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Lect. Dr. Adrian CORPĂDEAN: adi_corpadean@yahoo.com

Lect. Dr. Horațiu DAN: dan.horatiu.sorin@gmail.com

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THE POST-VILNIUS EUROPEAN UNION'S EASTERN NEIGHBOURHOOD: TENSIONS, CRISES, PERSPECTIVES

Valentin Naumescu

Associate Professor, PhD

Faculty of European Studies

Babeş-Bolyai University Cluj-Napoca

Abstract: *The former “Eastern Europe” until 1989 became “Central Europe” and is now part of the North-Atlantic Alliance and the European Union. The new “Eastern Europe”, under the soft, Eurocratic name of “Eastern Neighbourhood”¹, laying from Belarus in the North to Azerbaijan in the South, switched from the status of Western frontier of the Soviet Union until 1991 to the one of a disputed “buffer zone” between Russia and the West. Formally, the six countries included in the EU programme of Eastern Partnership might have a European perspective, more or less realistic. Three of them have already signed and ratified the Association Agreements with the EU (Republic of Moldova, Georgia and Ukraine), while the other three member states (Belarus, Armenia and Azerbaijan) have not expressed this strategic option and remained, politically and economically, close to Russia. Moscow saw the political and economic process of the rapprochement between the West and the former Eastern European Soviet republics as an “aggression over its own specific interests”² in the region, as Foreign Minister Lavrov uses to say. My hypothesis affirms that the “Cold War II” (sometimes called “hybrid war”), accompanied with increasing economic pressures on Eastern European countries and manipulation of Russian ethnic minorities in the neighbouring states, was deliberately triggered by Russia in order to avoid the EU and NATO advance in the region and thus keep the West away from its European frontiers. Frozen conflicts are therefore “the best solution” for Russia to make Ukraine, Moldova or Georgia incompatible with the status of EU or NATO territories.*

This paper³ aims therefore to define some major regional opportunities, vulnerabilities and

¹ Details at European Neighbourhood Info Centre, <http://www.enpi-info.eu/index.php>, March 2014

² As an example, see RIA Novosti, “Lavrov says Russia Not Losing Battle with US for Influence in Europe”, September 13, 2014, <http://en.ria.ru/politics/20140913/192912612/Lavrov-Says-Russia-Not-Losing-Battle-With-US-for-Influence-in.html>, consulted in October 2014.

³ This presentation, delivered in the October 2014 colloquium in Cluj-Napoca, was subsequently extended, modified, updated and published in a different version as: Valentin Naumescu, “Introduction: The New

dilemmas in the post-Vilnius context, and explore the complex perspectives of the new Eastern Europe, under its current name of the EU's Eastern Neighbourhood.

Keywords: Eastern Neighbourhood, Eastern Partnership, Association Agreement, Russia, Ukraine.

1. Introduction: “Eastern Europe” - a fluid geopolitical concept

The region of Europe located between Germany and Russia underwent a process of repeated renames after the World War II. More or less, all successive labels assigned to this group of countries have had some ideological connotations. In other words, Eastern Europe was always politically defined. In a 2014 article, I detailed my understanding of how the pre-1989 Eastern Europe, based on the ideological perspective of the Cold War, became Central Europe after the NATO and EU successive enlargements, and how the post-Soviet European and South-Caucasus republics, once part of the Soviet Union, became the new Eastern Europe. (Naumescu, 2014, 90-93)

Before 1989, “Eastern Europe” was the generic name given in the West to the group of eight communist countries⁴ beyond the Iron Curtain, other than the Soviet Union which was treated distinctly. Geographically, it was not so accurate, since Prague for instance is on the West of Vienna. Altogether, the USSR and the “Eastern Europe” were forming the “socialist bloc”, rivalling with the Western bloc in the so-called Cold War.

As per Keith Crawford’s analysis, “from the Western viewpoint there was little difference between the various countries of Soviet-dominated ‘Eastern Europe’: they were all part of what former US President Ronald Reagan once called the ‘evil empire’. [...] So once they were freed from the yoke of Soviet occupation, they sought to distance themselves quickly from the idea of ‘Eastern Europe’, with all its previous, mostly negative connotations”. (Crawford, 1996, 1-2)

‘Eastern Europe’ and Cold War II” in Valentin Naumescu and Dan Dungaciu, (eds.) *The European Union’s Eastern Neighbourhood Today: Politics, Dynamics, Perspectives*, Newcastle upon Tyne: Cambridge Scholars Publishing, 2015.

⁴ East Germany (GDR), Czechoslovakia, Poland, Hungary, Romania, Bulgaria, Yugoslavia and Albania

The year 1989 brought the perspective of a new name that had to be assigned to the former “Eastern Europe”, once they succeeded to abolish their communist regimes and took distance from the Soviet Union led by Gorbachev. The new concept of “East Central Europe” (ECE) reflected both a desire to return to their Central European cultural identity but also to make clear that none of them is an appendix of the Soviet Empire, still existing at that time. The number of states increased from eight to thirteen: East Germany (GDR, which very soon disappeared after the German reunification in October 1990), Poland, the Czech and the Slovak Republics (after the split of Czechoslovakia, effective on January 1st, 1993), Hungary, Romania, Bulgaria, Albania and the six states emerged after the disintegration of Yugoslavia: Serbia, Croatia, Slovenia, Macedonia, Bosnia-Herzegovina and Montenegro.

The general claim of the former “Eastern European” countries to be considered part of the Central Europe (not of the Eastern Europe) had a number of historical, cultural and obviously political reasons. Milan Kundera, the famous Czech writer and dissident, explained them in an essay entitled “The Tragedy of Central Europe”, based on the idea that Central European countries were always closer culturally and spiritually to the West than to the East of the continent, but it was only the Iron Curtain and the Cold War that made them belonged to the “Eastern Europe”, against their popular will (Kundera, 1984).

After the dissolution of the USSR in 1991 and the proclamation of independence of the former Soviet republics, ECE was also meant to distinguish the “intermediate group” of countries (with non-Soviet history) from the ex-Soviet states such as Belarus, Ukraine, Republic of Moldova, etc. ECE was thus not including the former Soviet territory.

Between 2004 and 2013, 11 countries⁵ from East Central Europe joined the European Union and thus gained their full geopolitical place in Central Europe. After 2009, once the program of Eastern Partnership was initiated, a new “Eastern Europe” has appeared: the Eastern Neighbourhood of the European Union, represented by six former

⁵ Poland, the Czech Republic, Hungary, the Slovak Republic, Lithuania, Latvia, Estonia, Slovenia, Romania, Bulgaria and Croatia

Soviet republics: Belarus, Ukraine, Republic of Moldova, Georgia, Armenia and Azerbaijan. This is where our analysis starts from.

This is not just wordplay with the “West”, “Central” and “Eastern” Europe. It was actually a historical westernization of a long contested region of Europe located between Germany and Russia, entered in its second major phase: the absorption of the former republics of the Soviet Union in the Euro-Atlantic system. When the West first advanced to the East and extended NATO’s umbrella of security over 12 former communist countries (11 in the case of the EU), the former Soviet sphere of influence on the European continent has substantially shrunk. The sequence of several enlargements of NATO (1999, 2004 and 2008) and of the European Union (2004, 2007 and 2013) pushed the strategic, political, military and economic frontier of the West closer to the Russian territory but still kept a thin “buffer zone” between the two blocs.

2. The Eastern Partnership: integration without accession?

Launched in May 2009 at the Prague Summit⁶, the Eastern Partnership was meant to farther push the frontiers of the West to the East, through a quite ambiguous form of political and economic collaboration with six former Soviet republics, without any guarantee for future accession. President Putin saw this new step of westernization occurring in the redefined “Eastern Europe” as an “assault” against Russian strategic interests and decided to combat the process of rapprochement between these states and the European Union. The new EU attempt of pushing to the East, through the Eastern Partnership and the Association Agreements, faced this time the aggressive opposition of Moscow, especially in the case of Ukraine. The dramatic events in Kyiv in the winter of 2013-2014 were followed by the ousting of then-President Yanukovych and soon after by the severe military crisis of Crimea, in March 2014. It was the moment when we started speaking about the “second Cold War” (Naumescu, 2014).

⁶ See Council of the European Union, “Joint Declaration of the Prague Eastern Partnership Summit”, 7 May 2009, http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/er/107589.pdf, accessed March 2014.

When the Eastern Partnership has been launched, in 2009, it was supposed to be another success story of the European Union. The finality was nevertheless ambiguous even in the most optimistic scenario. In official terms it is mentioned that “the initiative aims at tightening the relationship between the EU and the Eastern partners by deepening their political co-operation and economic integration. The EaP neither promises nor precludes the prospect of EU membership to the partner states” (EaP, 2009). In simple words, that was an attempt of extending the European model of governance and the Western economic system over the six former USSR components, without giving them guarantees for future membership status. Nevertheless, this new possible wave of European integration faced the virulent opposition of Moscow. Despite high costs, limited capacities and lack of membership prospects, the EU Eastern Neighbourhood Policy continues to stir political and academic interest on the continent, while a change of approach is needed. More and more voices ask nowadays Brussels to review the Eastern Partnership and think to a European perspective for the EaP countries (Langbein and Borzel, 2014).

What is essentially explaining the new tension between the West and the Russian Federation amid the recent efforts of Ukraine, Republic of Moldova and Georgia to head for the Euro-Atlantic structures is a crystal clear declaration of Russian President Vladimir Putin, dating from his first term. “Above all, we should acknowledge that the collapse of the Soviet Union was a major geopolitical disaster of the century. As for the Russian nation, it became a genuine drama” (Putin, 2005) concluded the Russian leader in an official speech before the Parliament in May 2005, with regard to the historical end of the Cold War (I) and the disintegration of the communist super-power.

