majority governments
22.	Germany	+		coalition majority governments

Notes:
 * The Head of state can ignore the results of investiture voting in the parliament (in France, voting on confidence is carried out in compliance with the tradition);
 ** In Finland, the investiture rule was not applied until 2000;
 *** In Sweden, the investiture rule is applied from 1975 and is used only with reference to the candidature of the Prime Minister; notwithstanding, based on the parliamentary tradition, confidence-in-the-government voting is also carried out;
 **** The current minority government in Lithuania should be treated as an exceptional case, since in general, the coalition majority governments are formed.

¹⁸ Source: compiled by the author.

Meanwhile, when forming a government in Lithuania, rules inherent in positive parliamentarism are applied. According to Clause 5 of Article 92 of the Constitution of the Republic of Lithuania, a new government shall be empowered to act after the Seimas approves its program by the majority vote of the Seimas participating in the sitting.¹⁹ The logic behind the situation is simple: it is easy for parliamentary majority parties to achieve this, yet in case of absence of such a majority, the formed governing minority – the initiator of the government – has to seek support of other parliamentary parties. Thus, the political parties forming the ruling minority and opposing it, have to agree on such complex issues as the content of the government program, areas of influence and distribution of posts, regulation of interrelations, etc. In other words, in the case of positive parliamentarism, the formation of a minority government is a complicated process and possibilities of its staying in power are rather uncertain. Finally, other institutional and political factors should also be favourable for that.

1.2. The Powers of the President of the Republic in the Government Formation Process

The Lithuanian political system is based on the power division principle. Legislative and executive (as well as judicial) branches are separated yet sufficiently independent and ‘institutional balance’ is sought between them. In 1998, the Constitutional Court pointed out that “...according to the competence of power institutions as stipulated in the Constitution, state governance model of Lithuania is attributed to the governance of a parliamentary republic. Alongside, it is maintained that our state governance form also possesses certain specifics of the so-called mixed (semi-presidential) form of governance. This is reflected in the mandates granted to the Seimas, the Head of State – the President of the Republic, the Government as well as in legal structure of their interrelations.”²⁰

One of semi-presidency features – considerable powers of the president which are generally classified as legislative and non-legislative. On the basis of estimations made by some theorists, it is possible to state that the President of Lithuania is endowed with sufficiently considerable powers to effectively influence the political agenda. Yet, the political practice formed over several years leads to the conclusion that a certain absence of non-legislative powers of the President is felt. Attempts are made to compensate this by expanding the so-called nominal powers, i.e., every time granting the President new prerogatives for nominating top-level officials.²¹

¹⁹ The Constitution of the Republic of Lithuania 1992, Vilnius: Seimas Publishing House of the Republic of Lithuania, 1996, p. 41.

²⁰ The Decision of the Constitutional Court of the Republic of Lithuania “On the 10 December 1996 Decision by the Seimas of the Republic of Lithuania “On the Program of the Government of Lithuania”, *Valstybės žinios*, 1998, No.5.

²¹ Lukošaitis A., “Powers of the President of the Republic of Lithuania and Possibilities for the Realization of Election Promises”, http://www.valsty.be/?name=university&do=o_theme&oId=1&oType=university&fld=12&id=36, 25. 08.2007.

On the other hand, the President seeks to expand his powers by exploiting favourable political circumstances. That is typical of the semi-presidency: the formal powers of the President are influenced by non-formal political circumstances. This relationship with the parliamentary majority and the government supported by that majority serves as an example. After the majority supporting the President is formed in the Parliament, it is possible to expect not only the realization of the formal powers of the President, but also the attempts to realize or even expand his non-formal powers. In case a pro-presidential majority is not formed in the Parliament ('coexistence' regime), the President is left the role of a reactive observer. Yet, the Lithuanian practice of institutional cooperation of several presidents with the Parliament demonstrated that presidents do not intend to put up with this role though. This may manifest itself most clearly, right after elections to the Parliament, at the very beginning of the government formation process.

In Lithuania, the President seeks to influence or even control the process of government formation, primarily in appointing the Prime Minister, selecting, and also approving the candidacies of ministers. Institutional factors as well as the formed constitutional doctrine stipulate that the President must essentially take into consideration the will of the parliamentary majority in appointing the Prime Minister and ministers. However, the President, on the basis of his non-formal political powers, and making use of favourable political circumstances, can have a profound impact on the nomination and approval of candidacies in the Parliament. This happened more than once before, when the President 'would block' the candidacies not acceptable to him; this is what happened when forming governments after the 2004 elections to the Seimas, including the case of the majority government (about this see below, 'Prerequisites of Minority Government Formation' and 'Minority Government Formation: Agreements of Parties and Significance of Opposition Influence').

1.3. The Significance of Party System Factors in the Formation of the Minority Government

The theory of political sciences provides no unanimous opinion on determining party system factors, and positively or negatively affecting minority government formation. Some authors maintain that minority government formation is stimulated by a high voting volatility of electors, high indicators of party system polarization and fragmentation and also some specifics of political culture.²² Other authors claim that such statements are difficult to ground empirically; therefore, absolutely different factors should be estimated. For example, Kaare Strom maintains that previous 'theories of minority governments' have not been proven correct. In his opinion, minority governments are, first of all, a result of a rational choice of party leaders under certain institutional circumstances. Besides, they are usually formed in systems where the parliament opposition is granted great powers regarding the government.²³

²² Strom, (note 7), p. 206 – 208, Green-Pedersen (note 12), p. 10.

²³ Strom (note 3), p. 237-238.

From the theoretical point of view, the Lithuanian case is primarily important in that the majority government was formed in an unstable political system. In recent years, this was confirmed by a high voting volatility of electors, a fluctuating number of relevant parties, changing indicators of the party system polarization and also fragmentation. Finally, it should be pointed out that the dividing lines/breaks in the political conflict of parties have not yet been completely formed.²⁴ Therefore, values-related program provisions of parties are lifeless, during elections and after them parties act by taking into consideration the political conjuncture rather than their commitments to the electors. The underlying motive of the political activity of parties and their leaders has become power positions, but not the implementation of electoral programs and accountability to the electors.

Kaare Strom and Christoffer Green-Pedersen claim that minority governments are formed in unstable political systems – such governments are associated with social and political uncertainty. Also, the formation of minority governments is ‘encouraged’ by a high degree of the polarization and fragmentation of the political system as well as a great number of relevant parties. All these factors signify marked the ideological differences of parties and aggravated the possibilities to make an agreement on the formation of the governing coalition.²⁵

The polarization of the Lithuanian party system has been consistently decreasing over the last ten years; this tendency was confirmed by the results of the parliamentary elections in 2000. A two-pole ‘contraposition’ party system gradually turned into a tripartite system, where moderate centrist powers emerged. It is possible to say that within the party system a socio-economic dividing line began to dominate, thus excluding the communism/anticommunism conflict. In the party system, a ‘centripetal gravitation’ effect made parties mitigate the program extremes of ‘the leftism’ and ‘the rightism’. Confrontational relations between the parties were replaced by competitive ones and a coalitional potential of concrete parties became apparent. Thus, the prerequisites for cooperation between the position and opposition were created.

Clear-cut changes in the fragmentation and the number of relevant parties are also inherent to the development of the party system. For example, between the period of 1992 – 2000, the number of parties functioning in Lithuania was consistently growing, the number of relevant parties also increased. All these changes were undoubtedly determined by a strong variation in elec-

²⁴ State Science and Studies Fund of Lithuania, “Lithuanian political parties: investigation of structural and functional capability”, Vilnius, 2005, , [http://www.tspmi.vu.lt/files/news/partiju%20tyrimas%20\(sant%20rauka%201\).doc](http://www.tspmi.vu.lt/files/news/partiju%20tyrimas%20(sant%20rauka%201).doc), 22.08.2007; Jurkynas M., Ramonaitė A., “The right and the left in Lithuania: misunderstanding between experts and the electorate”, see Jankauskas A., comp., *Lithuania after the elections to the Seimas*, Vilnius: Naujasis lankas, 2005, p. 77.

²⁵ Strom, *ibidem*, p. 205; Green-Pedersen, *ibidem*.

torate voting when choosing parties in the parliamentary elections (see Table 2). It should be pointed out that the voting volatility of electors in Lithuania is one of the highest in all of Europe (by the way, the activeness of electors is, on the contrary, one of the lowest).²⁶

Table 2. The minority government and features of the Lithuanian party system²⁷

Year	Aggregated voting volatility (index)	Number of registered political parties	Number of effective parliamentary parties
1992 m.	20.4	11	3.1
1996 m.	35.9	33	3.2
2000 m.	48.5	39	4.9
2004 m.	50.1	34	6.1

Notes:

(1) aggregated electoral volatility index is derived according to the formula:
$$V = \frac{\sum_{i=1}^n |\Delta p_i|}{2}$$
, where V is the electoral volatility index; n – the number of parties participating in the elections; Δp_i – a change in votes between the elections that the party i obtained. About this see: Pedersen M. Electoral Volatility in Western Europe, 1948 – 1977 // Mair P. (ed.). The West European Party Systems. Oxford: Oxford University Press, 1990, p. 197;

(2) the number of effective parliamentary parties is derived according to the formula:
$$N = \frac{1}{\sum p_i^2}$$
, where N is the number of effective parties, p_i – the part of party-obtained votes/seats in the parliament. About this see: Taagepera R., Shugart M. Seats and Votes. New Haven, London: Yale University Press, 1989, p. 79.

It is noteworthy that in recent years, when party competition dividing lines essentially change, the electorate finds it difficult to define the objects (causes) of the political conflict and identify themselves with one or another party. Parties unify or even renounce their values-related (program) provisions and in doing so create in the party system a certain state of 'ideological uncertainty' enabling them to behave as conjuncture requires. Thus, party ambitions to represent the interests of the electors are more and more often replaced by other pragmatic priorities that might be primarily related to the control of the 'post-integration' political agenda and opportunities to influence concrete political decisions. Why not, to this end, to make an agreement to form a minority government?

Thus, it is possible to conclude that the minority government in Lithuania

²⁶Christiansen, Damgaard (note 2), *ibidem*.

²⁷ Source: compiled by the author.

was formed under a very high electoral volatility, the great fragmentation of the party system and a consistently growing number of relevant parties. In essence, these indicators define the instability of the party system and, consequently, aggravated the possibilities for the parties to negotiate on forming a parliamentary majority as well as assuming responsibility for the government policy that is being implemented.

2. The Formation and Activity of the Coalition Minority Government

2.1. Prerequisites for the Formation of the Minority Government

After the general elections held in 2004, the composition of the Parliament changed considerably. First of all, electors, as if repeating an unwelcome 'tradition', for the second time in a row squeezed in a party-newcomer, this time the Labour Party, among 'the old-timers' of the party system; also, the rightist Homeland Union considerably strengthened its positions in the Parliament, whereas the positions of the Lithuanian Social Democrat Party and the New Union/Social Liberals, which during the previous term in office in the Parliament formed the ruling majority and consequently the Government, were significantly weakened (*see Table 3*). In general, in comparison with the previous terms in office, the party fragmentation of the Parliament grew considerably: as many as 7 factions with no less than 10 members were established - this had not been the case in any of the previous terms in office.

Table3. Changes in Parliament factions, 2000 – 2004 and 2004 – 2008.²⁸

2000 – 2004 Seimas term in office			2004 – 2008 Seimas term in office		
No.	Name of faction	Number of places (%)	No.	Name of faction	Number of seats (%)
1.	SD coalition	48 (34.0%)	1.	LP	41 (29.0 %)
2.	LLU	33 (23.4)	2.	HU	26 (18.4)
3.	NU/SL	29 (20.6)	3.	LSDP	21 (14.8)
4.	HU/LC	9 (6.4)	4.	LiCU	19 (13.4)
5.	United	8 (5.7)	5.	NU/SL	11 (7.8)
6.	LPP ir NDP	7 (5.0)	6.	LDP	10 (7.0)
7.	Non-factional	7 (5.0)	7.	UPNDP	10 (7.0)

²⁸Source: compiled by the author.

		8.	Non-factional	3 (2.1)
Total	141	Total		141

Note: The data provided refers to the beginning of the parliament term in office.

Abbreviations:

- CDP – Civil Democracy Party
- HU (HU/LC) – Homeland Union (Homeland Union (Conservatives, Political Prisoners and Deportees, Christian Democrats), Homeland Union/Lithuanian Conservatives)
- LiCU (LLU) – Liberal and Centre Union (Lithuanian Liberal Union)
- LP – Labour Party
- LPNU (UPNDP) – Lithuanian Peasants Nationalists Union (Union of Peasants and New Democracy Parties)
- LSDP – Lithuanian Social Democratic Party
- NU/SL – New Union (Social Liberals)
- OaJ – “Order and Justice” (Liberal Democrats)

When the post-electoral negotiations between the parties began, it became obvious at the outset that it would not be easy to form a government. Not a single party in the Seimas had a more substantial majority; any two parties having close programs could not ensure that either. Besides, the building of the coalitional majority in the parliament was complicated by the Labour Party that had received the most electoral support and sought the most important posts in the Parliament and the Government. According to experts in politics, populism is typical of the Labour Party and, as to the essential program provisions and rhetoric of the party leaders it is even a radical anti-systemic party.²⁹ The so-called traditional parties, first of all the LSDP and HU/LC, could not but take this into consideration. What is more, they were supported by President Valdas Adamkus, having a substantial influence on the formation of the Government.

Finally, after the parties considered all possible variants, right after the elections, a ruling coalition consisting of four parties – the LSDP, LP, NU/SL and U PNDP– was formed. The negotiation tactics of the parties was determined not by ‘proportionality’ but by ‘negotiation ability’ principles, i.e., final agreements by parties were determined not by the number of received mandates, but by their negotiation potential. This enabled other parties, first of all the LSDP, to receive more than their share of important posts; what is more important, it managed to take over the government formation initiative from the populist LP (though the latter received four minister portfolios and also rather important posts in the Parliament). It should also be mentioned that coalition governments formed in systems based on ‘negotiating’ tend to more often encounter stability and efficiency problems.

From the structural point of view, the formed ruling coalition was

²⁹ For example, in the 2004 elections to the Seimas, the LP proposed to essentially change the election system, reduce the number of parliament members, create a “termination” mechanism of the national representative mandate, etc.

'inflated' too much (4 parties – coalition partners) and had surplus mandates in the Parliament (80). The inclusion of the populist LP in the ruling coalition automatically programmed ideological disagreements between the partners. As it soon turned out, reasons for that were abundant – ranging from the LP leader Viktor Uspaskich's interest conflicts, scandalous activity of the ministers delegated by the party to the traces of political corruption associated with the activity of the party. All this impeded the work of the coalition Government and had a negative impact on the political stability in the country. Finally, in the spring of 2006, President Valdas Adamkus, not being able to stand it any longer, suggested that the Seimas raised the issue of confidence in the coalition Government. Prime Minister Algirdas Brazauskas, in his turn, claimed that doubts concerning the activity of the Government headed by him were ungrounded, and he accused the opposing forces of lack of responsibility for the situation in the country and, on 1 June 2006, resigned alongside the Government.

Resignation of the Government headed by Algirdas Brazauskas to some extent coincided with the essential changes in the composition of the Seimas. In the Parliament, as never before, an intensive 'party tourism' began, i.e., members of the Parliament started moving from one faction to another. On the basis of the disintegration of the Seimas LP faction, a new Civil Democracy faction was formed in the Parliament.³⁰ When the competitiveness and political weight of the LP decreased (the number of faction members dwindled by nearly fifty per cent) opportunities emerged to form the Government without the participation of this party, probably to even eliminate it for some time from active political life. Yet the question is what other government it is possible to form in the current situation?

2.2. Formation of the Minority Government: Agreements between Parties and the Significance of the Influence of the Opposition

After the resignation of the Government and the collapse of the 'big' coalition, Social Democrats retained the initiative to form a new Government. However, it was only on the second attempt that the Seimas approved of the new party-proposed candidacy for the Prime Minister's post, whereas the first time it had been against the candidacy of the Minister of Finance Zigmantas Balčytis, a patron by the former Prime Minister Algirdas Brazauskas. So, on 4 July 2006, the Seimas approved of another candidacy, that of the Social Democrat Gediminas Kirkilas, thus authorizing him to form a new Cabinet of Ministers (this being the first 'step' of investiture). Having stated that representatives of the LP should not take part in the formation of the new Government, President

³⁰ In general, the tendency of "party tourism" in the Parliament is reflected by these figures: from the beginning of the term in office until 1 October 2007, the total of about 40 or 30 per cent of Seimas members had changed their membership in factions; about 20 or 15 per cent of them correspond to the criteria of a typical "deserter".

Valdas Adamkus openly supported the candidacy of Gediminas Kirkilas. Prior to voting in the Seimas on the Prime Minister's candidacy, the Social Democrats succeeded in building a new coalition, which was comprised of the LSDP, the UPNDP, the CDP and the LCU.³¹

However, this time the formed coalition was that of a minority and had no more than 20 mandates at its disposal. Consequently, it was necessary to ensure support from other parliamentary parties in order to approve the Government program in the Parliament (this was the second 'step' of investiture). Surprisingly enough, the HU, which hitherto was one of the severest critics of Social Democrats and the most influential opposition party, became a supporter of the new coalition.³² It is worth noting that under minority governments it is the influence of opposition parties that grows most considerably and they become strongly integrated into the political governance process (by the way, usually in systems of negative parliamentarism).³³

The HU support, which determined the approval of the Government program by a narrow majority of votes in the Parliament (58 for, 49 against and 2 abstained), was institutionalized by the official documents of the HU and the LSDP agreement.³⁴ They stipulated that the HU will not obstruct "left - centre coalition to form the minority Government" and will not direct interpellation at the Prime Minister or withdraw confidence from the Government and also will not oppose the approval of the State Budget for 2007. The LSDP, in its turn, pledged not to enter into any agreements with the LP and the OaJ, include in the Government program provisions proposed by the HU where, for example, "decisive changes in the fight against corruption are put forth", also a pledge is made to adopt certain amendments to the Seimas Statute so that the posts of the chairmen of some standing committees and commissions ensuring the implementation of parliamentary control (the Committee on Audit, the Anticorruption Commission, Commission on Ethics and Procedures) could be given to the representatives of the opposition.³⁵

Later, on 21 December 2006, the agreement between the LSDP and the HU was supplemented with new provisions and extended. However, on 8 September 2007, the Council of the HU made a decision to stop the support to Social Democrats and the ruling coalition. Thus, the agreement between the

³¹On 01.06.2006 the LSDP and LFNP agreed on cooperation, on 06.06.2006 the CDP joined them and on 16.06.2006 – the LCU.