The enlargement of NATO and the EU towards Eastern Europe, including some former Soviet republics (Lithuania, Latvia and Estonia) as well as the subsequent tensions with an undaunted Russia, have been predicted long before the first waves of extension. In the mid ‘90s, when the US and Western allies were still hesitating regarding East enlargement, Zbigniew Brzezinski was anticipating: “some will say that the impotence to extend the Alliance could predict a Yalta II, that is a *de facto* recognition of a special sphere of influence of Russia on the territory of the former Soviet Union and Central

Europe. [...] Although a Yalta II is impossible today, according to Russia's state and new realities in Central Europe, only a clear manifestation of the US President will end the increasing temptation to treat in a populist form the relation with Russia and the future of Europe" (Brzezinski, 1995, 317). The similarities with the current situation, almost 20 years after that sharp and realist analysis made by Brzezinski well before the Madrid NATO Summit of 1997, are shocking indeed. With the single difference that the West frontiers have advanced meantime from the Berlin Wall to the so-called "Eastern Neighbourhood", we can add. The former Eastern Europe is now part of the Central Europe while the new Eastern Europe is represented by the six former Soviet republics included in the Eastern partnership.

The tensions in the Eastern periphery of the European Union arose with the occasion of the Vilnius EU Summit in November 2013. With the end of its five year term approaching, the European Commission wanted to present a major success story and also to prove full potential of the European Union to work with the Eastern European countries. From the total of six member states of the Eastern Partnership⁷ (EaP), at least four were credited in the early phases with real chances to continue the political and institutional rapprochement with Brussels: Ukraine, Republic of Moldova, Georgia and Armenia. Belarus and Azerbaijan were accepted in the program in order to have a complete image of the region (from the North of the continent to South Caucasus) but there were no consistent hopes to see them soon as associated members of the Union.

Among the six EaP member states, three countries are affected by frozen conflicts (not to mention the Nagorno-Karabakh frozen conflict between Armenia and Azerbaijan) and have Russian troops on their territories: the Republic of Moldova (Transnistria), Georgia (Abkhazia and South Ossetia) and, more recently, Ukraine which saw Crimea annexed by Russia, despite the fact that the international community does not recognize the territorial loss suffered by Ukraine. "Nobody was able to remove Russia from this territory", affirms the Romanian Presidential Adviser Iulian Chifu, "neither from

⁷ In fact, the program of Eastern Partnership numbers 34 states, given the fact that all 28 EU member states are part of it, but for the simplicity of the discussion we consider only the six non-EU countries.

Abkhazia, nor from South Ossetia or Transnistria. [...] All this ‘because we can’, ‘because you cannot make us leave’, or ‘because nobody could prevent us from staying there’” (Chifu, 2014, 15). In other words, Moscow makes use of the *fait accompli* policy in the region.

The beginning of the fall of 2013 revealed a first unpleasant surprise for the Western leaders: Armenia unexpectedly chose to follow Moscow and enter the Customs Union with Russia, Belarus and Kazakhstan. “We have...held a detailed exchange of views on issues of Eurasian integration, and I confirmed Armenia's desire to join the Customs Union and to join in the formation of the Eurasian Economic Union” said the Armenian President Serzh Sargsyan, after a meeting with Russia’s Putin in September 2013 (The European Voice, 2013). The short list of potentially pro-European Eastern countries has thus shrunk to three: *Republic of Moldova, Georgia and Ukraine*, less than three months before the Vilnius Summit.

The other two reluctant EaP member states, namely Belarus and Azerbaijan, went with Russia from the early phases of discussions. It was therefore no surprise to see Minsk and Baku (the northernmost and the southernmost capital cities of the EaP program) staying away from the perspective of initialling the Association Agreements (AAs) with the European Union. The former is an autocratic regime with a very strong pro-Russian orientation, while the latter used to be a pro-West (especially pro-US) country, recently disappointed by the lack of interest for its strategic potential showed by the United States. “In Azerbaijan you listen to their desire to be friends with the United States and bewilderment of American indifference. [...] They feel let down by the United States and they are” (Friedman, 2013) noticed the American strategist George Friedman in his June 2013 Stratfor analysis.

The biggest drama at Vilnius was by far Ukraine, while the Republic of Moldova and Georgia were very firm and enthusiast in initialling their AAs. President Yanukovych of Ukraine seemed for a few months before the Vilnius Summit committed to go with the EU. A pro-European public campaign has been launched by the regime of Kyiv during the months of the 2013 summer and early fall. In fact, Ukraine was even more advanced than

Georgia and the Republic of Moldova from this perspective, given the fact that Ukraine has initialled the AA in the past and it was in the process of signing the documents.

Starting with the fall of 2013 Russia began to put economic pressure on pro-European countries preparing to sign/initial the Association Agreements, especially on Ukraine and the Republic of Moldova (The Economist, 2013). For instance, the Moldovan wines were banned on the Russian market (EU Observer, 2013). Ukraine was notified over the 20 billion debts to Russian economy and banks, part of it owed to the giant Gazprom. The winter was quickly approaching and, ironically or not, the Russian meteorologists were predicting the harshest winter in the past 100 years...

After a discrete Putin-Yanukovych meeting at a Moscow military airport in early November, the Ukrainian leader announced that he won't sign the Association Agreement with the European Union at Vilnius Summit and will turn politically and economically to Russia. The failure of making the deal with Ukraine stirred an angry riposte of some European media and analysts, considering the ineffectiveness of the German led EU strategy on Ukraine. Many voices blamed the rigid "Free Tymoshenko" clause imposed by Berlin to Yanukovych as an unrealistic and exaggerated one (the EU only dropped this condition during the days of the Summit) and also criticized the lack of a substantial financial support granted to Kyiv ahead of a difficult winter.

The Europeans were obviously dissatisfied with the Vilnius results. Criticism hit especially the negotiation strategy. "The inability of European bureaucrats to keep up with the Kremlin's manipulations – or Kiev's political calculations – has cost the EU a trade deal with Ukraine, and severely damaged its foreign policy. [...] The EU offered cooperation, free trade and financial contributions in exchange for democratic reforms. Officials in Brussels spoke enthusiastically about the emergence of an historic Eastern European policy not unlike former German Chancellor Willy Brandt's rapprochement with the Warsaw Pact countries in the 1970s. [...] The EU's other goal, even though it was not as openly expressed, was to limit Russia's influence and define how far Europe extends into the East. For Russia, the struggle to win over Ukraine is not only about maintaining its geopolitical influence, but about having control over a region that was the nucleus of the Russian empire a millennium ago. This helped create Cold War-style grappling between Moscow

and Brussels” (Der Spiegel, 2014) concluded the influential German publication in the aftermath of the devastating Kyiv announcement.

The episode of Vilnius ended thus with a demi-failure of the European Union and its Eastern Neighbourhood Policy. Only two out of six countries decided to get closer to Brussels. The biggest stake at Vilnius, as it was unanimously appreciated, namely Ukraine, was eventually among the reluctant European states. The failing Eastern Neighbourhood Policy, in the light of poor Vilnius Summit results, was extensively presented in a Report of the French Senate’s Commission for European Affairs, in December 2013, as a major malfunction of the relations between the European Union and the Russian Federation (The Senate of France, 2013).

Looking back to the Vilnius Summit of November 2013, it is difficult to consider if a different negotiation strategy in relation to Yanukovych could have led to a positive decision. Probably not, I suppose. With or without the requirement of releasing Yulia Tymoshenko from prison, then-President Yanukovych would still not sign the Association Agreement. The main reason for not going with Brussels was probably the Kyiv regime’s fear that Ukraine couldn’t resist in the next months to Russian increasing economic pressures, amid its massive debt to Gazprom and Russian banks.

A few days after the Vilnius Summit, when President Putin publicly promised a bailout of 2 bn. Euro for Ukrainian economy and any hope for a European perspective seemed lost, virulent protests started in Kyiv’s “EuroMaidan” and, soon after, in many Western Ukrainian cities. Angry people asked for Yanukovych’s resignation, a return to the Constitution before 2004 and early presidential election. This is where a new and complicated chapter in Ukraine and Eastern Europe’s history was just preparing to start.

3. The strategic dispute West-Russia over Ukraine: the starting point of the second Cold War?

Ukraine seems today the corner stone of the revitalized Russian strategic thinking to recover influence over the geopolitical space of the former Soviet Union. Long before the EuroMaidan revolution, Zbigniew Brzezinski remarked: “Russia confronts with the

Ukrainian problem, too. For Kremlin, keeping the option of a possible reabsorption of Ukraine represents a central strategic objective” (Brzezinski, 1995, 312).

In only a few months, from October 2013 to February 2014, Ukraine switched dramatically back and forth, three times, from a neutral Eastern European country to a pro-EU declarative policy (early fall of 2013), then surprisingly to a Russian oriented regime (November 2013, ahead of the Vilnius Summit), then again to a pro-West attitude (late February 2014), after the ousting of President Yanukovych. Each of these three turning points left about half of the country dissatisfied, alternatively.

It is therefore not so difficult to understand that a country which can move so quickly from a political approach to the complete opposite one and then back (and so on) has at least two strong, dividing political options within its society. This symptom of a hesitating and divergent societal structure, balancing between East and West, has proved to be the most proper land for a “frontal collision” between Russia and the Euro-Atlantic system. We can agree that both political orientations in Ukraine have numerous supporters and, at the same time, each of them discontents large categories of people or entire regions. Both dimensions are substantial but none is sufficiently developed to make Ukraine an indistinctive part of Russia or Europe.

Essentially, it is almost a consensus to admit that the West of the country is pro-EU and NATO and has a number of European cultural features, while the East is overwhelmingly pro-Russia. From language and religion (Greek Catholic in the West, Russian Orthodox in the East), architecture, culture and civilization style, to political options, everything seems to divide the two halves of the country, with Kyiv in the center as the main engine of the European option. Earlier in 2013, I have suggested that Ukraine as a whole seems stuck in-between two divergent systems, with not enough arguments and not enough sincere affinity neither for Russia nor for the Western culture, but rather a permanent borderline between the major blocs of interest (Naumescu, 2014, 324-27).

Eugene Chausovsky comes with an interesting connection between cultural and political cleavages of the Ukrainian society: “The east-west Ukrainian cultural divide is deep, and unsurprisingly it is reflected in the country's politics. Election results from the past 10 years show a clear dividing line between voting patterns in western and central

Ukraine and those in the southern and eastern parts of the country. In the 2005 and 2010 presidential elections, Yanukovich received overwhelming support in the east and Crimea but only marginal support in the west. Ukraine does not have ‘swing states’.” (Chausovsky, 2014). The Stratfor’s analyst goes further with his predictions: “Such internal political and cultural divisions would be difficult to overcome under normal circumstances, but Ukraine’s geographic and geopolitical position magnifies them exponentially. Ukraine is the quintessential borderland country, eternally trapped between Europe to the west and Russia to the east. Given its strategic location in the middle of the Eurasian heartland, the country has constantly been – and will constantly be – an arena in which the West and Russia duel for influence”. The text from which these two citations are extracted was published only a few days before the referendum in Crimea.