³²In fact, with the successful functioning of the agreement "mechanism" between the LSDP and the HU, a year after it was made, the issue of the HU status was raised in the Seimas as to what kind of faction – ruling or opposition – it was. More on that see: ELTA, Guardians of Ethics are asked to explain whether the HU Faction is in Opposition, 19 April 2007.

³³Christiansen, Damgaard (note 2), *ibidem*.

³⁴On 02.07.2006 the LSDP and HU signed a protocol agreement on support and on 04.07.2006 provisions of this agreement were finally implemented with mutual consent on the list of mandatory tasks to be performed by the new coalition.

³⁵Eventually, the HU which supported the minority coalition was given the Committee on Audit, the Committee on European Affairs (consequently, the post of the Vice-Chairman of the Seimas) as well as the Health Committee and the Anticorruption Commission.

LSDP and HU on support and coordination of actions lasted over a year.

In terms of Valentine Herman's and John Pope's criteria, the Government of Gediminas Kirkilas can be considered as a coalition (multi-party) minority government supported from 'the outside', whereas according to Kaare Strom, it is not a real but formal minority government because with the support from the HU the coalition had about 60 per cent of mandates in the Parliament.³⁶ Since the HU support to the coalition was expressed *a priori* and formalized, thus, in Kaare Strom's opinion, such minority coalition does not differ in anything from a majority government and can be called an imperfect majority government.³⁷ In other words, it was possible to form such a *formal imperfect majority* only having guaranteed the support from the HU; it was this that ensured certain guarantees of the Government survival and its activity.

So, the essential question is - why the HU made a decision to support the formed minority coalition and the Government? Kaare Strom is convinced that the formation of minority governments is an outcome of party competition; besides, they are most frequently formed after all other possibilities have been exhausted or when such possibilities are simply unavailable. In concrete situations, the determination of parties is a consequence of a rational option or negotiations strategy, whereas other factors, as for example, such features of the party system as polarization or fragmentation, can only stimulate but decide the formation of a minority government.³⁸

In Kaare Strom's opinion, two essential factors (independent variables) determine the rationality of parties or, to be more exact, the rationality of their leaders in making their decision to form a minority government. First, the potential of the influence of the parliamentary opposition on the political agenda (the possibilities of the influence of the opposition are inversely proportional to its desire to take the governance responsibility); second, the decisiveness of election results to the formation of the government (the time in power is directly proportional to losses in the nearest elections). In other words, the stronger the political influence of the opposition and the more significant the election results in the formation of the government, the greater the possibility that a minority government will be formed. Kaare Strom aptly called the power of the opposition to influence political decisions as 'low governance benefit' and the level of party competition in the elections and the importance of their results - 'high governance costs'.³⁹ The essence of both constituent parts is that you govern without being in power.

On the basis of these rational choice criteria, it should be mentioned that the minority Government in Lithuania was formed with the consent of party leaders that all other variants, including a wide left - right 'rainbow', were hardly possible. Another reason why additional problems arose when

³⁶ Herman, Pope (note 3), p. 192; Strom (note 7), p. 204 - 205.

³⁷ Strom, *ibidem.*, p. 204, 222 - 223.

³⁸ Strom, *ibidem.*, p. 207 - 208.

³⁹ Strom, *ibidem.*, p. 210 - 216.

attempts were made to build alternative coalition structures was that the opposition, *de facto* the parliamentary majority, was highly fragmented and ideologically heterogeneous, this also being among the factors ‘stimulating’ the formation of the minority government. Motives for this kind of decision publicly declared by the parties, i.e. the aim to defuse the political crisis and stabilize the situation were not very convincing either. This assessment was more than once confirmed by later inter-party agreements (between the LSDP and the HU) as well as requirements formulated by some of the parties for the coalition partners (the UPNDP and the LiCU): having assessed the existing situation, the parties first of all sought the realization of their own interests and influence on the political agenda.

By the way, referring to forthcoming events, it can be noted that a large part of key issues provided for in the agreement between the LSDP and the HU were never implemented during the period of the activity of the minority Government (for example, in the areas such as the fight against corruption, provisions concerning family policy, issues related to activity of the State Security Department, problems of higher education reforms, etc.).⁴⁰ Thus, it held true that in forming a minority government, alongside other favourable party system factors, parties first of all seek pragmatic ends, i.e. to influence governance and prepare for the nearest elections. The HU was the first to differ from other parties, primarily because not only the fate of the minority government, but also the most important political decisions depended on it.⁴¹ Is it possible to claim that the party ruled without being in power? Undoubtedly, the HU, supporting the minority coalition, was seeking not only short-term but also long-term goals – a victory in the forthcoming elections to the Seimas. It is this fact that draws attention to such factor as a high electors’ vote-changeability in Lithuania. In such a situation, it is more reasonable for the party not to take responsibility for the governance, but to be in opposition to the government; this tactics allows one to expect success in elections.

2.3. Stability and Activity of the Minority Government

The key objective of party activity is power, but not always it is sought immediately; sometimes intermediate objectives, i.e. taking concrete political decisions, are far more important.⁴² In the latter case, parties have only to agree and guarantee the stability of the government, hoping that their interests will be taken into account. Only what kind of impact – positive or negative – such

⁴⁰ It is interesting to note that Gediminas Kirkilas, the Head of the minority Government, promised to resign provided he was not able to reduce the level of corruption in the country in a year. However, when a year later *Transparency International* published the same, i. e. not reduced, Corruption Perception Index (CPI = 4.8), the Prime Minister did not keep his promise to resign.

⁴¹ It is noteworthy that despite having officially withdrawn its support for the LSDP and the ruling coalition in the autumn of 2007, the HU did not refuse the assigned posts in the leadership of the Seimas.

⁴² Strom (note 7), p. 211.

agreements between parties have on other processes of democratic policy?

Among the main tasks for the minority Government in the period of its formation and later were those of the resolution of the crisis and guarantee of political stability. It might be stated that after the formation of the Government, the current problems of the governance crisis were successfully dealt with, and parties also managed to ensure the stability of the Government. In comparison to the former party governments that functioned in Lithuania, the minority Government can be estimated as a stable one. So, in terms of the activity of the Government in days, the minority Government has been functioning longer than many other previous governments (*see Table 4*). Moreover, in terms of the government survival coefficient, which is 35.13 per cent (the coefficient is expressed in per cent comparing the period of the government activity with the entire possible period of its activity), many other governments functioned for a shorter time than the minority Government.⁴³

Table 4. Activity duration of party governments in Lithuania (in days)⁴⁴

No.	Government and its head	Period of Government activity	Activity duration in days	Type of Government	Reason for Termination of Government Mandate
1.	5 th , B. Lubys	17.12.1992 – 31.03.1993	105	provisional coalition majority	Presidential election, return of mandate
2.	6 th , A. Šleževičius	31.03.1993 – 19.03.1996	1.025	one-party coalition	lack of parliamentary support, dismissal of Prime Minister from office
3.	7 th , M. Stankevičius	19.03.1996 – 10.12.1996	266	one-party coalition	election to Seimas, resignation of Government

⁴³ Levin S., “The Minority Government in Lithuania: Analysis of Stability and Efficiency”, the Institute of International Relations and Political Science of Vilnius University, Master’s Degree Thesis under the supervision of Lukošaitis A., 2007, p. 31 – 33.

⁴⁴ Source: compiled by the author.

4.	8 th (and reformed), G. Vagnorius	10.12.1996 – 10.03.1998	874	coalition majority	Presidential election, return of Government mandate
		10.03.1998 – 03.05.1999			critical situa- tion, resignation of Prime Minister
5.	9 th , R. Paksas	10.06.1999 – 11.11.1999	164	coalition majority	critical situa- tion, resignation of Prime Minister
6.	10 th , A. Kubilius	11.11.1999 – 08.11.2000	363	coalition majority	election to Seimas, resignation of Government
7.	11 th , R. Paksas	08.11.2000 – 12.07.2001	246	coalition majority	lack of parli- amentary support, resignation of Prime Minister
8.	12 th (and re- formed), A. Brazauskas	12.07.2001 – 04.03.2003	1.291	coalition majority	Presidential election, return of Government mandate
		04.03.2003 - 13.07.2004			Presidential election, return of Government mandate
		13.07.2004 – 14.12.2004			election to Seimas, resignation of Government
9.	13 th , A. Brazauskas	14.12.2004 – 01.06.2006	533	coalition majority	lack of parlia- mentary sup- port, resigna- tion of Prime Minister
10.	14 th G. Kirkilas	18.07.2006 -	440	coalition minority	?

Explanations:

(1) The first four governments are not considered to be party governments, because from the point of view of parties, the Parliament was not differentiated;

- (2) The period of the government activity is estimated from/to the time the government is given mandate, i.e. from the approval of its program;
- (3) The duration of the activity of the coalition minority government is estimated by 01.10.2007;
- (4) The return of government mandate is differentiated from government resignation (a distinguishing feature of the semi-presidential system in Lithuania).

The minority Government could successfully function mainly because of the favourite political context: a much divided opposition majority opposed it and the level of conflict within the coalition itself was far lower than in the most feasible new alternative coalition. Nevertheless, the ability of the LSDP to guarantee a formal, i.e. institutionalized by written agreements, support from the oppositional HU should be considered the principal factor. *Therefore, it can be regarded [relatively] as a stably supported minority coalition Government.* Minority governments that are capable of guaranteeing a stable support from the opposition are even called *almost majority governments*, thus emphasizing the importance of having constant opposition support. The more so, under the minority government, a tripartite and ideologically and, from the point of view of political activity tactics, a very heterogeneous ‘complicated’ opposition was formed in the Parliament; it was represented by the HU which supported the minority coalition, but, having a favourable opportunity, actively opposed it, and the ideologically amorphous LP and the OaJ.

On the other hand, it is also necessary to note that the stable activity of the Government does not yet imply political stability in a broad sense. The fact that during the rule of the minority Government the parliamentary opposition twice sought a vote of no confidence in the Chairman of the Seimas, five times initiated and discussed interpellations against various ministers is highly indicative of the political atmosphere in the Parliament and political stability at large (by the way, all these initiatives of the opposition were not approved of).

However, in the analysis of the activity of the minority Government the key problem, most probably, is not its stability but rates of its activity effectiveness, productiveness, etc. It is of particular relevance in the post-Soviet Lithuania where processes of public policy are characterized by dynamics, whereas delay in the resolution of urgent problems can cast negative ‘stabilization’ shades. It was not without reason that on 19 April 2007, in his annual report to the Seimas President V. Adamkus pointed out that “today the Government is more concerned about its own survival than about reforms”.

The ‘swampiness’ of the minority Government activity and resolution of problems is proved not only by sluggish reforms in the areas of health care, education system, agriculture, etc., but also some other facts such as unusual tendencies that emerged in the field of lawmaking, some peculiarities of the approval of the State Budget for 2007 as well as the increased influence of particular interest groups in preparing and adopting amendments to concrete laws. In my opinion, the analysis of the listed cases makes it possible to reveal and evaluate certain problems of the minority Government activity.

Earlier statistical data indicated that the influence of governments that functioned in Lithuania on the Seimas lawmaking agenda is fairly limited. This causes certain irrationality of lawmaking agenda, lack of steady single mindedness, and problems with the implementation of the ruling majority programs, etc.⁴⁵ This becomes still more evident in the investigation of the interaction between the Seimas and the minority Government in the lawmaking area; first, the 'success rate' of drafts of legal acts submitted by the Government and adopted by the Parliament significantly decreased in number; second, much more frequently Government drafts 'get bogged' in the Parliament at the discussion stage. For example, during two sessions of the Seimas (5th and 6th) under the minority Government the 'success rate' went down to 56 per cent (still worse was this rate during the 7th session – to 29 per cent). Meanwhile, during all other earlier sessions between the 2004 – 2008 Seimas term in office under the coalition majority Government this rate was approximately 90 per cent and corresponded to the popular '90 per cent' rule existing in the parliamentary practice. Besides, as has already been mentioned, the number of drafts that 'got bogged' at the discussion stage also significantly increased – from 11.7 drafts during 1st – 4th sessions to 97.5 drafts during 5th – 6th sessions.⁴⁶

All data presented make it possible to claim that under the minority Government the lawmaking process markedly slowed down, while the influence of the Government on the agenda of the Parliament became still smaller. At the same time, these data characterize the relations between the Seimas and the Government in the area of lawmaking: the decreasing productivity of Government initiatives pointed to serious problems of the institutional link and cooperation.

Minority governments are ineffective because they tend to increase the Budget deficit in macroeconomic crises or in case they are formed in order to resolve political crises.⁴⁷ When the minority Government was being formed, there were no signs of a macroeconomic crisis in Lithuania; as has been noted, it was formed for the purpose of dealing with certain consequences of the political crisis. It should be pointed out that the minority coalition managed to ensure the support of the oppositional HU after the latter pledged not to hinder the approval of the State Budget for the forthcoming year. A rather faulty practice exists in the Seimas when during the approval of the State Budget parliamentary parties or individual parliamentarians submit numerous amendments to the Budget draft which are useful for the electors of the represented constituencies, certain interest groups, etc. In this way, parties and parliamentarians try to win over the electors which, regrettably, have nothing in common with rational or planned allocation of the budget funds.

⁴⁵ Lukošaitis A., "Institutionalization of the Parliament and the Lawmaking Process: the Lithuanian Case", Vilnius: Vilnius University publishing house, 2005, p. 199 – 209.

⁴⁶ Data provided by the Secretariat of Plenary Sitings of the Seimas of the Republic of Lithuania and summarized by the author.

⁴⁷ Green-Pedersen (note 12), p. 18; Pech G. "Government Formation. Budget Negotiations and Re-election Uncertainty: The Cases of Minority and Majority Coalition Governments", <http://www.geraldpech.net/papers/relection.pdf>, 25.08.2007.

While analyzing the allocation of the State Budget funds for 2007, a question arises if they were not allocated taking into consideration the fact that the ruling coalition had to achieve certain Government stability guarantees. These guarantees should undoubtedly be related to the HU, the main supporter of the coalition, which had very concrete goals in the forthcoming municipal elections.⁴⁸ What is more, the State Budget for 2007 was approved by the votes of the ruling coalition partners and their supporter – the HU faction.

Estimations show that during the approval of the State Budget for 2007 in the Seimas, it was the proposals of the members of the HU faction that won the greatest support as compared to other oppositional parties (see Table 5).

Table 5. Allocation of 2007 Budget funds according to proposals submitted by factions⁴⁹

No.	Faction that submitted proposals for Budget draft	Amount of funds included in Budget draft	Percentage of funds 'received' by faction from all submitted proposals
1.	Liberal movement faction	3,477,000 Lt	3.4 %
2.	New Union faction	289,000 Lt	0.28 %
3.	Labor Party faction	9,557,000 Lt	9.37 %
4.	'Order and Justice' faction	2,725,000 Lt	2.67 %
5.	Homeland Union faction	19,779,000 Lt	19.4 %
6.	Minority coalition factions	66,065,000 Lt	64.83 %

According to proposals submitted by the HU faction and analyzed by the Parliament, the HU 'received' approximately 20 per cent of all re-allocated Budget funds (according to the proposals submitted by parliamentarians). Bearing in mind that by their proposals other factions 'received' several times smaller Budget funds, an assumption can be made that the HU support to the ruling coalition gave the party tangible short-time perspective or 'intermediate' results, as has already been mentioned. It was of particular importance before the forthcoming municipal elections hoping to gain the favour of electors in concrete constituencies.

On the other hand, what does it have to do with the interests of the entire society and long-term state development strategy? Besides, it is evident that expenditures of the approved State Budget noticeably exceeded revenues (1.4 billion Lt). This is indicative of certain features of the budget deficit, which in

⁴⁸ Elections to municipal councils were held on 25.02.2007. As usual, before every election ruling parties try to "please" electors of constituencies under their control; this time such an opportunity fell on the oppositional HU, on the support of which the approval of the State Budget draft depended (municipalities budgets are included in this draft).

⁴⁹ Levin (note 43), p. 60.

essence, is generally characteristic of all minority governments.⁵⁰ It is no accident that President Valdas Adamkus noticed that Budget expenditures are not related to essential reforms of structural management and restructuring in the areas of health care and education, and in spite of the increased scope of the Budget, it was formed without the proper evaluation of previous spending experience. Experts on economics also stressed that 'the tradition of the deficit Budget' testifies to the tendency of politicians to ingratiate themselves with their electors at the expense of borrowed funds taking without taking into consideration the economic strategy of borrowing and its expediency.

A well known axiom in the theory of politics states that powers of interest groups are inversely proportional to the powers of proportional government (political power). The functioning of the minority Government provides a good opportunity to make sure of that. The observation of laws adopted and implemented by the Parliament suggests that the activity of interest groups acting in certain business and finance sectors has noticeably increased. Interest groups take advantage of the 'minority' situation and obviously accelerate the process of lawmaking, in this way causing harm to its publicity and transparency. It can be noticed that interest groups try to bypass the Government, which, by the way, in spite of having the main powers of the correction of tax laws at its disposal, has become a certain hostage to the ruling parliamentary minority and its supporter the HU.

In other words, it is possible to state that under the minority Government, interest groups find it more convenient to solve their problems in the divided Parliament rather than the Government. And still more important is the fact that interest groups seek beneficial amendments to laws, 'going' not through the ruling coalition, but making use of the opportunities of the tripartite opposition, trying to 'push' their initiatives either through the oppositional HU, the LP or other factions. For example, this was the case when the Seimas was adopting some amendments to the Law on Value Added Tax and the Law on State Social Insurance.⁵¹ The amendments to the laws that caused controversy within society, were initiated by the representatives of the opposition (the HU and the LP) and provided they had been adopted, the State Budget would not have received hundreds of millions in revenue.⁵² In the first case, attempts were made to institutionalize a value added tax concession (tax return) for importers of new cars, whereas in the second case, it was sought to determine the

⁵⁰ At the end of 2007, i.e. right before the approval of the new State Budget for 2008 in the Seimas, reports appeared that under the minority government the State Budget deficit increased.

⁵¹ The Law on the Amendment to Article 62 of the Law on Value Added Tax of the Republic of Lithuania. Vilnius, 04.07.2006, No XP-1530, http://www3.lrs.lt/pls/inter/dokpaieska.showdoc_1?p_id=279608&p_query=&p_tr2=, 11.09.2007; the Law on the Amendment to Clause 1 of Article 7 of the Law on State Social Insurance of the Republic of Lithuania. Vilnius, 09.06.2006, No XP-1469, http://www3.lrs.lt/pls/inter/dokpaieska.showdoc_1?p_id=277771, 11.09.2007.

⁵² Experts estimated that after the adoption of the amendments to the Law on Value Added Tax, the State Budget would have about 100 million Lt revenue loss and after the adoption of the amendments to the Law on State Social Insurance – about 260 million Lt.

so-called tax ceiling of State social insurance, i.e. to exempt people with a high level of income from the compulsory social insurance tax. In both cases, interest groups which were concerned with the amendments (for example, importers and sellers of cars, leasing companies, also organizations representing foreign investors, the Association of Lithuanian Banks, etc.) did not try to conceal their aims and actively influenced legislators.

Obviously, such interest groups in the first place seek economic benefit or profit and do not care what part of the revenue the State Budget will lose and, consequently, what harm will be done to the activity priorities declared by the Government, such as reduction in social disparity, pay raise for state employees and pensioners, more equal tax distribution for physical and juridical persons, etc. So, the decision of the Seimas to adopt amendments to the Law on Value Added Tax was opposed by the President of the Republic who, having assessed the harsh intervention of interest groups in the lawmaking area, vetoed the law (the Seimas, in its turn, taking a decision on the further fate of the returned law, took President's opinion into account and decided to consider the law not adopted). Meanwhile, the Seimas approved of the amendments to the Law on State Social Insurance after their submission; however, after the Government expressed a negative opinion, the draft 'got bogged' in Seimas committees.

More examples can be provided to confirm the fact that interest groups, acting not through the ruling minority and the Government supported by it, but through the divided majority opposition can essentially change the content of the Parliament agenda as well as the priorities of the Government activity. It is essential that in this way the hardly implementable financial commitments are imposed upon the Government, which, by the way, in the second half of its activity became the main reason, which raised doubts about the Government's survival and, at the same time, perspectives of political stability.⁵³

How should the activity of the first minority Government in Lithuania be estimated? The question is not simple, or more so not a rhetorical one. After over a year of the Government's activity, it is evident that representatives of the

⁵³ For example, on 04.07.2007, ignoring the positions of both the Government and the Chairman of the Committee on Social Affairs and Labour of the Seimas, the Seimas approved of the proposal of the opposition to considerably increase salaries for State politicians, judges, state officials and civil servants. The cost of this decision amounted to almost 900 million Lt. *About that see:* The Law on the Basic Position-based Salary for State Politicians, Judges, State Officials and Civil Servants to be applied from 2008. Vilnius, 04.07.2007, No. X-1270, http://www3.lrs.lt/pls/inter/dokpaieska.showdoc_1?p_id=301974, 20.08.2007; another example: on 27.09.2007, after a discussion the Seimas approved of amendments to some laws submitted by the opposition obligating to pay pensioners part of the unpaid pension which had to be paid some years ago (a total of 560 million Lt). Prime Minister G. Kirkilas immediately claimed that having adopted the discussed amendments, the Government would not be able to shoulder such financial burden and would resign. *About that see:* On the Unpaid Part of State Social Insurance Pensions of the Republic of Lithuania... Vilnius, 27.09.2007, No. XP-227(2), http://www3.lrs.lt/pls/inter/dokpaieska.showdoc_1?p_id=272972, 27.09.2007; On the Approval of the State Social Insurance Fund Budget for 2007... Vilnius, 27.09.2007, No. XP-2200, http://www3.lrs.lt/pls/inter/dokpaieska.showdoc_1?id=296743, 27.09.2007.

ruling coalition themselves still believe in their possibilities for further activity.⁵⁴ As has been mentioned, the oppositional HU, a supporter of the minority Government, withdrew its support for the ruling coalition in the autumn of 2007. Meanwhile, it seems that President Valdas Adamkus in his assessment of the minority Government, lacked consistency – the Government was either supported (“for the sake of that stability”) or criticized (for the ineffectiveness of its activity).⁵⁵

Probably, the most objective assessment of the formed political conjuncture was given by the Seimas itself in the discussion of the report on the Government annual activity. Thus, after several discussions of the annual report and postponements of a decision on this issue, the Seimas decided... not to take any decision on the Government activity report!⁵⁶ It was for the first time that the Parliament – extensively fragmented, with an unstable party structure and without a united opposition – was not able to take any decision on the assessment of the activity of the Government. Consequently, such an assessment made by the Seimas can be considered as an indirect statement that the coalition minority Government can further exist. However, does it mean that it can work normally too?

Conclusions

The rules of positive parliamentarism (Government investiture) applied in Lithuania are not favourable for the formation of a minority government. However, other, political factors made it possible for political parties to ignore institutional logic and form a minority Government, justifying this as seeking political stability. Among such factors are, first of all, of a high voting volatility for electors, and an extensive fragmentation of the party system and the Parliament as well as a large number of relevant parties. Besides, the opinion of the Head of State, President Valdas Adamkus, and the representatives of the most influential party elite were favourable to the formation of a minority Government.

From the theoretical point of view, the value of the study of the Lithuanian case lies in the fact that it can substantially supplement concepts of the

⁵⁴ On the other hand, in the spring of 2007, the Social Democrats themselves initiated a draft on the dismissal of the Seimas and early elections; however, after the draft was submitted, the Parliament did not approve of it. This “move” was assessed as controversial, firstly, as a sign showing how difficult it was for the minority Government to work, and secondly, as pressure on the Conservatives supporting the Social Democrats. *About that see:* Submission of the draft decision (No. XP-2142) of the Seimas “On Early Elections to the Seimas of the Republic of Lithuania”, 03.04.2007, http://www3.lrs.lt/pls/inter/w5_sale.bals?p_bals_id=19397, 15.09.2007.

⁵⁵ The Annual Report by President V. Adamkus (2007), <http://www.president.lt/file/metinis2007.pdf>, 10.08.2007; ELTA, *V. Adamkus: Any instability in the Government would certainly not help us*, 17 April 2007; ELTA, *President believes in the success of the minority Government*, 12 July 2007.

⁵⁶ Adoption of the Seimas draft resolution (XP-2225) “On the Report on the Government Activity for 2006”, 07.06.2007, http://www3.lrs.lt/pls/inter/w5_sale.bals?p_bals_id=19805, 15.09.2007.

theory of the rational choice of minority governments that was created by Kaare Strom and other authors. First, attention should be drawn to the fact that the minority Government was formed in an unstable party system; second, the formed coalition minority Government in Lithuania is a typical example of the so-called formal and imperfect majority. Of no less importance is the fact (third) that the formation of the minority Government and its relatively stable activity is an unprecedented case (and instructive experience) in the modern parliamentarism history of Lithuania.

The 'complicated' results of 2004 parliamentary elections may be considered as the principle prerequisite for the formation of the minority Government, whereas the highly fragmented composition of the Parliament and unstable party composition as their consequence. Splitting of the parliamentary factions and very active party 'deserters' not long after the elections made it possible to essentially change the proportions of political influence in the Parliament; consequently, opportunities to build a new ruling minority coalition appeared. There are two key preconditions for the survival of the minority Government: ideologically tripartite and divided parliamentary opposition and formalized support of the oppositional HU for the LSDP, and hence for the whole minority coalition.

According to Kaare Strom's Valentine Herman's and John Pope's criteria, the formed minority Government can be characterized as a formal imperfect majority government. The HU support enabled the ruling coalition to ensure a critical majority of votes in the Parliament guaranteeing relative political security. On the other hand, the circumstances of the minority Government formation, the relations between the HU and the ruling coalition partners and concrete decisions taken in the Parliament under the minority Government make it possible to conclude that this decision – to form the minority Government – was a rational calculation of political parties. It enabled the parties, primarily the HU and the LSDP, to seek both short-term (taking concrete and pragmatically motivated decisions) and long-term (to retain the control of the political agenda and prepare for the nearest elections) goals.

During the governance of the ruling coalition and the Government supported by it, essential changes in the lawmaking agenda of the Parliament and the lawmaking process in general can be observed. First of all, it was confirmed that under the minority Government, the lawmaking agenda lacked rationality, and the lawmaking process in the Parliament slowed down. It is obvious that 'the minority situation' is useful to interest groups that seek particularistic goals that often have nothing in common with society interests. Moreover, interest groups seek their goals using the opportunities of the opposition rather than those of the ruling coalition. This caused the initiation, discussion and even adoption of a numerous law drafts in the Parliament which were not coordinated with the Government program. And again, it preconditions certain irrationality of the Parliament work, whereas the minority Government finds it more difficult to implement the approved activity program. All this has a negative impact on the process of public policy in general.

Finally, attention should be drawn to what has not been dealt with in this article. First, the minority Government was formed in the democracy by no means based on principles of consensus or in a stable political system where actors – political parties easily recognizable to electors – ‘play’. Non-civicism of political culture and the increase in the absenteeism of electors, vagueness of the dividing lines of the political conflict and indefiniteness of political identity of political parties, weakness of political practice traditions in the relations between the ruling majority and the opposition, unabated populism of parties and ‘post-integration’ period of self-awareness – all these phenomena and processes will be influenced to a greater or lesser extent by the minority Government which was formed in 2006 and acted in Lithuania for a rather long period of time. The fact of its formation was unusual, but, as they say, you get used after the first time. Hopefully, the consequences of this institutionally illogical experiment, i.e. impact on democracy, political culture, relations between power institutions and parties, will not be unusual in the same way. At any rate, the formation of the minority Government and its activity is a new and valuable experience in democratic politics.

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Democratic Elitism under Challenge: Reflections on the 2006 Hungarian Events

This article in an analysis of the prolonged political crisis in Hungary, the 2006 highlights issues pertinent to a broader study of democratic politics. The study shows that the weakness of anchors binding the masses and elite is crucial, since in such circumstances mediatisation takes over in politics, totting up political promises, which leads to budget overspending. Shortcomings of the elite theory itself are identified: a realistic weighting is necessary to measure the influence of political, business, media and other elites; not political leadership as such but also different types of leadership need to be addressed; institutional, structural and behavioural innovations taking place on the elite level should be considered; the richness of the institutional variety is also to be noted.

Introduction

In the political perspective, 2006 was a very turbulent year for Hungary: on the one hand for the first time since 1989 the ruling government stayed in power after the spring parliamentary elections and that fact was interpreted as a sign of political consolidation. National and foreign commentators celebrated the stability of Hungarian politics in comparison with other post-socialist countries as well as with old EU countries. On the other hand, in the autumn protests against the government turned violent in Budapest after the so called Öszöd speech given by Ferenc Gyurcsány, prime minister, was published on 16th September. The developments included mass mobilization on the streets, occasional violent clashes between policeman and demonstrators, and the opposition rallying for Gyurcsány's resignation. At first sight these events were immediate results of the Prime Minister's confession to lie about the economic state of the country in order to win the elections. However the reactions of the different actors – including the public, the parties and the President – tell us more about the state of democracy in Hungary.

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In 2006, Hungary had to face a juncture of critical economic and political trends and events. The country had difficulties in meeting the economic standards required by the EU and in January 2006 the European Commission did not accept the Hungarian convergence program, asking for corrections by the 1st of September. During the election period, in the first half of 2006, the state overspending worsened the economic conditions even more, thus introduction of a strict austerity program was inevitable and happened right after the elections. As a result, instead of promised reductions, new taxes were introduced and a tighter version of the convergence program was submitted to Brussels. The targeted state budget deficit was at 10.1% of the GDP and no implementation date was defined for the euro.¹

The public became nervous at experiencing these negative tendencies and responded with vehemence to the leak of the Öszöd speech in which the socialist Prime Minister admitted that he lied about the economy. Two peaks of the protest can be identified: first when a rioting group besieged the TV headquarters on the night of 17th September injuring some hundred policemen on the spot and then on 23rd October when the police struck on the rioting people and ended up harassing citizens taking part in the assembly organized by the opposition conservative party, Fidesz. The fight that followed all night, has been a debated issue ever since in political circles.

The latter fight gained special status due to its timing since the 23rd October, 2006 was a National Holiday dedicated to celebrate the 50th anniversary of the 1956 revolution. The anniversary in itself bears a political dimension as it gave an opportunity to all political actors to interpret their relation to the communist past and the present state of the country. Political parties took the chance to express their standpoints in these respects.

1. The Problematique of the Study and its State of Art

The above provided sketch of the Hungarian political life in 2006, highlights a number of issues pertinent not only to the recent developments of the post-communist region, but also relating to broader studies of democratic politics. Even though, as a peculiar set of circumstances, slogans and issues involved, the “national” character of the events remains undisputable, the Hungarian experience in 2006 is not a discrete historical phenomenon. The events and especially how the elites related to them yields a lot of insight related to the elite formation and democratic consolidation, the EU politics, and populism. These themes are to be debated not in a narrow post-communist region, but put into the broader perspective of the research on democracy, political

¹ Convergence Program of Hungary 2006-2010, 2007, downloaded from the website of the Ministry of Finance, www.pm.gov.hu on 03.09.2007.

leadership and political crisis. As Hayward put it: "Whether it is attributed to primarily post-communist contextual reasons, as in most of Eastern Europe, or to the democratic deficit afflicting the political-administrative institution of the European Union, or the persistent economic recession and (...) a profound sense of dissatisfaction with public decision-making, or the widespread discredit of public decision-makers in local and national politics and of prominent businessmen owing to the corruption exposed by investigative journalists and judges, there is a pervasive perception that elites cannot be trusted to act in the public interest and have lost any claim they might have had to public deference."²

The early post-communist research focused much on the issues of regime-change such as transition and consolidation. Transition was defined as deconstruction of the non-democratic regimes, creation of the basic structures and procedures of democracy and free-market competition, while consolidation was considered as institutionalization of the new democracy and internalization of its rules and procedures. Within the framework of regime-change studies, the elites gained special momentum as according to Pridham "democratic transition is seen as (...) a situation when, with a new constitution in place, the democratic structures are settled formally and political elites are prone to start adjusting their behaviour accordingly. Signs, therefore, of elite consensus or the formation of elite consensus are a significant indication of transition being accomplished."³ Democratic consolidation follows with the internalization of democratic values on the elite level: "a consolidated democracy is a political situation in which, in a phrase, democracy has become the only game in town."⁴ On the elite level it means that political conflicts are resolved according to democratic norms while on the mass level it means that, "the overwhelming majority of the people believe that any further political change must emerge from within the parameters of democratic formulas."⁵ The elite factor is also prominent concerning the imposition of necessary reforms. For instance, Ekiert, Kubik and Vachudova state: citizens need to believe that reforms are legitimate, and that happens when there is sufficient transparency and accountability of the elite action and the subsequent sense that citizens are a part of the decision-making process.⁶

In the research focusing on parties, post-communist consolidation first and most was measured via crystallization of the so-called particular country

² Hayward J., "The populist challenge to elitist democracy in Europe" in Hayward J., ed., *Elitism, populism, and European politics*, Oxford: Calderon Press, 1996, p. 10.

³ Pridham G., "Comparative reflections on democratization in East-Central Europe: a model of post-communist transformation?" in Ágh A., Pridham G., eds., *Prospects for democratic consolidation in East-Central Europe*, Manchester and New York: Manchester University Press, 2001, pp. 4-5.

⁴ Linz J.J., Stepan A. *Problems of democratic transition and consolidation. Southern Europe, South America and post-communist Europe*, Baltimore and London: The John Hopkins University Press, 1996, p.5.

⁵ *Ibidem*, p. 5.

⁶ Ekiert G., Kubik J., Vachudova M. A., "Democracy in the Post-Communist World: An Unending Quest?" in *East European Politics and Societies*, 2007, 21(1), p. 7- 30.

party-system, vanishing volatility of the voters and disappearance of the pendulum effect. In such an analysis, Hungary with early signs of the Westminster model in its political representation, stood out as the champion of consolidation. These evaluations dwelled on the narrow (institutional) concept of political legitimacy and did not provide for the forecast of social vacillations (crisis). The social context (be it conceptualized in the *civil society* terms, in the perspective of *values and attitudes* or through any other “social” angle) backfired with failed theoretical and political predictions.