On the 16th of March 2014, upon the decision of the local Parliament of Crimea, local authorities organized a referendum for secession from Ukraine and joining the Russian Federation. Not at all surprisingly, the result has been an overwhelming 96.77% in favor of secession (independence), immediately followed by an application to join Russia⁸. Two days later, President Vladimir Putin signed the “treaty” of Crimea’s annexation. In fact, that was an incredibly fast operation of Russia, without any military resistance from Ukrainian troops. Less than four weeks after the fall of Yanukovych on February 22nd, Russia took control over Crimea, notwithstanding massive political and diplomatic protests and criticism from the United States, the European Union and almost all over the world.

Even the (usually) neutral China went on record as a supporter of Ukraine’s territorial integrity and in favor of respecting provisions of the international law: “China always respects all countries’ sovereignty, independence and territorial integrity. The Crimean issue should be resolved politically under a framework of law and order. All parties should exercise restraint and refrain from raising the tension.” (The Diplomat, 2014). Nevertheless in the eve of the Crimean referendum, Russia vetoed a resolution of

⁸ Details at The Voice of Russia, “Crimea applied to become part of Russia following referendum”, 17 March 2014, http://voiceofrussia.com/news/2014_03_17/Crimea-applied-to-become-part-of-Russia-following-referendum-2860/, consulted in March 2014.

the UN Security Council intending to declare the referendum unconstitutional, eventually supported by 13 member states out of 15. China has abstained.

Whether the European Union initial reaction to Crimea annexation has been rather timid, what about the economic, military and political levers of Russia in Ukraine and in the region? Andrew Wilson from the European Council on Foreign Relations reveals them, starting from the context of the Vilnius Summit and the EuroMaidan revolution in Kyiv: “Russia has been pressurizing all its neighbors since 2013 to dissuade them from closer relations with the EU. The threat of a new but anarchic democracy on Russia’s doorstep will make things even harder for Moscow to accept. At the same time, Russia cannot rely on all of the levers of influence that worked under the old Yanukovych regime, but might use some new ones that have been taboo so far – such as threatening to provoke the split up of the country” (Wilson, 2014). Wilson mentions, among levers, the desperate need for economic assistance and the immense debt of Ukraine to Russian banks, gas dependency, and strategic industries such as aviation, shipbuilding, metallurgy or nuclear power, all of them dependent on Russian capital, resources or technology. Last but not least, compact Russian communities in Eastern industrialized cities like Donetsk, Kharkiv or Dnipropetrovsk represent a mass of political maneuver and structural vulnerability for the Ukrainian state. The episode of Crimea is more than relevant for the weakness of the Kyiv government in relation to the territories inhabited by large majorities of Russian ethnics. Although President Putin has announced he is not interested in annexing more territories, in Ukraine and in other countries in the region (Georgia, Moldova) persists the fear that the situation could repeat in Eastern Ukraine, Transnistria, Abkhazia or South Ossetia.

4. Discussions over NATO’s Eastern Pivot and Consolidation. Why different tones in Germany (Western Europe) and the US?

The Crimean crisis has prompted a serious debate in the North-Atlantic Alliance with regard to Central and Eastern Europe’s defense against revitalized Russian expansionist ambitions. The vulnerability of Central European member states of the Alliance as well as of the non-NATO but West-oriented countries in the Eastern Europe (Republic of Moldova, Ukraine, Georgia) is based not only on their smaller size in

comparison to the Russian military might but also on the scarcity of NATO military facilities in Central Europe, at the Eastern border of the Alliance.

A Report of the Center for European Policy Analysis (CEPA) in March 2014 reveals this severe imbalance between the massive deployment of NATO troops and installations in Western Europe (a reminiscence of the first Cold War, 1949-1990) and Central Europe (Baltic republics, Poland, Slovakia, Romania, Bulgaria). “But NATO behavior has also fueled CEE insecurity. Under the 1997 NATO-Russia Founding Act, which preceded the first round of eastern enlargement, Alliance members issued a joint declaration (the so-called “three Nos”) stating that they had ‘no intentions, no plans and no reason’ to place significant military assets, including especially tactical nuclear weapons, in CEE countries. While receiving the all-important Article 5 guarantee (the essence of the NATO commitment and a revolutionary improvement in security), the CEE member states have been given few physical embodiments of that guarantee. In short, their security rests more on trust than military muscle” (Lucas and Mitchell, 2014).

Basically, the NATO debate was triggered by the Russian annexation of Crimea and the lack of credible political and economic response from the European Union. The discussions over possible EU sanctions against Russia only led to visa ban regarding 33 second level Russian officials, which was considered almost ridiculous and completely ineffective. For many analysts, the weakness of the EU reaction was mainly based on the strong dependency of Europe on Russian gas. Moreover, the interests of some big German companies to keep their access and connections to Russian market and resources made Berlin’s voice quite timid during the crisis. The fact that Germany “pulled back” and became relative quiet after Crimea’s annexation by Russia is actually contradictory with initial German exigency in relation to Yanukovich and the regime’s brutal intervention in EuroMaidan. Their favorite former opposition leader, Vitali Klitschko withdrew from presidential race. When things went too far, Germany realized that a full-fledged Cold War II against Russia, accompanied by EU severe sanctions, will seriously damage its economic interests. The prudence of Berlin administration to go ahead with the idea of economic sanctions was visible for many European and North-American analysts. For Vlad Mixich, it seems that “Putin relies on its strongest allies within the most important

EU member state: the giant German companies with which he makes businesses [...] For instance, the President of Rotschild Deutschland, Klaus Mangold, has recently affirmed that ‘sanctions are the wrong way’” (Mixich, 2014). Mixich comes with details in his report regarding the magnitude of BASF, Wintershall, RWE, E.on, Metro, VW or Siemens investments and connections with the Russian market.

On the contrary, the US attitude and tone on Crimea’s annexation and Russian intrusion in Eastern Ukraine’s separatist movement was way more critical than the EU’s one and it clearly stressed the necessity of international sanctions. There are at least three possible reasons for the American more vigorous reaction: the traditional Democrat-Republican rivalry which gave the conservative opposition the opportunity to criticize the weakness of Obama administration and thus to higher up the entire political stake of the issue, the US interests in leading NATO’s restructuring and increasing military capabilities at Eastern European border of the Alliance, and the Washington’s strategy to contain Russia, inspired by the Cold War I. The New York Times’ columnist Peter Baker explains, in April 2014, the old and new US policy in the region: “Just as the United States resolved in the aftermath of World War II to counter the Soviet Union and its global ambitions, Mr. Obama is focused on isolating President Vladimir V. Putin’s Russia by cutting off its economic and political ties to the outside world, limiting its expansionist ambitions in its own neighborhood and effectively making it a pariah state” (The New York Times, 2014). For Republicans this is not enough. The Senator of Arizona, former presidential candidate John McCain leads the tough score of the “hawks” in clear and strong words: “The first, and most urgent, is crisis management. We need to work with our allies to shore up Ukraine, reassure shaken friends in Eastern Europe and the Baltic States, show Mr. Putin a strong, united front, and prevent the crisis from getting worse. This does not mean military action against Russia. But it should mean sanctioning Russian officials, isolating Russia internationally, and increasing NATO’s military presence and exercises on its eastern frontier. It should mean boycotting the Group of 8 summit meeting in Sochi and convening the Group of 7 elsewhere. It should also mean making every effort to support and resupply Ukrainian patriots, both soldiers and civilians, who are standing their ground in government facilities across Crimea. They refuse to accept the dismemberment of their

country. So should we” (McCain, 2014). In fact, it is exactly the occult interference of the “other side” in the Ukrainian crisis which both the U.S. and Russian leaders are suspicioning: the one of the Western powers in EuroMaidan Revolution (as per Kremlin’s view) and the one of Russia in the separatist movements from Eastern Ukraine, as retaliation.

The fall of the pro-Russian regime of President Yanukovich in Kyiv, after massive and violent protests, was perceived by Moscow as a West’s obscure maneuver. “The Russians are convinced that the uprising in Kiev was fomented by Western intelligence services supporting nongovernmental organizations and that without this, the demonstrations would have died out and the government would have survived. [...] That means that they believe that Western intelligence has the ability to destabilize Ukraine and potentially other countries in the Russian sphere of influence, or even Russia itself. This makes the Russians wary of U.S. power” (Friedman, 2014), explains George Friedman the Putin’s aggressive riposte against Ukraine, immediately after the ousting of Yanukovich.

The intelligence service wars in Eastern Europe are definitely not a new story. It had however a long tradition in the Cold War (I) and it seems to be reinvented in the Cold War II, if they ever ceased. After the fall of the pro-Russian President Yanukovich, massive and persistent accusations came to blame the intrusion of the Russian “special forces under cover” (the now famous “green men”) in pro-Russian separatist movements which erupted “all of a sudden” in Eastern and Southern Ukraine.

5. Conclusions: A Region Between the Lack of Economic Solutions and the Prevalence of Geopolitical Interests

The quadripartite⁹ Geneva Agreement of April 17, 2014, has not stopped the crisis in the region of Donbass. Although the idea of disarming the illegal groups and vacating occupied buildings on the territory of Ukraine was fair and reasonable, just a few days later the first victims were announced in the separatist regions of Donetsk and Luhansk. It was a

⁹ Ukraine, Russia, the United States, the European Union.

clear sign that the crisis was still far from its end. In the fall of 2014, the death toll in Eastern Ukraine has already surpassed 3700¹⁰.

The paradigm of a new Cold War, though officially rejected by both sides, has a number of robust arguments. The divergent and mutually criticizing political discourses of Western and Russian officials, the defiance of international law and prior arrangements (such as the Budapest Memorandum on Ukraine of 1994¹¹), the decisions of the NATO Summit in Wales to rebalance to the Eastern flank, the idea of sanctions, threatens and isolation, the military maneuvers in the region (Russian as well as NATO troops and vessels in the Black Sea), the intelligence services wars, the exclusion of Russia from G8 and return to the old G7, the reinvented ideological propaganda on certain media channels etc. are among the symbolic and combatant-like gestures that remind us of the tensions before 1989.