A promising opening out of analysis is proposed by Morlino, who – based on thorough theoretical stock-taking and empirical research of the Southern European democratization experiences in 70’s - 80’s - proposes the concept of an *anchor*: “An anchor is an institution, entailing organizational elements and vested interests that are able to perform a hooking-and-binding effect on more or less organized people within a society.”⁷ The metaphor of anchors and anchoring highlights the asymmetrical relationships between elites who are at the centre of those anchors and the people who – as a rule – are in weaker positions in terms of power relations, knowledge, information, and time to devote to politics. In this metaphor, institutions are seen as ‘boats’ from which the anchors are cast and the civil society (here, understood as the totality of citizens with their attitudes and interests, and their voluntarily organized activities) stands for the “soil” where the anchors are hooked. Morlino appropriately underlines that in this perspective, strong anchors (mostly, parties, but also the office of the head of the state, the cabinet, units of local government, and last but not least, the Constitutional Court) are no longer seen as expressions of civil society and the representatives of the various interests in the decision making arena, but they are mainly recognized as institutions, acquiring their own vested interests in self-enhancement or at least self-maintenance, as they try to develop different forms of penetration, regulation, or even control of society.⁸ In parallel to the indefinite legitimating process, the anchors come out of elite actions, whereas their destruction may be caused by the waning of the basic conditions that supported the emergence of anchors (for instance, decreasing political mobilization, routines of the charismatic leadership, fading away of the initial elite consensus, shifting external pressures etc.) and of the vested interests concerning those institutions. Internal crisis should be seen as periods of ‘critical junctures’ or significant ‘choice opportunities’ with exogenous and/or endogenous causes⁹. The anchors perspective invites to study the malfunctioning of post-communist democracy, as primarily connected to the elite decisions and elite behaviour taking into account the changes in the surrounding (local, national, supranational and international) environment. Since the adaptation is mainly achieved by governing elites and groups, imposing their visions of how institutions ought to work, even by repealing or transforming the rules so

⁷ Morlino L. “Anchors and Democratic Change” in *Comparative Political Studies*, 2005, 38(7), p. 745.

⁸ *Ibidem*, p. 746.

⁹ *Ibidem*, p. 763.

that they better conform to their own values, interests, and goals.¹⁰

In the case of post-communist democratization, notwithstanding the *condition sine qua non* of legitimacy, researchers underline the European Union factor as a carrier of consolidation. For instance, Ekiert, Kubik and Vachudova claim, that the EU leverage invariably tipped the domestic political balance in favour of a liberal democracy and identify the four major mechanisms by which the EU and other Western actors have impacted the domestic politics in the post-communist region: a) by promoting democratic attitudes among citizens yearning for Western integration; b) by shaping the preferences of political elites (both in government and in the opposition); c) by tilting the domestic power balance in favor of democratic politicians; and d) by promoting better democratic governance through incentives for public administration reform.¹¹ If to consider the listed four stages of the so called EU democratic conditionality, it appears that its success is in the descending order: the post communist citizens acquired a taste for democracy, political competition, and inclusiveness into the decision-making process; meanwhile the problems of corruption and patterns of the façade representation are rampant.

Ilonszki and Lengyel¹² claim that conceptually, the late post-communist and early EU-membership developments in the Central Europe can be tied to the problems of democratic elitism. The starting point and key theses of democratic elitism rely on Schumpeter's idea that elites compete to gain the support of the voters, which ensures a sort of control for the voters and makes the elites accountable. Indeed, the whole concept of post-communist transformation was based on the premises of the democratic elitism, understood as "a condition when the elite groups, while competing in the Schumpeterian sense, are structurally connected and consensus prevails among them with respect to the (democratic) rules of the game. The lack of elite consensus undermines the stability of the regime and is reflected in fragile mass-elite linkages. From this point of view, the democratic elitism is under challenge if and when important groups of the elite start seeing other groups as not accepting democracy as the common denominator and failing to pursue the interest of the public as opposed to their own either personal or narrow partisan interests."¹³ Yet, as underlined by Morlino, as a rule, usually the *anchors* acquire their own vested interests in self-enhancement or at least self-maintenance.¹⁴ Reasonably, anchoring and de-anchoring works in all directions: the 'other' groups (parties, sub-elites, interest organizations) have similar (condemnatory) views about their rivals. Be it post-communist or any other communicative democracy, the

¹⁰ Morlino L. "Constitutions and 'Good Democracy'" in Dobry M., ed., *Democratic and Capitalist Transitions in Eastern Europe. Lessons for the Social Sciences*, Dordrecht, Boston, London: Kluwer Academic Press, 2000, p. 150.

¹¹ Ekiert et al., *op.cit.*, p. 23.

¹² Ilonszki G., Lengyel G. *Simulated democracy? Democratic elitism under challenge: lessons from the Hungarian case*. Unpublished manuscript, Budapest, 2007.

¹³ *Ibidem*, p. 2.

¹⁴ Morlino, *op. cit.*, p. 745.

lack of elite agreement often goes together with *populism*: instead of accepting the rules of procedural democracy and thus the legitimacy provided through the institutions of democracy elites are inclined to address masses directly in order to gain political support, and thus primarily enhance the role of public participation, contribute to dynamism of public discourse and relish the ultimate value of free speech (mostly, practiced as a persuasive monologue, not an argument-based dialogue).

Researchers propose two tentative answers to the question of contending elite group(s) rallying people and exploiting the mass support. The first one comes from political theory and criticizes the Schumpeterian notion of popular 'participation' (choosing amongst contenders for office) as insufficient grounds for and failing regular tests of a well-functioning democracy. The Schumpeterian ideal of competing elites and participatory citizenry appears to be too oblique and in principle says nothing of actual citizens' empowerment, but rather reaffirms the ultimate astute power of the elites. Populist appeals thus correspond to the latent need of the democratic cultures to exert direct participation. Insofar as populism plumps for the rights of majorities to make sure that they are not ignored (as they commonly are) populism is profoundly compatible with democracy.¹⁵ The populist argument against the representative democracy is undying, and it invites one to reassert the concept and praxis of the involvement of the people in governing their own lives, despite of ineffective achievements. Thus, the populist parties are trendsetter in a development which could be termed the 'plebiscitary transformation' of the political parties¹⁶.

Another explanation of growing populist challenge is offered by the communication studies, which stress that the advent of new modes of political communication offers an unprecedented possibility of 'extroverted' politics: parties and politicians can deliberately depoliticize the electorate by switching to a strategy of personalization and symbolic action, making the people a central reference in their rhetoric¹⁷. The process of personalization calls for a protagonist who can become the centre of attention and thus it creates a leader-centred interpretation of politics.¹⁸ As the anchoring and de-anchoring, the populism, too is not a conspirator invention of the political elite, but rather a universal trend in mass-media, orienting itself towards the private, banal and vernacular as it is being enacted on television presenting ordinary people's problems, desires and anxieties, and exhibiting structural parallels to

¹⁵ Worsley P. "The Concept of Populism" in Ionescu G., Gellner E., eds., *Populism. Its Meaning and National Characteristics*, London: Weidenfeld and Nicolson, 1969, p. 247.

¹⁶ Decker F., "Populism and Democracy" in Ociepka B., ed., *Populism and Media Democracy*. Wrocław University Press, 2005, p. 12.

¹⁷ *Ibidem*, p. 16-17.

¹⁸ Kiss B., "Kampány és tabloidizáció. A perszonalizáció jelentősége" (Campaign and tabloidization. The importance of personalization) in Sárközy E.-Schleicher D., eds., *Kampánykommunikáció (Campaign-communication)*, Budapest: Akadémiai K., 2003, p. 9-40.

populism and its claims to speak for everyone directly.¹⁹ Populism, because of its generality and vagueness (appeal to the people as a homogeneous entity, proclaiming a direct link between the people and the populist actor) stands for a particular style of politics, identical to basic political campaign techniques, appropriate in communicative democracy or media societies,²⁰ In the societies under thorough reforms, populism found very fertile grounds, since it instead of presenting alternative policies exploits existing or newly created emotions and sentiments. In particular, political populism dwells on resentment and rancour (as the cases of the extreme-right turned populist parties abundantly prove), which are typical emotions of numerous reform losers.

Acknowledging the decisive role of the mass-communication phenomena, conducting towards the universal growth of populism, Mudde claims that populism plays a more prominent role in contemporary East European politics than in the Western democracies²¹ because of the peculiar political culture of the region. In post-communist societies, the intellectualized forms (which might be traced back to the Russian *narodiks*) of popular resentment against the communist regime and its totalitarian politics blend perfectly with another Leninist legacy, the myth of the victimized majority²² and culminate in the rhetoric of the elite-stolen revolution.

2. The Goal and Methodology of the Study

While different dimensions of representation provide the basis for democratic elitism, and it would be worth analyzing how and how effectively can accountability work amidst the influence of the media and populism-prone political culture, or how accountability of the elites is implemented after the elections, in this study we focus on the elite-related institutional and attitudinal problems. We claim that the situation in Hungary 2006 has only brought to the surface the malfunctioning of democratic institutions which are connected to elite attitudes and its decision-making process.

First, we present the elite-driven political transition with special emphasis on the institutions created at the roundtable talks on the eve of regime-change. We then discover the short-term consequences of the consensus: the majoritarian tendencies, the trends shaping the party system and their effect on mass-elite linkages. Further we show how the elites responded to these tendencies (closing the entry to elites, maintaining mutually beneficial processes, giving space to

¹⁹ Hipfl B., "Politics of Media Celebrities: The Case of Jurgen Haider" in Ociepk B., ed., *Populism and Media Democracy*, Wroclaw University Press, p. 56.

²⁰ Mudde C. "In the Name of the Peasantry, the Proletariat and the People: Populisms" in *East European Politics and Societies*, 2000, 15(2), p. 37.

²¹ *Ibidem*, p. 52.

²² *Ibidem*, p. 52.

the emergence of a new type of leaders and introducing new dimensions to the political battle). Our aim is to point out how these latter developments threaten the consolidation process, especially the internalization and dissemination of democratic values on both the elite and the mass level and how they open space to populism.

As the above described tendencies are mainly elite-driven our paper also aims at contributing to the democratic elite theory itself. In line with other elite researchers²³ the Hungarian case can be analysed as a worst-case scenario where the responsibility of the elite seems to be obvious and the worrying consequences of this situation show that the deviances of the democratic elitism have to be taken seriously.

3. Building Blocs which Led to the Political Crisis in Hungary 2006

3.1. The Starting Point: Elite Consensus or Temporary Compromise

After the collapse of communism in Central Europe the elite agreement about the highest value of democracy (parliamentary or semi-presidential model, based on competing parties) and the rule of law, respect to private property and free-market, and about Western-oriented foreign policy were constituent parts of systemic change. These political priorities and values (democratic institutions and civil rights) remained at the core of the subsequent EU accession negotiations talks.

The post-communist political reforms displayed a patent consensual trend. Irreversibility of reforms and stability of new regimes were implicit concerns of the major political actors in the countries under reform and their foreign advisors. This is also reflected in constitutional regulations, such as an elevated power of the PM, where the prime minister dominates the government since only he/she is answerable to the parliament and he/she can replace ministers without the approval of parliament. Counter-positioning the executive and the legislative power is meaningless, since the government exercises its power through its simple majority in the parliament. The president of such a parliamentary republic can not act as a real balance to the executive power as its tasks remain largely ceremonial. However, in order to prevent the executive from dominating the legislation certain measures have been implemented, for instance in Hungary have been introduced "constitutional acts" (36 acts) that require a qualified majority to change the existing norm or the institution of the Ombudsman was established across the post-communist region. The post-

²³ See Ilonszki G., Lengyel Gy. *op. cit.*, p. 11.

communist polities also have defensive regulations of the political minorities (in particular, in countries with visible ethnic groups, such as the Baltic countries, Slovakia, Romania). The inclusive regulations reflect the reform-elite's fundamental disbelief that conflicts, divisions, alternatives may be softly regulated and that in principle, the conflicts are a genuine part of democracy.

After the initial period of transition, by the second part of the 1990s, the elite consensus began to break up posing new challenges. The early post-communist political design, based on the elite settlement, so much cherished in theoretical analyses, started to look not as a valid deep-seated elite consent, but rather a temporary compromise. As writes Dobry, the very idea of the initial elite consensus is somewhat naïve, but with time passing it appears such more and more: "Formation of an agreement configuration, or, better, of a 'combine', between the strategic elites in the society in transition does not necessarily require, as a precondition, any *consensus* between these elites over certain values, and in particular democratic values. Mutual support among these elites, as well as the stability of *collusion*, may have completely different determinants, to begin with the possible convergence of heterogeneous interests"²⁴. Validity of the settlement thesis in Hungary has been questioned.²⁵

First, some actors of the original consensus period have been replaced or deeply transformed: as for Hungary, at around 1989/1990 the two major actors who formed the first settlement at the roundtable talks were the post-communist (socialist) party and the huge umbrella organization, MDF. The liberal democratic opposition did not sign the agreement, although later it did agree on a pact with the new, democratic government. In 1994 after the weakening and the virtual dissolution of the MDF and the formation of the first socialist-liberal coalition government, the Fidesz party became the new conservative opposition, which had occupied a more intransigent and less consensus oriented style. Second, the issues have changed – in addition to the promotion of the democratic ideals, concrete economic and social policy issues had to be solved. The so-called medium-spectrum and micro-policy decisions have had to be made, involving broader participation of interest groups and communities. Thirdly, a conflict ridden elite style and behaviour, which originated from the lack of self-confidence on both sides, received further impetus from a socio-political environment where symbolic representation matters more than policy responsiveness and accountability.²⁶ In this conjuncture, de-anchoring of the early clips appeared not only possible but inevitable.

²⁴ Dobry M. *op.cit.*, p. 8.

²⁵ Ilonszki G., "Ist die Kontinuität der Elite von Bedeutung?" in Veen H.J., ed., *Alte Eliten in jungen Demokratien?* Böhlau Verlag Köln Weimar Wien, 2004, p. 227-242.

²⁶ Karácsony G., "Árkok és légvárak" (Ditches and castles in clouds) in Karácsony G., ed., *Parlamentválasztás 2006* (Parliamentary elections 2006) Budapest: Demokrácia Kutatások Magyar Központja Közhasznú Alapítvány, 2006, p. 59-103.

3.2. Multi-Party System and Elite's Concentration

While a consensual democracy was envisaged by the major actors of the post-communist transition, soon the majoritarian tendencies gathered strength. In Hungary, strong parties emerged very early; the parliamentary parties of 2007 were already present at the first democratic elections in 1990. However, the fragmented party system of the regime-change soon disappeared and the concentration of the party-system became the determining trend. According to Tóka this trend towards bi-polarisation resulted from three defining elements: the institutional context with the majoritarian tendencies of the voting system; rather weak cleavages that did not reflect a fairly differentiated society; and the electoral strategies of the parties.²⁷ In Hungary, political bipolarization, comparable to the Westminster model, took place; the effective number of parties diminished from 6.7 in 1990 to 5.5 in 1994, 4.5 in 1998, 2.8 in 2002 and finally to 2.7 in 2006.²⁸ Under these conditions, although coalition governments were formed, the senior member of the coalition governments always had a dominant position and minor parties did not represent a real balance. Centralization in political institutions and organizations prevailed from the local self-governments to the parties.

One obvious background explanation for centralized party developments lays in the party elite (its structure, strategies and leadership styles). Ilonszki and Lengyel²⁹ draw our attention to the fact that for a start, power-seeking versus policy-seeking parties developed. This is not surprising and not exceptional in new democracies, where shortage of time and a fake consensus environment did not help creating viable policy programs. Parties in Hungary consolidated remarkably quickly (certainly so in comparison to most of the other CEE). The power-seeking intentions were further strengthened by the asymmetry of resources available for the parties. At the beginning of the 90's, the Socialist party had a clear advantage concerning its organizational and the financial basis, formal and informal networks and political skills. In order to challenge it, the Fidesz moved into the empty sphere left after the break-up of the umbrella movement MDF and blocked the political organizations as well as the voters to the right. As a new party (which only had a handful of MPs in 1990 as well as in 1994), the Fidesz profited from a flexible political environment within the party where a strategy of the coherent image-building paid well. By 1998 the Fidesz had an advantage of the clear-cut conservative identity, centred around the party leader, Viktor Orbán.³⁰ In this respect the

²⁷ Tóka G., "A törésvonalak, a pártok és az intézményrendszer" (The political cleavages, the parties and the institutional system) in Angelusz R., Tardos R., eds., *Törések, hálók, hidak* (Cleavages, networks, bridges) Budapest: Demokrácia Kutatások Magyar Központja Alapítvány, 2005, p. 247.

²⁸ Karácsony, *op.cit.*, p. 67.

²⁹ Ilonszki G., Lengyel G, *op. cit.*, p. 13.

³⁰ Csizmadia E. "Politikai vezetők és politikai környezet" (Political leaders and political environment) I-II in *Politikatudományi Szemle*, 2007, 16(2), p. 31.

Socialist party's heterogeneous subgroups, its old personnel and the lack of any coherent image became disadvantageous, boosted power-seeking attitudes and rent-seeking among its members became blatant. Hungary experienced a titanic personalization of politics, pervasive to any communicative democracy, and as a result personal socialist vs. conservative party leaders' animosities developed and party elites ran into bad spirals in terms of political slogans, in seeking to create differences and not to settle on some common (national) interests, or policy goals.