Alina Mungiu-Pippidi, Professor at Hertie School of Governance in Berlin, sees a preliminary connection of the current Cold War with the Russian-US dispute from the past years, with regard to the American anti-missile shield's deployment in Eastern Europe, and elaborates on this idea in the context: "See the Russians were right to oppose the American shield? But it's false: the Russians are not doing well in economy and it's not the best idea to defy now the whole world. So the Cold War is here. The more we impose sanctions, the more we have to negotiate with them" (Mungiu-Pippidi, 2014).

The tragedy of Eastern Europe, in its old and new version, is represented mainly by the same paradoxical cleavage between high geopolitical significance and the economic weakness of the region. Whether the former "East Central Europe" has relatively got free from Russia's economic influence after joining the European Union in the 2000s (some EU

¹⁰ Radio Free Europe, "Ukrainian Death Toll Surpasses 3,700", October 18, 2014, <http://www.rferl.org/content/ukraine-death-toll-increases/26643460.html>, consulted in October 2014.

¹¹ The US, UK, Russia and Ukraine signed a Memorandum to guarantee Ukraine's sovereignty and territorial integrity in exchange with Ukraine's renouncement of holding nuclear arms, inherited from the Soviet Union epoch. For details, see Terry Atlas, "Ukraine Gave Up Nuclear Arms in 1994 Deal Russia Flouts", *Bloomberg*, 5 March 2014, <http://www.bloomberg.com/news/2014-03-05/ukraine-gave-up-nuclear-arms-in-1994-deal-russia-flouts.html>

member states still relying on Russian gas), the countries of the “Eastern Neighbourhood” depends on the Russian market to a large extent.

The substantial energetic dependence on Russian gas resources and, for most of them, on Russian imports and exports represent a major vulnerability for the countries aspiring to Western integration. The economic aid from West is slow and not enough. There are no immediate solutions for the huge debts of Ukraine to Russian economy or for the Moldovan fragility in relation to losing access on the immense market of Russia. None of these countries are competitive enough to simply switch from Russian market to the EU market. It is the real reason why the European Union decided to delay the entering into force of the Association Agreement with Ukraine for 2017.

The Cold War II reveals the strategic potential and geopolitical attractiveness of the Eastern European periphery as well as its fragility, limits and vulnerabilities. The West would definitely like to see these countries turning their hook upon Russia but, at the same time, neither the European Union nor the United States are prepared to help them consistently. Russia started a restructuring of the balance of power in the region, in order to restore its strategic influence, at least in the former perimeter of the defunct Soviet Union. At the end of the day, this tension will end with a new balance of power in the region. We don't know yet if Putin's attempt to higher up the international profile of his country by “defending traditional Russian interests in the region” (as Foreign Minister Lavrov uses to explain) and keeping the West away from the former USSR's frontiers will be successful or not. What we know for sure is the fact that, maybe for the first time in their history, countries like Ukraine, the Republic of Moldova or Georgia could have a real opportunity to decide on what direction they would like to go, even (for one reason or another) this decision might be way more difficult than they expected a few years ago, when the Eastern Partnership was enthusiastically launched.

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THE DEVELOPMENT OF THE ROMANIAN STOCK MARKET FROM FRONTIER TO THE EMERGING MARKET STATUS

Florin Sebastian Duma

Associate Professor, PhD

Faculty of European Studies

Babeş-Bolyai University Cluj-Napoca

fduma@euro.ubbcluj.ro

***Abstract:** The stock markets from around the world are divided by different investment decision providers, like MSCI, S&P or FTSE, into three main categories, according to their level of development: frontier, emerging and developed markets. The majority of the stock markets of European Union countries belong to the developed or emerging market category. There is also a third category, the so-called frontier markets, and in the EU we can only find six countries that fall into this category, one of which is Romania. Does the Romanian capital market really still belong to this category or is it able to promote to a better status? In this paper, we will attempt to investigate this issue.*

Keywords: stock market, frontier markets, emerging markets, indexes

1. Introduction

The 2008 financial crisis showed, once again, how dangerous capital markets can be because of deregulation, sophisticated derivatives, toxic financial products and so on. But, dangerous or not, capital markets are essential for financing any economy. This statement is even more valid when we are talking about the “young” market economies of Central and Eastern Europe, because of the massive deleveraging caused by the foreign banks that are present here. In the case of Romania alone, we are talking about more than 10 billion Euro cash-out of these banks since 2008. Moreover, there was strong reluctance from banks to grant new loans to companies. Therefore, amid a crisis, local capital markets may and should partially replace the banking system in financing the economy of a country.

In Europe, the majority of stock markets of European Union countries belong to the developed or emergent market category. According to the Morgan Stanley Capital International (MSCI) classification, most western European countries are considered to have a well-developed capital market (see table no. 1), while none of the new members from Central and Eastern Europe are included in this category. Only three countries from CEE (Poland, the Czech Republic and Hungary) are considered to have capital markets meeting the criteria so as to be placed in the emerging market category, while the rest are in the frontier market basket or unclassified.

Table no.1 Capital Markets in the EU

Capital Markets in the EU		
Developed Markets	Emergent Markets	Frontier Markets
Austria	Czech Republic	Bulgaria
Belgium	Greece	Croatia
Denmark	Hungary	Estonia
Finland	Poland	Lithuania
France		Romania
Germany		Slovenia
Ireland		
Italy		
Netherlands		
Portugal		
Spain		
Sweden		
United Kingdom		

Source: MSCI Market Classification¹²

As we can see from this table, we have in the EU six countries that are considered to be frontier markets: Bulgaria, Croatia, Estonia, Lithuania, Romania and Slovenia. Some of them, like Slovenia or Estonia, belong to this group mostly because they are small

¹² MSCI Market Classification, available at: <https://www.msci.com/market-classification> (last accessed 15.05.2015)

countries and, accordingly, they have small economies and capital markets. Why Romania is in this category and how it can promote to the emerging market status, these are questions that we will attempt to answer in the following pages.

2. Frontiers markets in the world and in Europe

There are different investment decision providers: Morgan Stanley Capital International (MSCI), Standard and Poor's (S&P) and Financial Time Stock Exchange (FTSE), which divide capital markets around the globe into three categories: frontier, emerging and developed. What renders a market fit for one of these categories?

According to Morgan Stanley Capital International (MSCI), there are three criteria that guide the division of capital markets around the world into developed, emerging and frontier:

1. Economic development
2. Size and liquidity of the market
3. Market accessibility criteria

The economic development criteria refers to the country's GNI (Gross National Income) per capita, which should be 25% above the World Bank high income threshold for three consecutive years. The fulfilment of this criterion is required only for granting the developed market status.

If the first criterion refers to the macro economy, the second descends to the companies' level and also refers to emerging and frontier markets. The size and liquidity criterion refers to the company size, security size (float market capitalization) and security liquidity. This second criterion requires that a minimum number of companies cumulatively fulfil all these criteria (a minimum of five companies for developed markets status, a minimum of three for emerging markets and two for frontier markets – see table no. 2).

The third set of criteria refers to market accessibility and is more qualitative and related to legal issues. More specifically, these criteria refer to the degree of openness to foreign ownership, ease of capital inflows or outflows, efficiency of the operational framework and stability of the institutional framework.

Table no.2 MSCI Markets Classification

Criteria	Frontier	Emerging	Developed
A Economic development	No requirements	No requirements	Country GNI per capita 25% above the World Bank high income threshold for 3 consecutive years
A1 Sustainability of the economic development			
B Size and Liquidity Requirements			
B.1 Number of companies meeting the following Standard Index criteria	2	3	5
Company size (full market cap) **	USD 630 mm	USD 1260 mm	USD 2519 mm
Security size (float market cap) **	USD 49 mm	USD 630 mm	USD 1260 mm
Security liquidity	2.5% ATVR	15% ATVR	20% ATVR
C Market accessibility criteria			
C1 Openness to foreign ownership	At least some	Significant	Very high
C2 Ease of capital inflows/outflows	At least partial	Significant	Very high
C3 Efficiency of the operational framework	Modest	Good and tested	Very high
C4 Stability of the institutional framework	Modest	Modest	Very high

Source: MSCI Market Classification Framework¹³

As we can observe from the abovementioned classification, frontier markets are countries with an investable stock market, but either they do not have large companies listed or enough liquidity, either, more often, they are not open enough to foreign ownership or they do not have an efficient operational framework, and so on.

As we can see in the picture below, in the frontier markets category we can find three types of countries¹⁴:

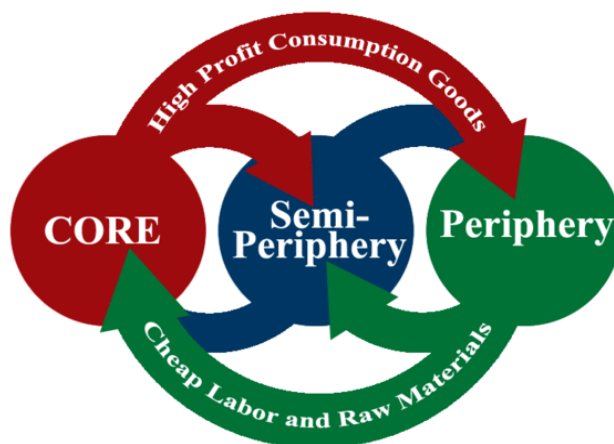
- a) Countries having abundant natural resources, like: Kazakhstan, Saudi Arabia, Mongolia, Nigeria etc.

¹³MSCI Market Classification Framework available at: https://www.msci.com/documents/1296102/1330218/MSCI_Market_Classification_Framework.pdf/d93e536f-cee1-4e12-9b69-ec3886ab8cc8 (last accessed 15.05.2015)

¹⁴ D. Keller (2014) - *Morocco Grabs Limelight as Companies Focus on Frontiers*, Wall-Street Journal, Oct. 14, (last accessed 10.04.2015)

- b) Countries with a large population, usually also very young, like: Pakistan, Nigeria, Bangladesh, Vietnam, Argentina etc.
- c) Countries having a relatively deep financial market: Romania, Kuwait etc.