At this point the second dimension comes into the ailing Hungarian political picture – that is the state of its civil society. The Hungarian civil society is weak (certainly so in comparison to the Polish or Czech cases) and does not constitute any balance or counterweight to the concentrating tendencies that are embodied by the institutions in high politics. Such a poorly organized and feebly public-interest minded society proves to be particularly vulnerable to the hyper-active elite and its energetic style. The Hungarian civil society during the years of neoliberal reforms has been marginalized and it, as Powell states, “was harnessed by the state as a tool in its strategy for resituating social responsibility in Hungary. But civil society was rejected as an instrument of policy making.”³¹

After the initial mobilization, at the beginning of democratic transition the society did not ponder much about politics, and parties were not popular. The post-communist voters (most of them in mid 90's could not relate to any specific party) might have inherited a certain anti-party attitude from the socialist period. With time passing by, the situation has not changed much: according to surveys carried out by the Medián³², trust in political institutions in Hungary 2007 is weak (around 51 points on a scale of 100). Less politicized institutions such as the Constitutional Court or the President of the Republic score highest, while the parties are among the institutions with lowest values of trust. Paradoxically, the Hungarian parties manage to bind the seemingly uninterested and distrustful voters. Contrary to the rational voters' theories predictions, and as expected in the highly mediatised public space, symbolic messages of parties and politicians win over policy considerations, government performance, socio-economic status of the voters, or other “reasonable” explanations in party choice. To put it bluntly, the parties that were first somewhat forced to apply a proactive style to establish or /and to foster their power base are not interested to turn towards the rational voter; and they enjoy the support of the followers anyway. From 1998 the parties concentrate on winning the steady support of electorate and research findings suggest that they succeed in doing so. As of 2006, 85% of the party votes goes for the two big parties compared to 46,1% in 1990, 52,7% in 1994, 62,3% in 1998 and 83,1% in 2002³³. The electoral volatility

³¹ Powell F. *The Politics of Civil Society. Neoliberalism or Social Left?*, Policy Press, 2007, p. 152.

³² Available on the website of Medián: www.median.hu

³³ Karácsony, *op.cit.* p. 66.

has diminished to 9.0 by 2006 (while it was 25.8 in 1994 and 31.7 in 1998)³⁴. If this is a positive indicator for an analyst who looks for consolidation of the party-systems (and predictability of the electoral results), in our line of reasoning, it is alarming, since it shows that block-politics won and the confrontational style of the elite found fertile grounds in the Hungarian society.

In Hungary, parallel to the concentration of the party system, professionalization of politics occurred, producing a small proportion of newcomers to the parliament³⁵ and decreasing voters' turnover rates. The resulting consolidation is a sign of the closing-up of the political elite, motivated to maintain the *status quo*. Moreover, it is difficult to implement complex constitutional changes, as some important policy areas can only be legislated upon with a 2/3rd majority vote, and thus require a common understanding and political agreement between the two "camps". Regarding the voting system the only important change has been the increase of the parliamentary threshold from 4 to 5% in 1994, when the parliamentary parties agreed to segregate potential newcomers. Another important institutional change, inspired by the rent-seeking of the elite, happened when in 1994 the party law was reformulated to allow *cumul des mandates* on the national and local level. At that time this innovation served the interests of the Socialists, who aspired to return from the political ghetto retained in local government. Since then the rival conservative party, the Fidesz also managed to build up its local support base, and as a result in 2006 60% of all the MPs also have local politics background. A critical issue of the *cumul des mandates* is related to party finance. The party financing rules endorse corruption and hinder transparency, as Juhász stated: "the rule is that there is no rule."³⁶ Formally, the parties must report on their incomes and spending to the National Audit Office but it can not effectively control the process. The expenses of party campaigns are estimated by experts to exceed more than ten times the sums legally allowed, what leaves no doubt that this area is the hotbed of illegal money transactions and corruption.

3.3. Challenge of Leadership

As all over the post-communist Central Europe, the Hungarian political elite dominated the process of shaping the democratic rules, both in a formal

³⁴ *Ibidem*, p. 73. This figure is closest to the cases of Germany (8.7), Sweden (9.0), and Belgium (9.2), the lowest European figure being Switzerland (6.6) and the highest Italy (15.1) – leaving out the countries that went through a democratization process in the third wave (Mainwaring S., Zoco E., "Political Sequences and the Stabilization of Interparty Competition. Electoral Volatility in Old and New Democracies" in *Party Politics*, 2007, 13 (2), p. 157- 185.

³⁵ Ilonszki G. "Képviselők Magyarországon I" (Members of the Parliament in Hungary I), Budapest: Új Mandátum Kiadó, 2005.

³⁶ Juhász G. "Kétes kampányforintok. Kampányfinanszírozás, 2006" (Dubious campaign forints. Campaign financing, 2006) in Karácsony G., ed., *Parlamenti választás 2006* (Parliamentary elections 2006) Budapest: Demokrácia Kutatások Magyar Központja Közhasznú Alapítvány, 2006, p. 127.

and in an informal sense. In the meantime the social-political environment was also influenced by the emergence of powerful media. The media opened up new arena for political battles with strong protagonists. The interplay of the powerful media, the strengthening of political bipolarization and the vanishing elite's consensus favoured the surfacing of the new type of political leaders. Here, it is relevant to make a distinction between personification and personalization as two distinct strategies of leadership personality.³⁷ Personification occurs when a leader embodies the values and interests of the constituency while personalization is the case when the leader's personality dominates the party and the political life. In both cases, it increases the importance of a leader in democracy. Körösenyi states that the current leadership democracy is centred on politicians: "the active players of politics are not constituents but politicians, constituents are reactive."³⁸ In this case, personalization takes over since the best tool to win in politics (to gain political support) is personal appeal (charisma) and leader's ability to persuade.

According to Ilonszki and Lengyel³⁹ the original theory of transactional and transforming leadership is worth to be revisited. Burns⁴⁰ suggested that leaders are either transactional (able to negotiate and take into account the will of constituencies) or transforming (having a vision and able to lead and mobilize). The concept of transforming leadership is congenial with the Schumpeterian view of entrepreneurship that emphasizes the pathway-setting function and the taste for 'constructive destruction' of the leader. The transforming type of leadership gets into the forefront in revolutionary situations and during reforms. It is associated with ideological, moral or intellectual clout, and even heroism (personal courage, selflessness and commitment). In contrast, transactional leadership is associated with pragmatism, abilities to bargain, monitor opportunities, find reciprocal solutions, negotiate with many actors.⁴¹

The mediatization of politics buttresses transforming leadership versus transactional leadership since vast public attention often inhibits compromise and bargaining while it offers opportunities to compellingly address the masses. Personalization is evidently connected with the transformational charismatic leadership.

Meanwhile, leadership studies revealed that the two leadership types are independent from each other, and there might be situations when characteristics of both, transformational and transactional, could be applied. Ilonszki and Lengyel argue that "it is part of the recent Hungarian political crisis that the leaders in the forefront got an overdose of charisma and transformational will, their personalities overshadowed the political life and they showed little

³⁷ Kiss, *op.cit.*

³⁸ Körösenyi A. "Political representation in leader democracy" in *Government and Opposition*, 2005, 40 (3), p. 364.

³⁹ Ilonszki G., Lengyel G. *op. cit.*, p. 9.

⁴⁰ Burns J. *Leadership*, New York: Harper and Row, 1987.

⁴¹ *Ibidem*, 169 passim.

transactional gestures.”⁴² The Prime Minister Gyurcsány is an apparent case of a transforming leader, devoted reformist. He likes desperate and overheated reform-speeches and messages – including the famous “lie-speech” of Öszöd.⁴³ This reform-passion could be criticized on the ground that it is not effectively reformist. The prime minister does not even try to combine transactional and transformational politics, does not pay attention to people’s hopes and expectations. In the Hungarian tradition people are designated to only suffer the consequences of reforms and not to understand the reasons or guidelines behind them. This combination of elitist reformism on one side and the tendency towards populism on the other side explains why the opposition leader Orbán addressed the ‘forgotten’ majority in order to win the local elections and interpreted the local elections results as the ‘third round’ of the parliamentary election. Based on favourable local elections outcomes, in late 2006 conservative Orbán also aspired to act with a seemingly increased authority on the national scene. On the 23rd October Orbán proposed to organize a referendum addressing certain elements of the reform. “The new majority” – as the new Fidesz slogan goes – would thus be organized outside the realm of parliamentary politics using alternative ways to foster its legitimacy. The bouquet of transformational leaders in Hungary 2006 is completed by the presidency of László Sólyom, whose main features are activism and strong civic engagement. Regarding the events in the autumn of 2006, in his public speeches, the President took a strong moral standpoint. In his statement released on the 18th September, 2006 one day after the coming-out of Ferenc Gyurcsány’s speech, Sólyom said: “A new feature of the present situation is that the moral basis of the democracy has become more sharply as ever the subject of public talk. In this dispute it is the obligation of the President of the Republic to speak”. The President pointed to the unilateral responsibility of the prime minister and accused him of jeopardizing the public trust in democracy. The elite try to politically capitalize in questioning the legitimacy of the opponent. “We refuse to speak with liars”, - declared the opposition leader after the prime-minister’s speech has been leaked out. However questioning the legitimacy of the opponents can be threat not only to the other political side but to the whole democratic system since the legitimacy of its processes and institutions is in question, and such an approach is the main pillar of democratic elitism. Thus the actual Hungarian elite’s attitudes point towards de-anchoring in a sense that the leaders present the other as an enemy (of the nation) instead of a legitimate competitor and thus try to get the other player out of the game instead of contending it in a fair-play. The democratic institutional design does not serve as an anchor or connection between the masses and the elite, because in the majoritarian discourse the democratic norms are questioned or neglected by all major competing actors.

⁴² Ilonszki G., Lengyel G., *op cit.*, p 11.

⁴³ Available on Gyurcsány’s blog, www.blog.amoba.hu, uploaded on 2006 09 17.

3.4. Growing Populism

During the course of economic reforms and electoral campaigns the Hungarian elites made exceptionally exaggerating promises in economic terms. Budget overspending was the major problem of the current crisis⁴⁴. In the overall economic terms Hungary is not in a bad shape but in monetary terms state debt and budget deficit are highly negative. The gross government debt in 2005 was 61.7 % of the GDP (one of the largest in Europe). Budget deficit is 9.2 %⁴⁵, which in 2007 is the highest in the EU (but in the mid-nineties it was higher in Italy, Greece and Sweden⁴⁶). The negative economic indices spur the political spiral of promises. The government tries to provide numerous social services. Instead of conducting true transactional politics, the government uses the ‘social carrots’ as a cyclic and ill-regulated tool of power hunting. The 2006 election campaign was a race among the big parties promising ever more state guarantees to the voters. To be successful in elections, the politicians must show self-confidence, give ample promises and entertain the audience. All this makes state overspending go on and promotes *politization of everyday life and policy issues*. The rivalry of the political parties splits up the society, influences the so called personal sphere of families, neighbours, and friends. According to the empirical studies of Angelusz and Tardos⁴⁷ the informal (civic) connections of the voters can also be related to the major political blocs and cleavages. Politics intrudes into the social organizations of the country and undermines the value-order of professions, in particular harming the public service. It is also obvious that the heads of various administrative departments and public media are not selected by the standards of competence but in bargains between the parties. The political elite try to oust their rival with ignoble means, and pit social groups against each other as fans of competing sport teams. Radicalization might emerge, provided that radical populist elements are bread by passive majority. Competing with populists, parliamentary politicians try to take the wind out of the sails of street politics by making analogous vigorous gestures and accusatory references.

Politics and politicians intrude into the personal realm through the media as well as the mediatization of politics becomes stronger. Political debates are sold as talk-shows where mediators are the judges and politicians are sold as celebrities or heroes of the political game. In order to sustain the public attention there is a need for quotable slogans and capturing stories. The tabloidization of politics also reveals new opportunities since important issues and debates

⁴⁴ Ehrke M. “Magyarországi nyugtalanságok – A közép-európai csatlakozási válság szimptomája?” (Hungarian disorders – symptoms of Central-European accession crisis?) available on www.fesbp.hu, downloaded on 02.17.2007.

⁴⁵ Kopint-Tárki. *Economic Trends in Eastern Europe* Budapest: Tárki, 2007, No. 1. May.

⁴⁶ OECD: *Economic Surveys. Hungary*. Paris: OECD, 2005.

⁴⁷ Angelusz R., Tardos R. “A választói tömbök rejtett hálózata” (The hidden network of electoral blocs) in Angelusz R., Tardos R., eds., *Törések, hálók, hidak* (Cleavages, networks, bridges), Budapest: Demokrácia Kutatások Magyar Központja Alapítvány, 2005, p. 65-160.

can be easily overshadowed by ‘breaking news’ stories such as the striking of the cordon around the Parliament by the opposition on the very day when talks about reforms started.

However, it is not only the media we should blame for presenting only political shows. The political elite itself does not take on the charge of communicating with the public. Even when they sense the need for explaining themselves they only do so in their own surrounding – one of the most striking feature of the Prime Minister’s Öszöd speech was the difference between the message communicated towards fellow members of the party and the message offered to the electorate. This is what Ilonszki and Lengyel⁴⁸ called “*double speech*” that differentiates the contents of communication within the elite from that between the elite and society. This double speech and imprudent elite mentality is constituent factor to the spiral of promises, as it opens up the possibility of leaking or denouncing.

Conclusions: Hungarian Lessons about Democratic Elitism

An important deficiency of the actually functioning Hungarian institutional mechanism is the lack or weakness of anchors binding masses and the political elite. Democratic institutions that could act as anchors do not function properly. In case of the parties being vaguely regulated and monitored, party finances lead to corruption and widely spread norm-breaching behaviour. Another weak point is the insufficient regulation of incompatibility (accumulation of local and national mandates) and public vs. private interest harmony (only rich can finance parties and this leads to interpenetration of economy and politics).

In order to bridge the lack of anchors, mediatization and tabloidization takes over in politics, toting up a spiral of promises, which leads to budget overspending in times of campaign. Heated populism and heroism in rhetoric finds a fertile ground in masses, which – in the context of deficient anchors – are looking for alternative channels to relate and react to politics. The elites, especially leaders, gain a prominent role in this process. Yet, they do not recognize that belonging to the elite does not only provide positions in the decision-making structures, but also requires appropriate behavioural codes. The virtues of a statesman should manifest themselves in an unambiguous rejection of the phenomena threatening the democratic institutions, readiness to compromise in the interest of strategic goals and public welfare, and cherishing elite consensus in promotion of the fair-play rules of the political game. In the Hungarian case, firstly, it would mean opening space for the transactional leadership.

On the basis of the above country specific diagnosis, we can also identify some *shortcomings of the elite theory*. First, it does not properly take into consideration the actual structure of the elite but regards it as a political construct

⁴⁸ Ilonszki G., Lengyel G. *op. cit.*, p. 13.

of equals. A realistic weighting is necessary in order to measure the different influence of political, business, media and other elites. Moreover, not political leadership as such but also different types of leadership need to be addressed.

In communicative democracies, the role of media also increases. It is vital that media leaders and politicians pursue the principles of their professional ethics and find common grounds to resist to populist parlance, which takes democratic oxygen out of the public discourse. The 'work-logic' and style of the second generation of the post-communist politicians (as the optimum actors in democratic elite theory) is also different from their predecessors', as they not only learn the profession from the previous generations, but also bring their own new symbolic, material and intellectual resources. Thus, institutional, structural and behavioural innovations taking place on the elite level should be brought under serious analysis. The underlying presumption should be that the elites are more likely to take into consideration long-term social interests if elites are socialized to self-restrain and consolidated behavioural patterns.

The democratic elitism overlooks the richness of institutional variety. It takes for granted that modern liberal democracies are representative, with the parliamentary parties at the political centre. However, parties may be organized and the accountability of governments may be assured (or not) in different ways in different countries. These are either legacy, political tradition issues. They also follow from concrete institutional design, constitutional exercises and real decisions. We claim that it is difficult to prove that legacy really matters as a kind of political cultural explanation. We argue that the political rhetoric, routines and working mechanisms are shaped by peculiar institutional combinations.

The democratic elitism neglects the difference between the political elite as a group and the political leadership (individual personalities). In democratic elitism the role of a leader is somewhat connected to the structural characteristics of the elite, but we claim that it is more than that. In addition to the elite structure, it is important to pay attention to the elite behaviour. The structure of the elite is broad enough to cover up diverse behaviours and styles. After all, elites have always been characterized by the duality of consensus and competition, and when attention is focused on behaviour and working mechanisms, transitions may be better perceived. Early post-communist national elite settlements may also be varied and be only the stage-set or a detail of a broader international long-term change.

These elements (indeed block issues that contain several elements in themselves) appear in a kind of negative synergy in the actual Hungarian case (and in some other post-communist countries). After more than 15 years the emphasis in research should be placed on the elite behaviour and elite's institutional patterns because these characteristics appear to deepen problems of the post-communist development and give rise to populism. Although, the EU economic convergence problem in Hungary triggered that crisis, endogenous factors are amply sufficient to explain its development and depth. That again contributes to the validity of the elite-centered analytical approach.

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Ecological Security in Lithuania: The Current Situation and Problems

In 2006, the trends in the change of ecological risk factors in Lithuania were similar to those of 2005. The risk factors, which contributed to the change of the state's ecological condition in the field of the atmosphere protection, included the rapidly growing number of automobiles, inefficient city traffic control systems, and the lack of bypasses, whereas the risks in the sector of water consumption safety were posed by a worn out central water supply networks, insufficient quality of the drinking water and dug well water. Thus, the objectives set down in the National Ecological Security Assurance Programme are to reduce ecological risk, prevent a negative impact on the environment and to set the national priorities in the sphere of the prevention of emergencies.

The tasks crucial for the implementation of the state's priorities are related to ensuring ecological security by securing sustainable economic development and reducing the negative impact of an emergency on the environment and residents. Dissemination of objective information on ecological security, collection and analysis of reliable information and its disclosure to the public will encourage the cooperation with neighbouring countries in the spheres of ecological security and pollution prevention. In order to accomplish the set objectives, i.e. to ensure ecological security, it is necessary to create legal and institutional conditions for mutual coordination, management and control of actions for the responsible institutions.