At the end of the 16th century, the world economic system started to develop in such a way that the “core” countries (the developed markets) were selling high profit consumption goods to the peripheral countries, in exchange for cheap labour and natural resources, while the semi-peripheral countries were somewhere in the middle, providing natural resources and relatively cheap labour to the core countries and selling some products with large profits to the periphery¹⁵. This situation was very well described and illustrated by Immanuel Wallerstein in his famous World-System Theory model:



Wallerstein's World System Theory Model

In terms of capital markets, the actors and the pattern are more or less the same. The core countries are replaced by the developed markets, the semi-peripheral by the emerging ones, while the peripheral countries are replaced by the frontier markets. The financial flows have quite a similar pattern to commercial activities: developed markets are investing some capital in the frontier and emerging markets in exchange for ownership (or big stakes of stocks) of some local companies. The majority of these companies have one or more of the following characteristics: they have natural resources (oil, gas, wood, metals

¹⁵ Jacques Bazen (2011) – Sustainable economic development, Presentation for ECPYN Winterschool Soest, The Netherlands

etc.), they employ cheap labour force, they have a monopoly (like energy, water or gas supply) or they are of strategic importance to the financial sector (banks, insurance companies etc.).

The growth potential for the frontier markets is very big, but for now, the same is the gap between them and the rest of the world. Despite the fact that the frontier markets countries account for 24% of the world's land area and 22% of the total population, they have only 8% of the world GDP¹⁶.

From time to time, various countries manage to make the step from the periphery to the semi-periphery or even to the core group (see, for example, South Korea). The same goes for the capital markets of different countries. Just last year for example, two countries were promoted to the emerging market status (Qatar and the United Arab Emirates). However, the reciprocal is also valid. It came as no surprise when, in 2013, Greece was downgraded from the developed market status to the emerging markets, or when Morocco was downgraded to a frontier market from the emerging market status, in the same year¹⁷.

3. Romania as a frontier market of the European Union

As we can see in the map below, Romania is currently a frontier market in the European Union, together with Slovakia, Bulgaria, Croatia, Estonia, Lithuania, Latvia and Slovenia. Other European countries classified in this category are Serbia, Ukraine, Georgia, Macedonia or Bosnia and Herzegovina (see chart no. 1).

¹⁶ Gavin Serkin (2015) - *Frontier: Exploring the Top Ten Emerging Markets of Tomorrow*, Bloomberg Financial, Wiley, p. 2

¹⁷ MSCI Classification available at <https://www.msci.com/market-classification> (last accessed 15.05.2015)

Chart no.1



Source: after Keller, D. (2014)¹⁸

Fortunately, Romania is not merely one country among the other frontier markets, but finds itself among the most important ones; actually, it was recently included in the top ten most prominent and promising frontier markets. Furthermore, Romania is the only frontier market in Europe to be found in the top ten. According to their weight in the MSCI Frontier 100 Index, the ten most promising frontier markets are:

¹⁸ D. Keller (2014) - *Morocco Grabs Limelight as Companies Focus on Frontiers*, Wall-Street Journal, Oct.

Table no.3 MSCI Frontier 100 Index – the weight of the ten most promising frontier markets

1.	<u>Kuwait</u>	23.74%
2.	<u>Argentina</u>	13.66%
3.	<u>Nigeria</u>	13.27%
4.	<u>Pakistan</u>	10.33%
5.	<u>Kenya</u>	7.45%
6.	<u>Oman</u>	5.93%
7.	<u>Morocco</u>	5.19%
8.	<u>Romania</u>	4.05%
9.	<u>Vietnam</u>	3.94%
10.	<u>Kazakhstan</u>	3.94%

Source: iShares¹⁹, MSCI²⁰

Moreover, as we have this well-known BRIC acronym (Brasil, Russia, India and China) for emerging countries, on the capital markets, one more was invented for frontiers markets: NIROPA, which includes Nigeria, Romania and Pakistan.

Romania currently has six companies that are included in the MSCI Frontier 100 index: Banca Transilvania, Petrom, Romgaz, BRD Groupe SG, Transgaz and Electrica. Due to re-arrangements in the index (after the promotion of Qatar and the United Arab Emirates to the emerging status last year and after the inclusion of the Romanian company Electrica), the share of the six Romanian companies in the index grew from 1.5% to 2.7%, and then to 4.05%. This increase also means that more investments are expected on the Romanian capital markets due to the mandatory re-allocations in the investment funds'

¹⁹iShares MSCI Frontier Markets 100 ETS - <http://www.ishares.com/us/products/239649/ishares-msci-frontier-100-etf> (last accessed 30.05.2015)

²⁰ MSCI Frontier Markets 100 Index - https://www.msci.com/resources/factsheets/index_fact_sheet/msci-frontier-markets-100-index.pdf (last accessed 30.05.2015)

portfolios. The weight of each Romanian company in the index is the following: Banca Transilvania 1.28%, Romgaz 0.68%, BRD-Groupe SG 0.58%, Petrom 0.55%, Electrica 0.49% and Transgaz 0.47%²¹.

How far is Romania from the emerging market status? As we can see in Table no. 2, there are two types of criteria required for promoting to the emerging market category: quantitative and qualitative criteria (the sustainability of economic development criterion is required only for gaining access to the developed market status). Concerning the qualitative criteria necessary for promoting to the emerging market status, such as those regarding market accessibility, they are generally already fulfilled by the Bucharest Stock Exchange (BSE). More problems are encountered with the quantitative criteria, therefore we will insist more on those.

Regarding company size, more precisely full market capitalization, four companies from the BSE are currently fulfilling with ease the minimum requirements for emerging markets:

1. SNP – Petrom OMV, with a market capitalization of 5.378 mm USD and a float market 503 mm USD capitalization ;
2. SNG – Romgaz, with a market capitalization of 3.500 mm USD and a float market capitalization over 700 mm USD;
3. BRD – BRD Groupe SG, with a market capitalization of 1.937 mm USD and a float market capitalization 772 mm USD;
4. TLV – Banca Transilvania, with a market capitalization of 1.578 mm USD and a float market capitalization 1.350 mm USD²².

There is also Fondul Proprietatea (FP), with a market capitalization of 2.692 mm USD, which fulfils the company size criterion, but closed investment funds are usually not taken into account in these evaluations. However, there is one more company currently

²¹ <http://www.ishares.com/us/products/239649/ishares-msci-frontier-100-etf> (last accessed 30.05.2015)

²² Author's calculation based on data from the Bucharest Stock Exchange, May 2015, <http://www.bvb.ro/> (last accessed 30.05.2015)

listed on the BSE that is close to meeting the size criterion: Electrica, with a market capitalization of 1.029 mm USD.

As it becomes apparent, the criterion regarding the size of the market, which requires at least 3 companies over 1.260 mm USD capitalization, is clearly fulfilled (on the Bucharest Stock Exchange there are four companies over this required threshold). As we can see from the above calculations, the criterion regarding the security size, more precisely the float market capitalization over 630 mm USD, is also fulfilled by three of the same companies: Banca Transilvania, Romgaz and BRD Groupe SG.

We were supposed to have more companies, like the four mentioned before, on the BSE. We actually did have these companies on the BSE in the past, but foreign capital has not done much to help the Romanian capital market. A very large company, the car maker Dacia, was listed on the Bucharest Stock Exchange in the past, but when Renault bought it, Dacia was delisted by the former. Another example is when BCR Bank (the largest Romanian bank) was bought by Erste Bank, they pledged through the privatization contract that in three years they would list it on the BSE – eight years have passed since then and the provision has still not been respected. With any of these two companies listed on the BSE, Romania would be probably among the emerging markets or at least closer to them.

Problems still exist with the third criterion regarding security liquidity, more precisely with the ATVR (Annualized Traded Value Ratio). There is a trap in this respect, which we may refer to as the 'liquidity trap'. On the one hand, there is not enough liquidity on the BSE because there are not enough large investors, and, on the other hand, there are no large investors because there are not enough large companies and /or companies with large free float. The solutions to the liquidity trap can be, on the one hand, new listings on the BSE and/or increasing the free float of the existing companies and, on the other hand, the promotion to the emerging market status in order to attract a different category of investors.

New listings can come in from the IPOs (Initial Public Offers) for some big state-owned companies like: Hidroelectrica, Constanta Port, CEC Bank or Aeroporturi Bucuresti. Or from some local privately owned companies like the telecom RCS & RDS.

An increase in the free float of some of the existing companies from the BVB can be achieved if the Romanian state chooses to sell more stakes in companies like Petrom, Romgaz or Electrica. More liquidity can also be generated by sales made by Fondul Proprietatea that owns stakes in companies already listed like Petrom, Electrica, Romgaz, Nuclearelectrica and so on. But, as we have already mentioned, we need big investors ready to buy these new stakes, and they are not easy to find. This is why it is so important to promote to the emerging market category in order to access more and larger investors.

4. Conclusions

Currently Romania is the most promising frontier market from Europe, but nevertheless still a frontier market. Being a frontier market, the Romanian stock market still has to grow more than 50% from now on in order to reach the 2007 levels, while developed capital markets like the United States or Germany already overpassed that levels with two digits percent.

But, the biggest concern is that being a frontier market, only one type of foreign investors are qualified to invest here, namely those with a risk tolerance above average, more precisely the investments funds that are dedicated to frontier markets . The problems with these investment funds are that they are very limited in assets and often speculative. Therefore Romania is perceived as being interesting only for some niche portfolios.

The incentives for Romania to promote in the emerging markets category are, after all, the additional funds that will be available to be invested here. The funds allocated for the frontier markets worldwide are somewhere around 10-15 billion dollars, while those allocated for emerging markets are almost one hundred times bigger, somewhere around 1.400 billion dollars²³. Therefore, the Romanian capital markets can get over 1 billion dollars in new investments, even if gets just a share of 1% in the emerging markets index.