Introduction

Scientific and technical progress, as well as the mans' possibilities to have an influence on nature, have begun to overpower the abilities to understand and evaluate possible outcomes of this activity. Rapid economic growth (economic development) has highlighted global problems, which reflect the state of Lithuania's economic, political, and inner life. Current politics has to ensure that activities of one human generation will not reduce the possibilities of future generations, since certain essential properties of environmental and social systems, if damaged, cannot be easily restored.¹ Damage to the natural environment as a result of economic development is one of the key problems with this period.

In 2003 the Lithuanian Government approved the National Sustainable

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¹ Čiegis R., *Ecological Security: New Challenges to the Planet*, Strateginė savivalda, ISSN 1648-5815 Strategic Self-Management 2006 Nr. 1(3), <http://www.eksponente.lt/ssz>

Development Strategy (NSDS) thus acknowledging environmental protection as one of the key components in the development of the state. The main challenge of sustainable development in Lithuania is to achieve the present developmental level of EU countries, according to indicators of economic and social development as well as the efficiency in consumption of natural resources, and not to exceed allowable EU standards, according to indicators of environmental pollution, while meeting the requirements of international conventions in the field of minimization of environmental pollution and input into global climate change. However, modern industrial society and its development model are definitely inharmonious, since economic activity is based on non-renewable resources and fossil fuel, the use of natural resources is clearly too extensive, the distribution of income and resources among the population is uneven, and the income gap between industrial and developing countries is gradually widening, which catches around 3 billion people in the trap of absolute poverty. Hence, economic development has highlighted two major global problems, poverty and military conflicts. These negative aspects that surfaced during the development of society are mutually reinforcing: poverty forces people to overexploit the environment (the fundamental long-term connection between poverty and environmental degradation was acknowledged already at the end of 1980s and became the major challenge to sustainable development), poverty leads to conflicts, conflicts inflict environmental damage, and the damaged environment and limitations in turn cause social conflicts. Therefore, the occurrence of ecological problems should be analysed as the outcome of these processes occurring in the economic, social and environmental protection system.²

Essentially, the internal and external factors that ensure national security of the Republic of Lithuania have not changed which allows maintaining that social and economic development forms the basis for social stability and reduction of external threat possibilities. In 2006, the trends in change of ecological factors did not alter significantly (polluted territories were not cleaned, the number of landfills that do not comply with the EU requirements remained large, the problems of worn-out central water supply networks, lack of bypasses, and air pollution were not solved, etc.). The main external threats faced by Lithuania remain momentary natural disasters, such as downpours, strong winds, storms, lasting frost, and the increasing number of fires breaking out in open areas (their number increased 2.4 times in 2006).

Achieving the balance between the rapid economic growth and the necessity to maintain healthy environment is quite a difficult task, since the public usually tends to concentrate on solving economic problems, which is frequently done at the expense of environmental quality. At the current stage of the state's development it is highly important to ensure the timely implementation of effective environmental protection measures and to reduce the negative impact of the use of energy and natural resources and economic activities on the environment. The costs of solving the accumulated problems are much greater than

² *Ibidem*.

the prevention costs and might hinder the economic growth in the long-term. Therefore, in order to ensure sustainable development and better quality of the environmental, attention and funds should be allotted for priority trends of environmental protection and pollution prevention in the first place.

1. The Current State of the Environment

The geographical location and structure of the territory of the Republic of Lithuania is favourable to harmonious development of society; its natural conditions do not pose any threat to the existence of the nation or the state. The amount of the main pollutants released to the surface water bodies decreased by over 50 per cent in the last years (surface and underground water bodies as well as the area of Lithuanian territory in the Baltic Sea make up around 413 sq kilometres. However, only 40 per cent of wastewater is treated according to the established norms (data of 2005) since the majority of wastewater treatment facilities are physically outdated. Existing water supply networks are worn out (some of them are 50 or 70 years old) and need renovation. Otherwise, the quality of centrally supplied drinking water will not be ensured, which might increase the risk to public health. The industrial enterprises' consumption of energy, raw materials and water per production of GDP unit is 1.5 - 2 times higher than the average in EU member states.

The amount of emissions into the air from stationary sources decreased by around 60 per cent over the last decade, however, automobiles, the majority of which in Lithuania are still over ten years old, outdated and inefficient traffic control systems as well as the lack of bypasses increase urban air pollution and noise, especially in the central parts of the cities. There are no repositories of natural gas and only one source of gas supply is used (it provides 90 per cent of gas) which poses a threat that the reduction of gas supply or the increase in gas prices will encourage the use of a more polluting fuel. Energy use and air pollution per production of one GDP unit in Lithuanian is up to 2 times higher than in other EU member states.

The annually generated non-hazardous and hazardous waste amount to 3.5 million tons and 110 million tons respectively. The majority of waste is disposed of in landfills, the municipal waste management system is insufficiently developed, and most of the currently operating landfills do not comply with environmental requirements. Threat is also posed by hazardous household waste, which is frequently disposed of together with non-hazardous waste. During the implementation of Lithuanian National Pesticide Waste Management Programme for 2002 - 2005 1,023 tons of old pesticides were exported to Germany for neutralization (57 old pesticide repositories were cleaned and neutralized). However, problems related to the management of voltaic batteries, medical waste, and hazardous industrial waste are not yet completely solved.³

³ Resolution of the Seimas of the Republic of Lithuania on *Approval of the Ecological Security Assurance Programme*, Official gazette *Valstybės žinios*, No. 117-4226, 01/10/2005.

The largest sources of radionuclide pollution in Lithuania are the Maišiagala Radioactive Waste Storage Facility and Ignalina Nuclear Power Plant (INPP). Technical accidents and natural phenomena, which have a negative impact on the environment and human health, are recorded every year. There are over 930 potentially dangerous objects and 465 hydrotechnical constructions in the state. Up to 140 incidents are registered every year, 50 of which are considered extreme (most frequently the accidents occur during the transportation or storage of chemical substances, oil and its products). During the drought over 1,000 peat bog, peat grassland, and forest fires are registered, forest areas damaged by pests and diseases are constantly detected and due to active karstic processes up to 70 new sinkholes appear in the karst region of Northern Lithuania every year. Due to global climate change, natural disasters and calamities such as floods, earthquakes, droughts, etc. become more frequent and cause damage to the environment, people, and economic growth of the state. Every year great floods inundate large areas in the lower reaches of the river Nemunas.

The chemical industry is one of the largest and most important EU economy branches which develops necessary products for other sectors and makes strong contribution to the EU economic development. The current EU regulation of the use of chemical substances is criticised as being unfavourable to economic growth, hindering innovation and failing to ensure effective control of threats posed by chemicals. The current threat evaluation process lasts a long time and the annual evaluation comprises only some of the substances. At the moment more attention is paid to threats posed by newly appearing substances rather than those currently available in the market (the new substances are considered to be those that came onto the market in 1981 – around 3,000 types of substances; the number of chemicals that were begun to use before 1981 is over 100 thousand). The introduction of Registration, Evaluation, Authorization and Restriction of Chemical Substances (the REACH system) will ensure the protection of human health and the environment from the damaging impact. This system will impose the same requirements for all chemicals substances. Before producing and supplying the substances to the EU market manufacturers and importers will be required to evaluate the possible risks from chemicals and to provide for the means of their elimination.

2. Conservation of Natural Resources: Guarantee of Ecological Security and Sustainable Economic Development

The conservation of natural resources is understood as the use of resources with respect to environmental, economic, and social objectives of society by opening up possibilities to achieve global welfare for the current and future generations without crossing the permissible environmental impact limits. Thus, it is necessary to create favourable conditions for the rational use, protection, restoration, and increase in the abundance of natural resources. In order to ensure economic development, it is necessary to conserve natural resources – the increase in volume of goods and services must be twice as rapid as the use of natural resources for their development. Although Lithuania has formed a legal and economic basis for encouraging the conservation and protection of natural resources, reduction of the environmental impact, increase of energy efficiency and the use of renewable energy resources, the environmental quality, however, still does not meet the requirements for the sustainable economic development.

Water resources determine the possibilities and conditions for the economic development. Water is the key factor, which is responsible for the state of ecosystems, therefore, water quality security remains one of the most crucial conditions for ensuring both the national, and ecological security. Around 64 per cent of Lithuania's surface water bodies are affected by anthropogenic activities. The surface wastewater (rainwater) management infrastructure is poorly developed, thus, large amount of this wastewater remains untreated and goes to surface water bodies which has a great negative impact on their state.

Underground water as one of the earth entrails resources is the main source of drinking water in Lithuania; therefore, its protection is one of the main means for ensuring ecological security. Groundwater is poorly protected from the anthropogenic impact and is mainly affected by non-point source pollution. Drinking water quality is especially relevant in the countryside areas where people use water from dug wells. Around 1 million of Lithuanian residents use water from dug wells that is frequently polluted with nitrates and poses a risk to human health.

The Constitution of the Republic of Lithuania stipulates that the right of ownership of the entrails of the earth exclusively belongs to the state which emphasizes the importance of the earth entrails resources to the national life. The abundance in mineral resources and abilities to use them determines the rate and extent of the state's development as well as life standards. Lithuania has explored in detail 17 types of mineral resources, 9 types of which (limestone, dolomite, sand, gravel, clay, chalky marl, sapropel, and oil) are being used. The guide value of explored mineral resources made up LTL 56 billion in 2006. These mineral resources are mainly used in the construction materials industry and road development and are among the most important world's

mineral resources according to their consumption (22 million tons, which is the largest amount consumed among all resources) and economic value (according to it they are out topped only by oil, gas, and coal). There is a threat that the development of the construction business will result in a further increase in the amount of mineral resources per capita (the current amount is around 4 tons per capita) which may achieve the level of the industrial countries (20 tons per capita) and thus, threaten both national, and ecological security.

The Lithuanian forest resources are sufficiently balanced so as to satisfy the public needs and foster forestry development. Forests now cover around 2.12 million ha (32.5 per cent) of the state's territory and the area of forests has been constantly increasing in the last years. However, Lithuanian forests are every year affected by various factors. In order to minimise the damage done by fires, the national system of forest fire prevention measures has been developed and maintained, however, due to unpredictable human activities which poses threat to the natural environment, it becomes increasingly difficult to prevent fires and protect the environment from the consequences.

Fish resources are among the crucial food and recreation resources. Lithuania's sea fisheries include the Atlantic Ocean and the Baltic Sea. The total amount of fish caught in these waters make up around 150 thousand tons, although the annual fishing quotas for Lithuania imposed by the EU Council are set at around 30 thousand tons. Due to the underdeveloped fishing infrastructure, growing fuel prices, unstable fishing partnership with third countries, and diminishing resources of certain fish species only half of the set amount is caught. The supply of fresh fish does not meet the demand of the state's customers.

Natural environment resources, i.e. biodiversity and natural landscape, as the key recreation resources that form the basis for healthy living remain among the most crucial resources of Lithuania. Biodiversity is threatened by the changing farming methods both in agricultural, and forestry sectors and the growth of invasive species. It is highly important to protect the shore of the Baltic Sea, since global climate change, rise of the ocean level, and diminishing sand resources cause shore erosion. The development of the Baltic Sea shores is greatly influenced by the growth of sea industry which has a negative impact on the shore formation processes.

Lithuania imports around 90 per cent of their primary energy. One of the most important reasons for the inefficient use of energy resources in Lithuania is that the majority of public buildings have poor thermal characteristics and their heating requires great amount of energy. The use of ecologically clean renewable energy resources, such as geothermal energy (i.e. heat energy produced in the entrails of the earth) and wind energy, for heat and electricity production is still insufficient.⁴

The major task which has to be accomplished in order to meet national

⁴ Resolution of the Seimas of the Republic of Lithuania on the *Approval of the Programme of Conservation of Natural Resources*, Official gazette *Valstybės žinios*, No. 30-1095, 10/03/2007.

security requirements in the face of the risk to ecological security is to ensure sustained and rational use, protection and increase in the abundance of natural resources that are crucial for the functioning of the state by creating conditions for sustainable economic development.

3. Sources of Threats to Ecological Security and Environmental Protection Measures

Threats to ecological security may arise due to the following causes:

- Technical causes (e.g. an accident in the Ignalina NPP, accidents in nuclear power plants of the neighbouring countries, accidents in companies, storages or other buildings where hazardous chemical substances and preparations are produced, processed, stored, or their waste is treated, fires in potentially explosive objects, accidents occurring when transporting radioactive or other hazardous chemical substances, preparations or their waste, gas main accidents, collapse of hydrotechnical constructions, oil extraction in the Baltic Sea);
- Natural causes (e.g. disastrous catastrophic hydrometeorological phenomena, geologically hazardous phenomena, widespread forest and peat-bog fires, surge of plant vermins);
- Social causes (e.g. spread of dangerous contagious diseases or endemic sources of contagious diseases).

These threats may in turn cause damage to Lithuanian residents, fauna, and flora as well as pollution of the air, water, and soil. Thus, ecological security is a set of actions and measures for ensuring healthy and clean environment, minimum negative impact on the environment and human health and prevention of damage to people and the environment. Therefore, what we must accomplish in the field of water protection is to upgrade and expand the existing wastewater treatment facilities as well as construct new facilities meeting the EU requirements, renovate the sewage collection system, upgrade an infrastructure of the public drinking water supply networks, implement necessary technical and institutional measures in order to supply population with healthy drinking water and upgrade a system for water resource monitoring, laboratory analysis, data collection and assessment.

The objectives in the field of atmosphere protection are to reduce the greenhouse gas emissions into the atmosphere by introducing the system of pollution permits, introduce the latest technologies in large combustion plants and use facilities for treatment of combustion products, establish a system of vehicle pollution control, enforce economic and administrative measures to control pollution from the transport sector and introduce a model based system of air quality monitoring.⁵

⁵ Press release of the Ministry of the Environment of the Republic of Lithuania: *Climate Change and Lithuania*, http://www.am.lt/VI/article.php3?article_id=6161,03/09/2007.

What needs to be done in the waste management sector is to close landfills that are not in compliance with the EU requirements and to establish modern regional municipal waste management systems, to establish a hazardous waste utilization system ensuring safe to environment and human health handling of hazardous waste, prepare a programme for energy production from waste and start implementing this programme, introduce up-to-date spent nuclear fuel treatment and storage technologies and explore possibilities for underground disposal of radioactive waste and to develop a radioactive waste management infrastructure based on modern technologies.

The objectives in the field of emergency management are to evaluate the preparation of the responsible state institutions to react to emergency situations and improve this preparation, increase the efficiency of forecasting droughts and floods in the lower reaches of the river Nemunas, establish seismic stations and carry out the seismic analysis of Lithuania and seismic division into districts, ensure proper use and maintenance of hydrotechnical constructions of dams; prepare preventive measures against forest and peat bog fires, investigate underground karstic cavities and draw a map of such cavities of the karst region of Northern Lithuania, ensure ecologically safe urban development with respect to karstic phenomena, improve the expedition and efficiency of eliminating the effects of emergencies, etc. By adopting preventive measures, this ensures the proper control of sources posing potential threats to ecological security.

4. Assurance of Radiation and Nuclear Safety

The priority Lithuania's national security trend in 2006 was protection against radiation risk by ensuring nuclear and radiation safety and preventing possible terrorist attacks, illegal movement of nuclear and radioactive substances as well as unsafe operation or decommissioning of Ignalina NPP. The implementation of the PHARE project - Strengthening of Emergency Preparedness for Nuclear and Radiological Accidents in Lithuania - was completed in 2006, during which the legislative acts on emergency preparedness were reviewed with a view to avoid an ecological catastrophe, i.e. to ensure ecological security. During the implementation of the project information publications on how to act during radiation accidents were published in the Lithuanian and Russian languages, technical preparedness was improved and training methodology was developed. In 2006 the measurement equipment of radiation risk alert system (RADIS) was renovated. Moreover, the third Ignalina NPP Safety Improvement Programme (SIP-3) was prepared, which consists of 115 safety improvement measures that will be implemented in the period of 2005 - 2009.

One of the projects that required much funding was the preparation for moving not completely burnt nuclear fuel from the first block to the second block of the Ignalina NPP, the construction of which was completed in 2006.

The SIP-3 programme pays much attention to the improvement of physical safety of the NPP, new safety means are being acquired and introduced.⁶

In order to ensure radiation safety when managing radioactive waste, the strategy on radioactive waste management is being implemented which provides for the objectives of radioactive waste management infrastructure development and the operational programme of the State Enterprise Radioactive Waste Management Agency for 2006-2008. In 2006 the implementation of the PHARE project Assessment and Improvement of the Safety of the Maišiagala Repository, designed for the improvement of the safety of Maišiagala radioactive waste disposal site, was completed. The pile of radioactive waste was covered with a special set of additional coverings, new security fences were built and physical protection equipment was installed. Constant environmental monitoring of Maišiagala radioactive waste repository located in Bartkuškis Forest of Širvintos Region is carried out. Having performed geological examination and monitoring of the potential site of a near-surface repository in the territory of Ignalina NPP the exploration of Stabatiškės site was completed and the report on the environmental impact assessment, which includes Apvardai, Galulauké and Stabatiškės sites, was prepared and approved by relevant state and intergovernmental institutions.⁷

It can be stated that Lithuania has properly established the legal framework for the radioactive waste management, properly arranged works of the decommissioning of the Ignalina NPP, approved the national strategy on radioactive waste management and its implementation scheme and developed a system for managing the lost radioactive sources. However, much work is still to be done: it is necessary to choose a place for a near-surface repository, to design and construct it, ensure the implementation of the decommissioning plan and the provision of the necessary funds, improve the safety of the Maišiagala radioactive waste repository, continue co-operation with the neighbouring countries regarding construction of nuclear energy objects, and to implement recommendations of the International Atomic Energy Agency (IAEA) by developing the process of choosing places for repositories and their construction.