The Romanian capital market (Bucharest Stock Exchange) overpassed in some aspects capital markets that are emerging markets, like Hungary or Czech Republic. For

²³ R. Pricop (2014) – Seful BVB: In drumul spre statutul de piata emergent vor veni fluxuri mari de capital, Ziarul financiar, March 20

instance, the number of the companies listed on the main market on the Bucharest Stock Exchange (81 companies²⁴) is much bigger than that on Budapest Stock Exchange (46 companies) or on the Prague Stock Exchange (23 companies²⁵). The domestic capitalization is also bigger in Bucharest compared with Budapest (19.2 bn Eur²⁶ compared with 16.4 bn Eur²⁷) and not so far compared to the capitalization of Prague (24.5 bn Eur), but the liquidity is much lower (0.17 bn Eur monthly turnover on Bucharest compared with 1.8 bn Eur in Budapest and 1 bn Eur in Prague) . And here we come back to the ‘liquidity trap’ story and that is why is vital to Romania to promote in the emerging market category in order to attract strong and steady foreign investors, not just opportunistic and occasional ones.

²⁴ Bursa de Valori Bucuresti, <http://www.bvb.ro/FinancialInstruments/Markets/Shares> (last accessed 30.05.2015)

²⁵ CEE Stock Exchange Group, <http://www.ceeseg.com/static/cms/sites/ceeseg/en/media/pdf/facts-figures.pdf> (last accessed 30.05.2015)

²⁶ BVB Trading Data, http://www.bvb.ro/press/2015/APRIL%202015_EN.pdf (last accessed 30.05.2015)

²⁷ CEE Stock Exchange Group, <http://www.ceeseg.com/static/cms/sites/ceeseg/en/media/pdf/facts-figures.pdf>, (last accessed 30.05.2015)

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17. Investment Frontier, <http://www.investmentfrontier.com>
18. The Wall Street Journal, <http://blogs.wsj.com/frontiers/tag/romania/>
19. Bloomberg Business, <http://www.bloomberg.com>

THE IMPORTANCE OF THE GERMAN AND AUSTRIAN CAPITAL IN ROMANIA (1990-2013)

Dragoş Păun

Assistant Professor, PhD

Faculty of Business,

Universitatea Babeş-Bolyai Cluj-Napoca

dragos.paun@tbs.ubbcluj.ro

***Abstract:** The current article presents an overview of foreign direct investments in Romania between 1990 and 2013. The author has also tried to show the importance of the German and Austrian capital in Romania. While FDI is present in all countries studies still are debating on this issue. Of course that most authors show that there is a clear link between FDI and the economic growth of a country but there are of factors that can maximize these effects.*

Keywords: German capital, Foreign direct investments, Austria capital, development

Introduction

The need for foreign capital arises mostly because the domestic capital is inadequate for the purpose of economic growth. Foreign capital is seen as a way of filling in gaps between the domestically available supplies of savings, foreign exchange, government revenue and the planned investment necessary to achieve developmental targets. Foreign capital may be obtained through foreign aid, private foreign investment or by public foreign investment.

After the Cold War, the developing countries are making concerted efforts to achieve rapid economic growth. The fall of communism in Romania and the return to democracy have represented an opportunity for economic and social development of the country. However, the period of transition was stretched on a very extended period, which delayed the emergence of viable reforms to turn a planned economy into market economy.

"This strategy gradually boosted economic imbalances inherited from the Communist era, has stumbled and delayed necessary reforms for the country's orientation towards the euro-Atlantic structures" (Gallagher, 2005, p.47). Post-Communist reforms have begun to have an impact on economic life with the inclusion of Romania on the list of candidate countries to the European Union in December 1999, being more powerful after the commencement of accession negotiations in February 2000. "In the coming period, periodic evaluations of the European Commission have revealed that Romania entered a number of breakthroughs in its preparation for accession, but it was not until 2004, that the European Union has recognized that it has a functioning market economy. The period between 1990 and 2004 also coincides with a period where the main economic index of economic performance – the Gross Domestic Product – had no real growth.

Table 1 Real GDP in Romania 1989-2013 (base year 1989)

Year	Real GDP (1989=100)	Year	Real GDP (1989=100)
1989	100	2001	87,7
1990	94,4	2002	92,2
1991	82,2	2003	97
1992	75	2004	105,2
1993	76,1	2005	109,7
1994	79,1	2006	118,3
1995	84,7	2007	125,8
1996	87,4	2008	135
1997	83,1	2009	126,1
1998	81,4	2010	124,7
1999	81,1	2011	127,5
2000	83	2012	128,3
		2013	132,8

Thus we can see that it took the Romanian economy more than 15 years to have the same figures as in 1990.

With the accession in the European Union as a tangible target and with the implementation of reforms in the economy, Romania started to be more attractive to foreign investors. With a population of over 20 million inhabitants and an own economy that wasn't very productive but had highly skilled labor force more and more foreign companies started to see Romania as a country worth investing in.

Literature review

When looking at the literature on the topic of foreign direct investments we see that most of the authors consider that FDI can have a positive effect on the host countries. (Borensztein, De Gregorio, & Lee, 1998) in their paper point out that technological spillover from foreign companies can only create a positive impact when there is a certain level of human capital in the country. Also related to the topic of human resources and FDI, (Jude & Veres, 2010) have studied the relationship between FDI and productivity. In their analysis they proved that foreign companies have a higher labor productivity than local companies. In their view, there is a real gain only if host countries manage to create a spill over effect from foreign companies to local ones, but this effect depends on variables such as absorption capacity, initial technological gap, type of FDI and the motivation for entering the local market. On the other hand (Hermes & Lensink, 2003) consider that in order for the FDI to have a positive impact on the local economy and its growth, the financial system of the recipient country plays a very important role. A developed financial system can have positive impact on the spill over effect of FDI. We also agree with the opinion of (Bonciu, 2003) that mentions that Greenfield investments play the biggest role in the development of the host economy as it leads to job creation and increases the taxes collected. There are also other Romanian authors that have studied the impact of FDI on the Romanian market. (Danciu & Strat, 2014) reveal in their study that there are significant differences at regional and national level between key drivers that motivated foreign companies. In their study they showed that Romania is preferred by low-tech investments. (Moraru, 2013) analyzed the relation between FDI and economic growth and concludes

that there is a positive effect between them. (Voinea, 2013) analysis the effects of the economic and financial crisis in the Romanian economy. He pleads the case that Romania was not affected primarily by the external spill overs of the economic and financial crisis, so indirect due to the effect of FDI in Romania, but because internal issues that are mostly linked with bad policy-making decisions taken in the first years of the 21st century. (Andrei, 2012) presents a structural and dynamic view on foreign direct investments in Romania. In her paper she presents a general overview of the FDI after 1990.

While we see that a lot of scholars have studied the subject of FDI in Romania there is limited information available on specific countries. One of the reasons might be the fact that information is limited to the foreign capital as a group and not to individual countries.

Methodology and Data

The current article makes an overview on the situation of German and Austrian capital in Romania. We will also present some key features related to the importance of the capital from Germany and Austria and how this has led to development in Romania.

The data that we have used was obtained from either national institutions, National Institute for Statistics, the National Bank of Romania and the National Trade Register or from international sources and databases such as Eurostat or UNCTAD.

Foreign capital in Romania

Foreign capital in Romania between 1990-1999

The last decade of the 20-th century started with a lot of tensions in the political area in Romania. While the country was trying to switch from a planned economy to a market economy the social tensions were increasing. It was in the first of years of the 90s when Romania has signed an agreement with the International Monetary Fund. According to the agreement with the IMF, Romania had to undergo a lot of reforms in order to open its economy to foreign investors. Thus, the decade 1990-1999 was characterized by an inflow of FDI that is mostly linked to the privatization process.

Among the top privatizations of that time we can mention the sale of Dacia

Automobile to Renault, Banca Romana de Dezvoltare to Societe General, RomCim to Lafarge. We see that the French companies were the most present when discussing about big acquisitions in Romania. This fact can be explained due to a historic link between the two countries.

Foreign capital in Romania after 2000

After the fall of the communism, Romania's path was clear – it was the first country to sign the Europe Agreement with the European Union and was among the first countries that expressed an intention to joining the Union. After starting the negotiations to the EU accession, Romania had to implement a series of reforms which have put Romania in a favorable position. From an investor's point of view Romania was starting to become interesting because it was set on a very positive course. While in the previous years foreign direct investments were based on acquisitions, after 2000 we have experienced a lot of Greenfield investments. Investors were attracted by the high quality of the labor force but also the low salaries. Among the first types of investments we can mention investments in manufacturing and in raw materials. While the government was still undergoing reforms the privatizations haven't stopped but they have been surpassed by new investments. Still we have to mention some of the biggest privatizations of that time – Banca Comerciala Romana was purchased by Erste Bank Austria, Petrom was acquired by OMV Austria, Romtelecom was bought by OTE, Bancpost was sold to Eurobank. There were also other transactions which involved companies from different countries but above-mentioned ones were the most important.

Table 2: Foreign direct investments in Romania 2008-2013 (total amount and top 12 countries) in million Euro

		2013	2012	2011	2010	2009	2008
	Total	59958	59126	55139	52585	49984	48798
1	Netherlands	14624	13229	11982	10903	10907	8402
2	Austria	11438	10920	9667	9346	9037	9186
3	Germany	6744	6499	6272	6398	6718	7509
4	France	4568	5272	5042	4384	4259	4294
5	Italy	2816	2930	3341	2808	2528	3585
6	Cyprus	2677	2687	2536	2550	2344	1896
7	Switzerland	1942	2194	1839	2021	2115	2298
8	Greece	1935	2529	2934	3016	3281	3154
9	Luxemburg	1694	1368	1274	989	638	1107
10	Belgium	1493	1069	1116	864	1115	233
11	United Kingdom	1475	976	719	627	482	727
12	Spain	1110	1091	958	1064	841	604

Source: National Bank of Romania, authors own calculation

From table 2 we can observe two very important features. German and Austrian capital represent a very important source of financing in the Romanian economy. Even if the capital from the Netherlands is situated in the first position it can happen that the companies are only registered in the Netherlands and the end beneficiary has a residence in another country. The fact that the legislation in the Netherlands attracts holding companies is not unknown – for instance the second largest oil company in Romania, Rompetrol S.A. is owned by a holding company in the Netherlands but the owners of the Dutch company are KazMunayGaz from Kazakhstan.