How are we going to improve nuclear safety in Lithuania? Europe has already reached the highest level of nuclear safety. European countries follow the nuclear safety requirements imposed by the International Atomic Energy Agency (IAEA), meet safety standards, follow other technical documents and apply advanced experience. In each country nuclear safety is ensured by the national legislation and requirements and efforts are made to achieve constant improvement of nuclear safety in the future. In 2006 a report on the harmonisation of nuclear safety of reactors was presented in Brussels. It was established

⁶ Press release of the Radiation Protection Centre: *Assurance of Radiation and Nuclear Safety*, 09/02/2005.

⁷ Press release of the State Nuclear Power Safety Inspectorate: *How are we Going to Improve Nuclear Safety in Lithuania?*, No. (21.4.11)22.1-360, 26/05/2006.

that 51 per cent of national requirements applicable in European countries meet the recommended standards. The European nuclear power plants have already implemented 88 per cent of the recommended standards and harmonisation of reactor safety regulation is to be finished by 2020.

5. Ecological Security Problems and Risk Factors

Atmospheric pollution by greenhouse gases is one of the major causes for the climate change and its minimization is a task for the whole international community. In the period 1990 - 2005 greenhouse gas emissions in Lithuania decreased by more than a half (from 48 to 22 million tons). Around 35 per cent of greenhouse gases are emitted by AB Mažeikių Nafta and other companies of the energy sector; transport contributes to 21 per cent of emissions and larger industrial enterprises, such as AB Achema, AB Naujasis kalcitas, AB Akmenės cementas and others are responsible for 22 per cent of emissions; the agricultural sector contributes to 18 per cent of greenhouse gas emissions, whereas the remaining part, i.e. 7 per cent, is emitted by waste management and water treatment plants. As compared to the great countries, the annual amount of greenhouse gas emissions in Lithuania make up only a small part, i.e. 0.05 per cent of the global amount. The USA is responsible for 20 per cent of the world's greenhouse gas emissions, which means that the amount of emissions in this country makes up 25 tons per capita, whereas the emissions in the EU and Lithuania amount to 10 and 4 tons per capita respectively.

As well as other 164 countries Lithuania has ratified the Kyoto Protocol to the United Nations Framework Convention on Climate Change and follows the requirements set out therein. According to the Protocol the EU committed to reduce its emissions of greenhouse gases by 8 per cent below 1990 levels until 2012. One of the most acceptable measures for reducing greenhouse gas emissions in the country is energy saving by introducing new technologies in the production sector, modernizing power plants and boiler houses, more broadly using renewable energy resources and renovating apartment buildings with a view to increase their energy efficiency. When meeting the requirements of the Kyoto Protocol some problems might be encountered in 2009 when having decommissioned the Ignalina NPP more fossil fuel will be used for the production of electricity, which might increase the amount of greenhouse gas emissions into the atmosphere. With a view to implement the Apartment Residential Buildings Modernization Programme it is planned to renovate around 80 per cent (15 thousand) of old apartment buildings until 2020. This will allow saving around 30 per cent of heat energy and reducing greenhouse gas emissions into the atmosphere by up to 400 thousand tons per year. The negative impact of the global climate change on agriculture became more apparent in the last years, which increased the importance of managing the risk posed by these phenomena. The current risk management system based on

the reimbursement of insurance premiums and indemnification for damages incurred due to natural disasters is not effective.

The Greenhouse Gas Emission Trading Scheme (EU ETS), which is a measure for reducing atmospheric pollution, has commenced its operation in the European Union. 93 Lithuanian industrial enterprises were allowed to trade the saved pollution permits if they released smaller amount of pollutants into the atmosphere than had been allowed. The European Commission approved the National Tradable Pollution Permits Distribution Plan for 2005 - 2006, according to which Lithuania is allowed to emit 34 million tons of greenhouse gases during the period of 3 years (in 2005 the emissions quota was 13.5 million tons and Lithuania released only 6.6 million tons greenhouse gases; in 2006 the emissions quota was 10.6 million tons while the amount of actual emissions made up around 7 million tons).

A highly effective way to minimize the amount of greenhouse gases in the atmosphere is to increase forest cover. Forests absorb carbon dioxide and release oxygen which makes them the best air cleaners. Around 196 thousand hectares of abandoned land or land which is unsuitable for agriculture should be covered with forests. In the period between the years 2002 - 2006 the forest cover increased by 1.3 per cent and plans are made to increase it up to 3 per cent within the forthcoming 20 years. Such extraordinary phenomena as mushrooms or violets growing in forests in the middle of winter are related to climate change. In fact, climate change is responsible for around 90 per cent of all emergencies related to nature. In the future, global warming may cause heavy showers, long-term droughts and sudden thaws which in turn might change the soil structure. All this would have an enormous impact not only on the Lithuanian nature, but also on the economic and social development of the state as well as well-being of every person.

The impact of climate change will be most strongly felt by the coast of the sea. The current rate of the Baltic Sea level rise along the Lithuanian coast is 6.5 mm per year. This poses a threat that at the end of the 21st century the coastline will have significantly changed and not only the coast of the sea, but also a part of the coast of the Curonian Lagoon will be flooded. During the last decades such a threat has already been faced by the beaches at Palanga, the sand of which has been washed away and the ridge of the beach has been dramatically narrowing. The sea-level rise, storms and hurricanes will continue damaging the coasts and the beaches of the Baltic Sea, which will require great investments in coastline management. Scientists have to assess in a timely manner the impact of the climate change on the country's ecosystems, biodiversity, water resources, forestry and agriculture, as well as human health and other spheres.⁸

According to the opinion survey on global warming and climate change carried out among Lithuanian residents, large part of the population (49.5 per

⁸ Press release of the Ministry of Environment of the Republic of Lithuania: *Climate Change and Lithuania*, http://www.am.lt/V1/article.php3?article_id=6161, 03/09/2007.

cent) is willing to contribute personally to attempts to reduce climate change. 89.6 per cent of respondents acknowledge climate change as a problem and claim that this process is mostly caused by industrial pollution; 19.2 per cent of respondents hold an opinion that one of the most important factors responsible for climate change is transport pollution whereas only 7.7 per cent of energy specialists are of the same opinion. However, over one third of the population tend to assume that all factors equally contribute to the process, which is quite understandable since people experience warmer winters, irregular seasons, feel negative influence on animals, landscape, and sea environment.⁹ We could significantly contribute to well-being of future generations by saving energy, planting trees, using ecological means of transport, renovating apartments, participating in international initiatives on reducing climate change, using energy saving equipment and by at least occasionally going without automobiles.

The modern world is using more raw materials than ever before and in such great quantities that it frequently becomes quite difficult to justify this excessive consumption. The current energy supply is based on fossil fuel, the consumption of which has increased five times as compared to 1980 levels. Research shows that the global energy consumption tends to double which brings up a question about how long the reserves of fossil fuel will last and how the environmental protection problems related to the greenhouse effect will be solved. The global CO₂ emissions into the atmosphere amount to 22,000 tons per year and this amount keeps constantly increasing thus posing threat to global climate stability. The greenhouse effect is the main energy related problem of today. Due to a more rapid temperature change, ecosystems fail to adapt to the changing climate (global warming is pushing habitats towards the North) and organisms fail to migrate to more suitable climate zones so quickly. It is necessary to control this process in respect to the needs of the natural environment. There is no doubt that the minimization of CO₂ emissions is a costly process; scientists estimate that the costs of minimization will amount to USD 5 per ton, however, as compared to pollution minimization costs and with regard to irreversible consequences of pollution, this should hardly be discussed. The long-term prosperity of society can only be ensured by sustainable energy development, i.e. by ensuring that energy production and consumption regards economic, social, and environmental protection aspects and by replacing currently used energy resources with renewable energy resources. The use of renewable energy resources is especially relevant to Lithuania, since it lacks primary energy resources.

In 2006 the trends in change of ecological risk factors in Lithuania were similar to those of 2005. The risk factors which contributed to the change of the state's ecological condition in the field of the atmosphere protection included rapidly growing number of automobiles, inefficient city traffic control

⁹ Press release of the Ministry of Environment of the Republic of Lithuania: *Large Part of the Population is Willing to Contribute to Attempts to Reduce Climate Change*, http://www.am.lt/VI/article.php3?article_id=6158%20-%2014k,26/02/2007.

systems, and the lack of bypasses, whereas the risks in the sector of water consumption safety were posed by worn out central water supply networks, insufficient quality of the drinking water and well water, as well as the great number of territories polluted by waste and landfills that do not comply with the EU requirements.

In 2006 the number of emergencies, which resulted in the pollution of the environment increased. Among the most notorious emergencies two disastrous fires should be mentioned: the Curonian Spit fire during which over 250 hectares of dwarf mountain pine forest was burned and the fire which broke out in the territory of AB Mažeikių Nafta. In 2006, 305 people were killed in fire in Lithuania. This rate is one of the highest among the EU member states and tends to increase. The number of accidents and incidents during which only small damage to the environment was done also increased: in 2005 87 incidents were registered, whereas in 2006 their number amounted to 102. In the majority of cases (61 of all cases) these incidents were related to oil products and chemical substances.

The meteorological conditions, such as the lack of rain, high air and soil temperature, and great solar radiation inflow, which prevailed in summer 2006, caused drought in many Lithuanian regions. Severe drought settled over 1/3 of the state's territory which posed extremely great forest fire risk and caused surface water bodies to sink which causes concern since droughts tend to break regularly and have become more frequent in the last years.

6. Instance of Assessing the Primary Environmental Pollution at the Place of Emergency or Accident

On 15 September 2006, after midnight, a fire broke out in Molėtai tire storage facility. Specialists took air samples in the place of an accident in order to estimate the concentration of volatile organic compounds. Air samples were taken at a 30 and 300 metre distance from the burning storage at the leeward side and analysed in the laboratory. It was established that the concentration of ethylbenzene in the samples taken at a 30 metre distance from the fire exceeded the maximum allowable concentration (MAC) from 2.5 to 5.5 times. The concentration of other compounds, such as benzene, toluene, and 1,2,4-trimethylbenzene, the MAC of which was established in the Lithuanian hygiene norm HN 35:2002, did not exceed the allowable quantities. The concentration of pollutants in the samples taken at a 300 metre distance did not exceed the MAC.

According to the data of the Lithuanian Hydrometeorological Service, at the night of 15 September the weather in Lithuania was determined by the high pressure area which brought no rain and only light variable wind. During the

inspection of the place of accident east and northeast wind blowing at the speed of up to 1 m/s was measured nearby the source of fire. Such weather conditions prevented the dispersion of pollutants. The tire storage was situated in the outskirts of Molėtai, which also blocked the dispersion of hazardous substances over the town. Thus, conclusions may be drawn that near the source of fire the concentration of ethylbenzene exceeded the MAC, whereas the concentration of volatile organic compounds measured at a 300 metre distance in the leeward side did not exceed the maximum allowable concentration. Therefore, there was no need to monitor the air of the environment after the fire was extinguished and the source of pollution was eliminated. However, it would be difficult to imagine the ecological outcomes and the extent of threat to human health in case the weather conditions were favourable to the dispersion of pollutants over the town. Failure to ensure ecological security might cause great damage to the living environment.¹⁰

7. Ecological Insurance: A Means for Minimizing the Risk

Ecological risk insurance is currently understood as a legal relationship based on a law or a contract, the essence of which is financial reimbursement to third persons (either natural persons or legal entities) for the economic damages incurred due to certain accidents that caused emergency and unexpected environmental pollution. Ecological insurance is only possible in case there is a sufficient number of policyholders who might incur such damages and want to reduce the risk of possible losses by building up corresponding insurance funds and in case there are insurance companies that are willing to insure the risk. Twenty years ago neither in theory nor in practice, bank and insurance operations provided for the ecological risk. The World Bank was the first to raise the issue of ecological security in 1980s. The rate and extent of raising ecological awareness became one of the most important areas of banks' competitive activities. Banks, insurance companies, and investment funds of the Western countries rationally adapted their activities to the requirements of the changed market situation and began to direct their efforts towards the rapid increase of ecological investments, development and introduction of new bank products related to environmental quality maintenance, and to emphasize ecology as a motive for their activities. There is no doubt that ecology will be that factor which will give an impetus for quality changes in the banking sector and the processes of obtaining environmental benefits and environmental quality maintenance will become increasingly important objectives of banking institutions.

¹⁰Note of the Ministry of Environment of the Republic of Lithuania on *the Assessment of the Primary Environmental Pollution at the Place of Emergency or Accident*, <http://aaa.am.lt/VI/files/0.608884001158740632.doc>, 15/09/2006.

The market of banking services is closely related to the market of insurance services and thus, insurance companies have quickly reacted to the increased relevance of ecological problems and the increased value of environmental dimensions. The environmental damage insurance has now become a separate type of insurance which covers any activity by combining separate insurance policies. Through the provisions of insurance contracts the insurance sector greatly influences safe activities of the companies directed towards environmental protection. The financial liability for environmental damage has greatly increased during the last decade. It now includes paying cleanup costs, liability for damage to persons or property, reimbursement for legal representation costs, losses incurred due to temporary suspension of business, decrease in third party's property value due to the impact of pollution, and contract liabilities. This type of insurance has become more easily available.¹¹

8. Eco-Labeling: A Preventive Measure for Ensuring Ecological Security

Eco-labelling is a method for certifying those products and services that cause less damage to the environment and health, than other products and services of the same group. Consumers can recognize such products from an ecolabel, i.e., a graphic symbol on the product's label, advertisement, etc. Labelling is not obligatory; it is a voluntary choice of producers, importers, or sellers. In order products could be marked with ecolabels, they have to meet certain requirements. Eco-labelling contributes to environmental pollution minimization and protects health (ecolabels are attached to the products that are made using raw materials and technologies that cause less air, water, and soil pollution and produce less waste; these products and their waste cause no harm to human health and the environment). Eco-labelling also saves natural resources, since the established criteria consider the possibilities of waste management and secondary use as well as the amount of packaging. Moreover, when manufacturing and using the labelled products, less electric power, water and smaller amounts of other resources are used. Eco-labelling allows consumers a possibility to choose products and services that cause less damage to the environment and thus, contribute to the minimization of harm done to the environment and health. It also boosts the competitiveness of industrial enterprises: it contributes to the reduction of energy and raw material consumption per production unit, thus, enterprises can increase their productivity, whereas smaller environmental taxes also reduce cost price of production. Great favour of consumers shown to the environment and environment friendly products open up new possibilities to the companies. This tendency is not yet very clear in Lithuania but in the EU old-timers, where much attention is paid to the

¹¹ Čiegis R., (note 1)

protection of the environment, only the companies that take the above criteria into consideration can get into and successfully compete in the market.

It is necessary to mention the producers' duty to ensure product safety. Products supplied to the market have to be appropriately labelled and provide consumers with all the necessary information so that they could assess the product related risk which might be faced during the whole term of use. Having found out that a product is not safe, a producer immediately informs consumers about it and undertakes to remove the product from the market according to the established procedure and to reimburse consumers for the damage incurred due to the use of an unsafe product. The Law on Product Safety of the Republic of Lithuania establishes general requirements for regulating and carrying out the inspection of product safety, the principles of state and public control of product safety, the procedure for providing and communicating information about dangerous products, and the duties and liability of producers, sellers and suppliers of services for placing dangerous products on the market of the Republic of Lithuania.¹²

9. Tasks, Implementation Measures and Expected Results of the Ecological Security Assurance Programme

The objectives set down in the National Ecological Security Assurance Programme, are to reduce ecological risk, prevent the negative impact on the environment and to set the national priorities in the sphere of prevention of emergencies. In order to implement the above objectives, it is necessary to ensure ecological security by securing sustainable economic development and to reduce the negative impact of an emergency on the environment and residents. Improving emergency preparedness, making up the set of financial, technical and other measures for the forecast and management of emergency situations, and adopting legal and institutional measures for encouraging the use of safer (less environmentally hazardous) ways of production and introduction of technologies, will allow the successful implementation of the EU requirements in the sphere of pollution prevention. Collection and analysis of reliable information and its timely disclosure to the public will encourage the cooperation with neighbouring countries in the spheres of ecological security and pollution prevention and legal and institutional conditions for mutual coordination of actions of the responsible institutions will allow ensuring ecological security.

The programme implementation measures in the field of water protection are related to modernization of wastewater treatment facilities, the development

¹² Environment Information Centre, *Eco-labelling*, <http://www.apicentras.lt/?pid=93>, 2007.

of the infrastructure of the public drinking water supply network and the improvement of the system for water resource monitoring, laboratory analysis, data collection and assessment. The objectives in the field of the atmosphere protection are to reduce the greenhouse gas emissions into the atmosphere, introduce the latest technologies in large combustion plants and use facilities for treatment of combustion products, establish a system of vehicle pollution control, enforce economic and administrative measures to control pollution from the transport sector and introduce a model based system of air quality monitoring.

What needs to be done in the waste management sector is to develop modern regional municipal waste management systems and to close landfills that are not in compliance with the EU requirements. It is necessary to establish hazardous waste collection and management systems, which would ensure save to environment and human health handling of hazardous waste, prepare a programme for energy production from waste and start implementing this programme, introduce up-to-date spent nuclear fuel treatment and storage technologies and explore possibilities for underground disposal of radioactive waste and develop a radioactive waste management infrastructure based on modern technologies.

The objectives in the field of emergency management are to evaluate the preparation of the responsible institutions to react to emergency situations, increase the efficiency of forecasting droughts and floods in the lower reaches of the river Nemunas, establish seismic stations, ensure proper use and maintenance of hydrotechnical constructions of dams; prepare preventive measures against forest and peat bog fires, investigate underground karstic cavities and draw a map of such cavities of the karst region of Northern Lithuania, ensure ecologically safe urban development with respect to karstic phenomena, prepare investment projects for preparedness to react to accidents in the Baltic Sea, to carry out an additional assessment of the environmental impact of operation of oilfield D-6 facilities, etc.¹³

Having implemented these programme measures, the state will be properly prepared to ensure maximum ecological security, will adopt preventive measures and will properly control the sources posing potential threat to ecological security.