German and Austrian capital in Romania

As mentioned before, Romania became a target for foreign investment in the early 2000's, when we also see German companies interested to invest in the Romanian industry, the main advantage of the being represented by the existence of a well trained workforce and cheap in the field of production. During this period, Germany also becomes one of the largest investors in the Hungarian economy and the first commercial partner of Romania. One of the main areas of investment is the automotive industry. German car manufacturers started investing in factories in Romania (Continental) or started working with suppliers that have set up business in Romania.

If we look also at the statistics of the number of companies that are set up in Romania we also see that the German companies are the second numerous companies after the Italian. But even though there are more Italian companies registered in Romania, if we look at the capital invested in them Austrian companies and German companies are among the top 3. Again we see that the Dutch companies are on the first position, but as mentioned before this can be easily explained due to the legislation in the country.

Table 3: Top 10 countries according to the residence of investors in Romania – on the 31st of January 2014

	Foreign Companies		Total capital	
	No.	% of total	in thousands lei	% of total
Total Romania	192.885	50,80%	130.234.622	50,14%
Netherlands	4.455	2,33%	27.789.908	21,48%
Austria	6.687	3,50%	16.831.602	13,01%
Germany	20.180	10,58%	13.921.977	10,76%
Cyprus	5.419	2,84%	9.467.995	7,32%
France	7.653	4,01%	8.234.146	6,37%
Greece	5.811	2,68%	4.338.760	4,70%
Italy	37.232	19,51%	6.374.135	4,93%

Spain	5.110	2,68%	4.338.760	3,35%
Luxemburg	771	0,40%	421.022	3,26%
Switzerland	2.493	1,31%	2.927.999	2,26%

Source: National Register for Commerce, author's own calculations

It is also very important to see that according to statistics from the National Bank of Romania Greenfield investments represented 28 801 million euro in 2013 (from a total of 59 958 million). While in the first top where the total FDI is registered Germany and Austria represent 30,3%, when looking at Greenfield investments the percentage increases at 38,4% from the total amount. It shows that German and Austrian investors are not only buying companies or are investing in their existent companies but they are creating new businesses leading to an increase in the number of jobs.

According to the same statistics at the end of 2013 most of the foreign capital in Romania was invested in manufacturing (31,1%) followed by financial intermediation and insurance (14,2%). In the manufacturing industry some investment stand out – 18,9% of the them are in the oil, chemical products and rubber (see investments OMV, Continental) 18,5% transportation (see investments in the automotive industry); Of course we can see that the besides the manufacturing sector where foreign companies found a very good location to develop (qualified labor force at an affordable price) we the fact that 80% of the banking sector owned by foreign capital plays a big role. After the accession in the European Union we have also seen that a lot of foreign retail companies have extended their business and represented in 2013 11,2% of total investments. Professional services, support services and other services amount to 5% of the investments.

Because of the polarization of the country we notice that most foreign investments are located in Bucharest and in the surroundings. This is also linked to the general business that is mostly being developed in the same region.

Table 4: FDI by region in Romania in 2013

Region	% of total FDI
Bucuresti-Ilfov	61,40%
Centru	8,60%
Sud-Muntania	7,70%
Vest	7,60%
Nord-Vest	4,50%
Sud-Est	4,20%
Sud-Vest	3,20%
Nord Est	2,80%

Source: National Bank of Romania

Table 5: Greendfield investements through FDI in Romania in 2013

Region	% of total Greenfield FDI
Bucuresti-Ilfov	56,50%
Centru	13,30%
Sud-Muntania	8,30%
Vest	9,90%
Nord-Vest	5,50%
Sud-Est	1,50%
Sud-Vest	1,80%
Nord Est	3,22%

Source: National Bank of Romania

Unfortunately there is not enough data to show the localization of the companies according to their countries o residence. The authors own observation and regional statistics show that most of the German and Austrian companies are located in Transylvania and in Banat. This is linked to the fact that the region has a population that

speaks German and also the fact that it is close to the border.

Conclusions

After the fall of the communism the Romanian state has undergone a long process of transition. The reforms from the early 90 have projected the country towards the European Union. As the country was going through a period of inflation and the legal background was still unclear there were not a lot of foreign companies that wanted to invest in the country. Most of the investments were done through privatizations of former state-owned companies. With Romania getting closer to the European Union and its accession being accepted in 2004 we saw an increase in foreign investments. This has led to an economic growth of around 4%-7% during those years. The process stopped after the economic and financial crisis because the supply in the partner countries has decrease. Among the residence countries of foreign investors, Germany and Austria stand out. On the one hand they represent around 30% of the investments but they also have generated an important impact on the labor market, as the majority of these investments were Greenfield investments. We also are noticing that in 2014 Germany has become the main economic partner of Romania. Romania has imported goods from Germany amounting to 11,2 billion Euro in 2014 (an increase of 8,7% compared to 2013) and has Exported goods of a value of 10,1 billion Euro (an increase of 9,8% compared to 2013). Among the most important things related to the presence of German and Austrian investors in Romania is the fact that the companies have carried out extensive activities in support of their communities and have also engaged in a lot of knowledge transfer processes.

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EURO ADOPTION THROUGHOUT CEE. OPTIONS AND ACTIONS

Mircea Teodor Maniu

Associate Professor, PhD

Faculty of European Studies

Babeş-Bolyai University Cluj-Napoca

mmaniu@euro.ubbcluj.ro

***Abstract:** The international economic outlook witnessed significant changes since the adoption of the common European currency. This contribution tackles with the juncture that made the most enthusiastic Euro countries, namely those of Central and Eastern Europe, to turn into the very opposite. Meanwhile, grounded mostly on the Romanian example, I try to sort out the options concerning this issue that could be identified in the region, as well as attempt to forecast the actions these states could undertake on the short and medium term. The ultimate purpose of this paper would be to identify critical mass of aggregated consistence, meanwhile economic, political, social and cultural, for securing the process of Euro adoption in Romania.*

Keywords: Eurozone, Euro adoption, Euro adoption factors, monetary policy, Romania and CEE

Foreword

As Latvia adopted the Euro on January 1st 2014 and Lithuania will follow precisely one year after, one can spot an interesting comment by *Valdis Dombrovskis*, Prime Minister of Latvia at the time of adoption. He stated the fact that probably five years ago everybody in his country was eager to adopt the Euro, while the institutions of country were quite unprepared; when adopting, only 36% of Latvians are still backing the idea, but the country is fully prepared. Therefore it stays firm on the Euro track.²⁸ It was replicated

²⁸ James Fontanella-Khan and Richard Milne, Latvia launches bid to join Euro, in Financial Times, Europe, March 4, 2013 - at: <http://www.ft.com/cms/s/0/bef93cc2-84df-11e2-88bb-00144feabdc0.html#axzz2bYXNFUR>, observed May 2013

by Lithuania during the last couple of years, despite the crisis and various political adversities. Both these Baltic countries, along with Estonia, could easily epitomize the Central and Eastern European propensity to join the Euro-zone. Meanwhile, bigger countries in the area such as Poland, Czech Republic or Hungary, drawing on the consequences of the crisis and consequent weakening of the Euro made public their intention to postpone as much as possible the moment of adoption. Not surprisingly, Romania's standing on the matter seems to be of opposite fabric. While the National Bank and most economic analysts conclude that Euro adoption embeds for Romania more liabilities than assets at this particular moment, the political establishment happily forwarded since 2012 several adoption years to be, 2015, 2017 and lately 2019 as the moment M for Romania.

One could be 100% certain about a fact: they do it because they feel the positive public perception towards Euro and this definitely is overweighting the potential damages to the national economy, from a strictly political perspective. At a time when still two thirds of the Euro-zone inhabitants perceive Euro as a positive institution, Central and Eastern Europe seems particularly divided over this matter. Therefore an investigation of the macroeconomic, financial, budgetary, but also social situations, investigation with forecasting attributes, could be exceptionally rewarding for those countries and investors able to foresee the evolution of the Euro adoption throughout CEE. Not to say for the Union. It is a hidden secret that money would be the commodity historically encapsulating more cultural features than any other, so there is no real point in elaborating here about the overall role played in history by culture and how civilizations were forged through both material and spiritual layers of culture.

But restating the undeniable connection between culture and economic life appears to be a lucrative path towards our goal of explaining why Euro adoption should be pushed ahead not only through the consecrated means of market but also through the means of other social sciences, namely through a set of internalized and naturalized knowledge, plenary and comprehensively describing the manner in which a certain community tackles with such a change as replacing centuries old currency. "What culture establishes is moral order. Culture regulates right and wrong, lays down what attracts reward and what attract

punishment. It offers a model of the good life and establishes a complex web of obligations, rights and duties.²⁹ As these words came from a world renowned political scientist as *George Schoepflin* is without doubt, they could just as well be attributed to any responsible macroeconomist, because they indicate a major driving force of our society, establishing an axiology that was and sometime is still is forgotten in the public discourse.

Euro, beyond economics: a cultural vehicle

Common language and common currency are prerequisites for common economic life, says the popular wisdom. Euro was supposed to be precisely a sophisticated but meanwhile commonsense answer to the issue. How comes during the last couple of years, following various crises, inside or outside EU, it turned somehow into the opposite? Not few economists and political analysts consider, following the crisis, that the Euro could simply destroy EU as a whole.³⁰ Often debates about a proper professional approach concerning the issues of the common currency are taken on shaky grounds, such as the one limiting Euro trade on the track with Russia, following the Crimean crisis. There are four preliminary steps to be taken in order to have a clear view on the matter: how are the European decisions taken, the type of domestic regime in specific EU countries and this peculiar regime's economic impact, the regime of power and its impact in the Euro-zone or outside it and decision making and governance within the Eurozone.³¹ As the mainly exogenously imposed demand for more competitiveness forces EU countries towards additional and deeper adjustments, the historical target of leveling upwards the European living standards, through specifically designed catch-up procedures, becomes more and more blurred. But recent crisis, especially through its Greek episode and political turmoil

²⁹ George Schoepflin, What are Cultures? in Report on The Global Round table Sustainability of Culture, The Greatest Challenge of the 21st Century, Budapest 2012, pp. 17-18

³⁰ Kemal Dervis and Javier Solana, The issue: Could the Euro destroy the EU? Our verdict: Only "more Europe" could avoid a deeper crisis, in Europe's World, Summer 2012, Nr. 21, pp. 8-15

³¹ Yves Bertoncini, Zone Euro et democratie(s): un debat en trompe oeil, in Notre Europe, Institut Jaques Delors, July 18, 2013 – at: <http://www.notre-europe.eu/011-16387-Zone-euro-et-democratie-s-un-debat-en-trompe-l-oeil.html>, observed September 2013

with Russia, had also at least one positive consequence: it revealed how important would be to have a culturally coherent and consistent plan and also operational mechanisms and working procedures to move forward towards growth and sustainable development grounded on Euro.