10. The Civil Protection and Rescue System of the Republic of Lithuania and its Objectives

The aim of the Civil Protection and Rescue System is to prepare the public for emergency situations, i.e. to ensure smooth transition from ordinary

¹³ Resolution of the Seimas of the Republic of Lithuania on *Approval of the Ecological Security Assurance Programme*, Official gazette *Valstybės žinios*, No. 117-4226, 01/10/2005.

activities to behaviour under emergency circumstances and to minimize the economic losses incurred by the state in case of emergency situations, to save lives, maintain human health, protect property and the environment, to foster the initiative of the public in these areas and enhance confidence in the activity of the civil protection and rescue system.

The Civil Protection and Rescue System of the Republic of Lithuania comprises the Government Emergency Commission, Fire and Rescue Department under the Ministry of the Interior of the Republic of Lithuania and its subordinate agencies, ministries, state and municipal institutions, fire prevention and other civil protection services of municipalities, economic entities and agencies, and the environment monitoring and laboratory control network

The tasks of the Civil Protection and Rescue System are as follows:

- To warn the population of the imminent emergency, inform of its possible effects and measures to respond thereto;
- To undertake emergency prevention;
- To organise the supply of the population with individual protection kits and collective protection equipment;
- To carry out the reconnaissance and marking of the hazard area;
- To extinguish fires and carry out rescue operations;
- To maintain public order in the disaster area and provide medical aid and carry out public health care in the event of an emergency;
- To evacuate the people and property from the territories at risk and carry out sanitary treatment and other decontamination measures;
- To organise provision of the victims with temporary accommodation and supplies and make arrangements for the burial of the dead;
- To organise the restoration of disrupted provision of essential municipal services and provide assistance to preserve vital establishments;
- To stockpile vital supplies;
- To train chief officers, personnel, civil protection and rescue system forces and the population in actions in the event of an emergency;
- To investigate and analyse the causes of disasters¹⁴.

In Lithuania there are a number of sources that can potentially cause the appearance of emergency situations, death of great number of people or damage health. These sources include the Ignalina NPP, over 250 objects related to dangerous chemicals, transportation of hazardous chemical substances, traffic system, oil industry and oil pipeline networks (the possibility of terrorist acts and diversions could not be dismissed either).

Emergency situations can appear because of:

- Natural causes, denoting drastic changes of climatic conditions causing natural disasters, widespread forest and peat-bog fires, geologically hazardous pheno-

¹⁴ Press release of the Fire and Rescue Department: *Civil Protection and Rescue System*, <http://www.vpgt.lt/index.php?-1847704799>, 2007.

mena, especially dangerous or mass epidemics

- Technical causes, denoting disorders of various technological processes which cause fires, explosions, discharge of chemical or radioactive effluents, collapse of buildings, transport, energy system, main pipe-line accidents of various types and other disasters likely to happen in industrial objects and communications systems;
- Ecological causes, denoting factors leading to changes in the condition of the land, composition and properties of the atmosphere, and the state of the hydrosphere;
- Social, denoting mass riots and disturbances, blockades, provocations, subversive activity, acts of terrorism, also military actions in the territory of the Republic of Lithuania or in a neighbouring state.

Emergency situations could also arise due to an accident in the Ignalina NPP, accidents in nuclear power plants of the neighbouring countries, nuclear explosions, accidents occurring when transporting radioactive substances (waste), accidents in companies, storages or other buildings where hazardous substances are produced, processed, stored, loaded or neutralized, railway, aviation, sea transport, and road accidents, gas main and oil pipeline accidents, factory fires and explosions, forest and peat bog fires, natural disasters, calamities and hydrological phenomena (such as strong winds, snowstorms, heavy mist, broken embankments, flooded cities and other residential areas).

Lithuania has developed and elaborated on an emergency management system, developed a computer information system of the Register of Hazardous Objects and Objects of State Significance, the aim of which is to collect information about the objects of the Republic of Lithuania and objects of state significance in a standard electronic format, to use this information and submit it as a basis for meeting civil protection objectives. The Register contains information on the objects of state significance (approved by Resolution No. 1343 of the Government of the Republic of Lithuania of 9 November 2001), hazardous objects (approved by the Order No. 221 of the Minister of Environment of the Republic of Lithuania of 19 July 1999) and hydrotechnical constructions, i.e., structures and facilities for using water resources and protecting the environment from the damaging impact (embankments, viaducts, hydroelectric power plants, navigation structures, etc.) and constructions causing flood threat. The managing and central institution which administrates the Register is the Fire and Rescue Department under the Ministry of the Interior of the Republic of Lithuania whereas the regional institutions responsible for the management of the Register are civil protection departments under county governor's administrations. The National Security Strategy approved by the Seimas provides for establishing a joint civil protection and rescue institution under the Ministry of the Interior of the Republic of Lithuania. The system is currently being developed.

11. The Prevention and Reduction of Environmental Pollution by Asbestos

Because of its qualities, such as resistance to chemical substances and fire, low thermal and acoustic conductivity, and asbestos was widely used for production of construction materials and other items (e.g. cement roofing sheets, non-pressure sewage pipes, and thermal insulation materials used in boiler houses and furnace ducts, asbestos cloth used for making fireproof clothing and production of various screens, electrical wire insulation, and brake pads and linings). As of 1961, 700 thousand tons of asbestos was used in Lithuania for making asbestos cement products. The majority of this amount was used for producing cement roofing sheets and pipes. Therefore, it can be stated that asbestos was used for nearly all roofs of Soviet buildings, boiler houses, and furnace ducts. Asbestos was imported to Lithuania from Russia. Following the EU requirements, on 1 January 2005 Lithuania banned the use of asbestos and its products. However, due to wide use of asbestos, its fibres released from damaged asbestos-containing products still pose a threat to public health. Since the information about asbestos-containing products, their deterioration, amounts, and areas most contaminated with asbestos is not systematically collected, it is difficult to estimate the scope of work to be done in order to remove asbestos from the environment, the required financing and to determine priorities of removing asbestos-containing products. In order to collect reliable data, it is necessary to employ qualified specialists who could be able to identify asbestos-containing products and assess the risk to public health posed by these products. According to the data of the national waste inventory, in 2004 around 3,000 tons of asbestos-containing waste was produced and disposed of in landfills, whereas in 2005 this amount made up 738 tons. Following the provisions of instructions for construction, operation, closure and maintenance of landfills, waste disposal in landfills that do not comply with the EU requirements will be prohibited as of 16 July 2009. After the closure of these landfills asbestos-containing waste could be disposed of in Vilnius construction waste landfill and in two regional landfills – Alytus and Kaunas (Lapės) landfills. It is planned to build separate sections for the disposal of asbestos-containing waste in these landfills; however, technical requirements for the disposal of asbestos-containing waste in landfills have not yet been set in Lithuania which does not allow ensuring safe management of this waste. The risk posed by asbestos is most severely felt by the workers who carry out building demolition and repair works and works related to removal of asbestos. Requirements for protection of workers against the risk posed by asbestos and preventive measures against potential risks to health are set down in the regulations of work with asbestos. Following the methodology on the asbestos fibre concentration in the air, the accredited laboratory measures the amount of asbestos in the air of work environment. General competence requirements for companies carrying out the works of demolition and elimination

of buildings in structures of which asbestos is found are also provided for the legal documents. The applicable legal acts still fail to ensure safe removal of asbestos-containing products from the air and safe management of asbestos-containing waste. Since workers are not sufficiently informed or educated about the risk to public health posed by asbestos and acquainted with requirements for safe work with asbestos, it becomes difficult for them to identify asbestos-containing products when carrying out construction or demolition works and thus, asbestos-containing waste is not separated from other waste and might go to waste disposal and treatment facilities. Companies pursuing asbestos related activities quite frequently do not follow the requirement set down in the regulations of work with asbestos, i.e. fail to inform the State Labour Inspectorate about the company's competence to carry out such works with respect to workers' safety and health and do not test the asbestos fibre concentration in the air of work environment.

Asbestos cement roofing is most commonly used in low-rise buildings in rural and regional areas where residents receive low income and do not have enough funds to replace this covering with non-asbestos roofing. Therefore, owners of apartment buildings and low-income families receive financial support for renovation of apartment buildings including roof overhaul and reconstruction. It is planned to make use of the financial assistance provided by the EU Structural Funds for this purpose. In order to boost energy efficiency of buildings and reduce energy consumption, the EU Structural Funds are to be used for financing the modernization of heat supply networks and renovation of apartment buildings where it is most needed as well as the renovation of public buildings. Nevertheless, this will only ensure removal of small amount of asbestos-containing products from the environment. Since the public is not sufficiently informed or educated about the risk to public health posed by asbestos and no mechanism for encouraging the removal of asbestos-containing products from the environment has yet been developed, residents, instead of using the services of companies that carry out asbestos removal works, tend to do such work by themselves and do not assign this job to qualified waste management companies.

Provisions for the prevention and reduction of environmental pollution by asbestos are applied to economic activities which involve the handling of a quantity of more than 100 kilograms of raw asbestos per year. Those who engage in such activities have to take the necessary measures to ensure that asbestos emissions into the air and asbestos discharges into the surface water bodies, are, as far as reasonably practicable, reduced at source. Solid asbestos waste has to be repeatedly recycled and processed or prevented altogether. Special requirements are imposed for the manufacture of asbestos cement, asbestos paper and card (e.g. all effluent arising in the manufacture have to be treated and reused by building circulating water supply systems). The monitoring of sources of asbestos pollution has to be done on a regular basis, i.e. the asbestos concentration at sources of pollution has to be measured according to the established order. The EU Council Directive on the prevention and reduction

of environmental pollution by asbestos (87/217/EEC) lays emphasis on the importance of prevention and reduction of environmental pollution. Since asbestos has been listed among the first-category pollutants to be investigated on the grounds of their toxicity and of their potentially serious effects on human health and the environment, the marketing and use of blue asbestos and products containing blue asbestos fibres have been restricted and special provisions concerning the labelling of products containing asbestos has been imposed. Provisions have been laid down on the protection of workers from the risks related to exposure to asbestos and measures and requirements for the combating of air pollution from industrial plants have been adopted. The EU member states should take the measures necessary to ensure that asbestos emissions into the air, asbestos discharges into the aquatic environment, and solid asbestos waste are, as far as reasonably practicable, reduced at source and prevented. Therefore, it is advisable to allow enough time in order the industrial plants could implement the imposed measures.

Having assessed the risk posed by asbestos on public health and the current situation of the use of the asbestos-containing products and their removal from the environment the Government of the Republic of Lithuania prepared the asbestos phase-out programme which defines the objectives, tasks, legal, administrative and economic measures for the programme implementation. The measures provided for in the programme have to be implemented by 2013. The amended legal acts on the removal of the asbestos-containing products from the environment will include a requirement for provision of information on the asbestos-containing products and their safe removal from the environment at the building design stage, will define technical requirement for the disposal of asbestos-containing waste in landfills and ensure safe removal of the asbestos-containing products from buildings under demolition or reconstruction. The system for licensing the companies carrying out asbestos removal works and improving worker qualifications will tighten the control of the removal of the asbestos-containing products and will minimize the risk posed by asbestos on workers' health. The implementation of public information and education measures will improve the informing of the public on the risk posed by asbestos and the public will have sufficient knowledge on how to handle the asbestos-containing products and will more frequently use the services of companies that carry out asbestos removal works. The evaluation criteria for the programme implementation will ensure more efficient use of the assistance provided by the EU Structural Funds.

If asbestos-containing constructions, structures and products are not disturbed, this material does not pose any great threat. The risk is faced when such structures or products are disturbed, broken or processed, which results in the release of minor invisible fibres into the environment. The inhaled asbestos fibres scar tracheal tissues, which causes lethal cancer illnesses. Due to the exposure to asbestos, around 20 thousand cases of death due to lung cancer are registered in the European countries and according to its noxiousness asbestos equals arsenic and quicksilver. As far as in 1976 the International Agency for Research on Cancer included asbestos into the list of possible carcinogens as a

noxious, cancer-causing material, however, many people are still exposed to asbestos and asbestos-containing products. Asbestos can be found in nearly all brake and clutch components of older means of transport, cranes, elevators, and other mechanisms, fire resistant walls and doors, paint and glue (used for tiles and floor tiles), ventilation equipment and pipelines (used as an insulation), heat and fire resistant textile products, microwave ovens, etc.

The EU Council adopted as many as eleven directives related to asbestos-containing products or waste. Due to great resistance of asbestos, human organism cannot discharge or dissolve it. Fibres that are longer than 8 micromillimeters and thinner than 1.5 micromillimeters are extremely hazardous since they can reach the farthest lung stems. Due to the wide use of asbestos in industry and domestic life, its fibres may be constantly found in the air of many places. Asbestos fibres can be detected in the lungs of nearly all people. The risk of illnesses caused by asbestos increases when a large amount of asbestos fibres are inhaled. Dust containing asbestos fibres is biologically aggressive. These fibres found in lung tissue cause uncontrollable proliferation of cancer cells. Illnesses caused by asbestos tend to progress, are lethal, and the first symptoms of such illnesses may be experienced only after 20 or 30 years. The Government of the Republic of Lithuania adopted a resolution on the restriction of import, production and use of asbestos and products containing asbestos which established the following:

- To ban the use of even or curly asbestos-cement slating sheets in residential houses and objects of social purpose as of 1 January 2001;
- To ban the use of even or curly asbestos-cement slating sheets in all newly built objects as of 1 January 2002;
- To ban the use of processed asbestos-cement fibre, mixtures containing large amount of asbestos and their products except for those used in civil aviation as of 1 January 2003;
- To ban the import of asbestos and production of asbestos-cement pipes and couplings as of 1 January 2004;
- Following the provisions of the EU legal acts to ban the marketing and use of asbestos-containing products and materials as of 1 January 2005 (Council Directive 1999/77/EC);
- As of 15 April 2006 the EU member states introduced tougher measures for the protection of workers from the risks related to exposure to asbestos at work (Council Directive 2003/18/EC amending Council Directive 83/477/EEC).¹⁵

Despite this legal progress the real problem of protecting people against the threat posed by asbestos when carrying out removal, demolition, maintenance and operation works still has to be faced.

¹⁵ Order of the Ministry of Environment of the Republic of Lithuania on *the Approval of Rules on Prevention and Reduction of Environmental Pollution by Asbestos*, *Official gazette Valstybės žinios*, No. 70-2081, 23/08/2000; Asbestos phase-out programme (draft), www.am.lt/VI/files/0.941625001178192576.doc, 2007.

Conclusions

1. Economic development has highlighted the global problems (poverty, military conflicts, etc.). These conflicts inflict environmental damage, and the damaged environment turn causes social conflicts. Therefore, in order to ensure ecological security, the occurrence of ecological problems should be analysed as the outcome of these processes occurring among the economic, social and environmental protection components of the state's development.

2. The main external threats faced by Lithuania remain momentary natural disasters, such as storms, lasting frost, downpours, strong winds, and fires breaking out in open areas. It is necessary to determine the preventive measures that would ensure possibilities for avoiding such threats.

3. The environmental quality still does not meet the requirements for the sustainable economic development. Wastewater treatment and management of the arising effluent still is a problem and the problem of specific waste management has not yet been solved. A central supply of drinking water is still not available to the majority of Lithuanian residents. Only effective use of the financial assistance provided by the EU Structural Funds can ensure that these problems will be solved. Therefore, it is necessary to develop administrative abilities to assimilate the financial assistance at all levels of the public administration.

4. The increase in the volume of goods and services must be twice as rapid as the use of natural resources for their development. Thus, it is necessary to create favourable conditions for the rational use, protection, restoration, and increase in the abundance of natural resources.

5. Sources of threats to ecological security have been defined but there is a lack of action and measures that would ensure preservation of safe and clean environment. Therefore, the state still faces risk to ecological security.

6. It is necessary to assess the effectiveness of emergency management. The responsible institutions are frequently only theoretically prepared to react to emergency situations; therefore, prevention training and education of the public starting at schools have to be set as programme measures in the strategic national documents. It is necessary to control sources posing potential threats to ecological security

7. In order to ensure radioactive safety during the treatment of waste, it is necessary to choose a place for a near-surface Maišiagala radioactive waste repository.

8. Economic, social, and environmental protection aspects should be taken into consideration when solving the issues related to energy production and consumption and replacement of currently used energy resources with renewable energy resources. The use of renewable energy resources is especially relevant to Lithuania, since it lacks primary energy resources. Therefore, it is necessary to comply with the state's strategic obligations in this area.

9. In 2006, the number of emergencies which resulted in pollution of the

environment increased. In the majority of cases these incidents were related to oil products and chemical substances. Therefore, it is necessary to strengthen the control of these activities, analyse the experience of the EU member states and apply their practical knowledge in Lithuania.

10. Ecological risk insurance has to become more easily available. Through provisions of insurance contracts the insurance sector should greatly influence activities of the companies directed towards environmental protection. By making use of the potential of business centres and associated business organisations it is necessary to encourage the business sector to insure ecological risk.

11. The safety of products supplied to the market is not ensured and the activities of the controlling institutions are too passive (they mostly involve the analysis of consumers' complaints). The strengthening of product safety control should be based on the principle of the producer's responsibility.

12. It is necessary to strengthen the monitoring of the implementation of ecological security programme measures by defining exact indicators and amending them if necessary. This approach would ensure a more effective use of budgetary funds.

13. The risks posed by asbestos and its products to human health are especially relevant. Practical problems related to the assurance of protection against the threat of asbestos during its management are still faced. It is necessary to develop a programme for encouraging and motivating the public to remove asbestos from the living environment.

14. In order to ensure the safety of all Lithuanian residents, it is necessary to coordinate the measures for ensuring ecological security at both national and municipal levels.

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