The non-legally binding Euro pact plus, the *Treaty on Stability, Coordination and Governance (Fiscal Compact)*, the so called *Six-pack* and *Two-pack*, *et al.* measures illustrate the technical progress made by EU in this respect, but it opens also a quite different perspective of the issue: that of the potential model “One Europe, two speeds”. Born out of the partially legitimated frustration of the main contributor countries, triggered by the lack of means of control of the *bailout schemes*, this “catching-up killer approach” has been formulated, more or less in two working alternatives. The blueprint of the first track, the radical one, consists in a voluntary (non-formalized in treaties) segregation of the Euro-zone countries that would adopt very tough integrative measures in order to make functional the system, no matter what the rest of the EU countries would do. The Euro-zone becomes the benchmark in all respects and the access towards it is drastically conditioned by the accomplishment of the self-imposed rules, implying the fact that economically stronger countries will more or less impose on others, somehow against the EU provisions in place. The operational framework of the process of segregation in a neatly dual pattern could be institutionalized within existing EU bodies, or specific bodies could be forged for this purpose, the sooner the better in the initiators opinion.

What we will witness here, if such a plan would be put in place, is a *de facto* cultural split of EU with tremendous consequences in time. Just as the recent political crisis on the Eastern flank proved, it takes an exogenous impact in order that all or most of EU's countries react in a common manner. Could the issue of common currency, less perceived today as a potentially catastrophic setback for EU, trigger the same kind of reactions? The second way of approaching the issue, a less radical track, more “CEE friendly” how it was branded would imply re-thinking the treaties and inscribing there the *de facto* two tiers Union, with a clear path from one side to the other, just as joining EU was and still is formalized. Of course such an approach would probably imply a longer period of implementation, due to the estimated time that should be dedicated to the

negotiations of the new treaties.³² But it seems quite obvious that under the present day constraints it is not probable that the reform of the Euro can wait the complete institutional reform, as a follow-up of the crisis. Relevant sources point out the fact that EU must not wait in respect to the Euro until such a change of amplitude will occur in the treaties.³³ But the outcome of this process could be quite different, if the emphasis of the process would be cultural and social facets.

So, sharing this second view, which obviously appeals more to CEE countries, imply beyond the will to change the treaties, a doubtful approach from the side of strong members, still strongly supporting the policy of maintaining the goal of catching-up as EU's main socio-economic blueprint. Could that be done properly, without putting the process at the expense of competitiveness at a time when pressure on EU comes from various areas of the world? Just as EU external relations imply a proper balance of individuality-coherent message, publicly delivering a unique message, so to say speaking with a single voice, in spite of all differences, would make a huge difference for the future of EU's image in the world. Just as the crisis the relations with Russia made several EU countries to map out the various ways and means by which differentiation is given form in the realm of EU external action and to debate the inevitable future constitutional, institutional and instrumental challenges of a multi-speed, multi-tier European Union, in the field of foreign policy, a "cultural shock" induced with proper means could do the job in the domain we are dealing with.

This brings to surface an alternative concept that has been forwarded quite recently: the variable geometry of Euro adoption. We can observe today different degrees of political and economic preparedness for deeper integration, not only monetary but also fiscal and meanwhile divergent interests among EU member countries, especially old and post 2004 ones. In some respects the new members outperform the old ones when it comes to sticking to the principles embedded in the *Maastricht Treaty*. On the other hand it is a

³² Jean-Claude Piris, The issue: Could rescuing the Euro-zone fatally weaken the EU? My verdict: No, several models for a "Two-speed Europe" work well, in *Europe's World*, Autumn 2012, Nr. 22, pp. 12-23

³³ Niels Thygesen, We don't need full-scale treaty change to save the euro, in *Europe's World*, Autumn 2012, Nr. 22, pp. 24-29

largely acknowledged fact that the Maastricht criteria are outdated and do not reflect the real situation of the catching-up new economies, with reference to classical theoretical views such as the *Balassa-Samuelson effect* or the so called *Dutch disease*. The recent admission of Croatia according these criteria triggered again the debate concerning the necessity of deepening the functional procedures of EU. But concluding these remarks with the idea that without a competitive economy there is no point in adopting the Euro, we voluntarily limit the effects to the realm of money, finance and banking, whereas we deal with the only area of economics where pure economics is exceeded by the impact of plenty of non-economic factor, distorting the process via unconventional channels.

At the dawn of the introduction of Euro, back in 2000, one of the most famous economic historians, *Charles Kindleberger*, who fathered the hegemonic stability theory, with so many present day implications, introduced the issue of culture along with trade, finance and cost-sharing as pillars of the new global economy.³⁴ Culture can be easily brought to the realm of economics judging it as a public good. Sometimes public values emerge as natural, sometimes they should be imposed. The example of nationalism as a cultural factor shaping preferential trade relations or autarchic patterns of development is quite relevant in this respect. Just for the fact that at a certain moment it played a positive role is not simply enough. Cultural constraints that were observed throughout history, properly tackled, made an overall positive impact on the economy, from the necessity to learn foreign languages, to adopting habits that put those countries on the industrial map of the world. So it could be foreseen that such constraints, properly brought to the stage, would act in the same manner today and I would say that the policy answer in this respect should be of the same consistence as in the not so far past, or simply put, “not reinventing the wheel”.

What does that mean in terms of policy? Obviously stronger *ex ante* coordination of major economic cultural policy changes while enforcing also the economic policy, contractual arrangements concerning reforms and possible financial incentives for

³⁴ Charles Kindleberger, A new bi-polarity? in Robert Mundell, Armand Clesse, Editors, The Euro as a Stabilizer in the International Economic System, Kluwer Academic Press, Boston /Dordrecht / London, 2000, pp. 3 – 20

structural reform needed in order to adopt the Euro. Beyond the fact that in this manner EU will avoid a severe fragmentation, it would at least ease the funding costs across EU countries, and the Euro –zone interbank market, which has been effectively closed to a significant number of countries, would become much more permeable. If this approach is leading to what some sources depict as moral hazard, social gambling, *fuzzy economics* or, borrowing from the American arsenal, “too big to be saved” it is obvious this cannot be properly judged at this stage of the events. To add a peculiar domestic example in this respect, I would say that Romania did not appear at all, during the so called transition (1990-2006) and post-transition years, (2007-2013) 2007, to be in the league of fast movers, a shock therapy enthusiast, but the situation seems quite reversed concerning the discussed matter, once the country decided to voluntarily undertake the constraints of the *Fiscal Compact*.

Should the overall Euro adoption policy be reframed?

Only half a decade ago the integrative model of EU was considered to be a potential ideal pattern for the evolution of several other areas developed and developing areas of the world. The cultural expansion of Europe outside its geographical boundaries, following the industrial revolution, though plagued by colonialism, was considered as a proof of an already accomplished task: (Western) European culture is actually appealing to so many³⁵ for a balanced combination of reasons. The strong European economic component that offered a superior quality of life elsewhere was, if not always, definitely often accompanied by the will to use force, in one way or another, in order to secure the economic success. As one of the most distinguished interpreters of these *phenomena*, namely *Robert Mundell* so bluntly put it. Since EU clearly rejects this pattern of the past, its presence in the world is mainly culturally shaped. But it is obvious that such a shaping process occurs with much more difficulty in the present day multi-polar world than during

³⁵ Niall Ferguson, *Civilizația. Vestul și restul*, Polirom, Iași, 2014, pp. 29 - 51

the early industrial age.³⁶ Within such a juncture it is not out of place to express the idea that Euro could be the binding factor, of a both economic and cultural consistence.

Euro was essentially meant to lower the transaction costs, both economic and social, throughout EU and beyond. But since values and their attached economic costs are to be perceived through the professional lens aggregated by the specific features of the culture of that specific place, culture indirectly acts as a moderator of the economic performance. Therefore certain societies will perceive the costs of transactions that are not anymore dominantly endogenous in an accurate or a distorted manner, according to the peculiarities of its culture and consequently, voluntarily and involuntarily positioning that specific country in connection with the alien cultural framework where it operates.³⁷ Not a single economist dared yet to formulate how this link between purely economic, and extra-economic factors are actually operating, beyond the purely behavioral setting, and how they should ideally work, thus elaborating a proper theory of the kind. It is important to mention that some economists acknowledge the failure of modern day macroeconomics, specifically due to excess of formalism, wrong methods of abstraction, assumption of unchanged composition of the aggregates throughout history, lack of methodological flexibility, not to mention the lack of flexibility in interpreting the cultural impact over the economy.³⁸

During and following the crisis (2008-2013) CEE has remained, with a few exceptions, among the weakest performing emerging-markets of EU. The negative impact of the deteriorating world economic outlook on the EU's regional growth continued practically till the end of this interval. Some more developed economies have more solid growth prospects and better fiscal management than many old Euro zone members, largely due to the so called Vienna Initiative, namely avoiding to repatriate capital from the predominantly foreign owned banks of the region. Or, not few experts consider banking as one of the most culturally biased area of the economy and the administration of liquidity

³⁶ Rob de Wijk, The geopolitical consequences of the Euro crisis, in *Europe's World*, Summer 2012, Nr. 21, pp. 18-19

³⁷ Mark Casson, *The Economics of Business Culture*, Clarendon Press, Oxford, 1991, pp. 3 – 28

³⁸ David Simpson, *The End of Macroeconomics*, IEA, London, 1994, p. 28

and the fiscal traditional parsimony that turned into unexpected largesse, from both selected EU governments and international bodies such as IMF. What we observe here is that culturally framed mechanisms that were operational during the complex period of transition are in fact replicated within this process of comprehensive transition towards the Euro. Just as the accelerated transition opposed to the stop and go pattern generated various standings, it is ultimately the ability to institutionalize the most efficient track for a specific country.

The recent split between the views concerning the comprehensive view on the future of EU and obviously Euro, opposed the generic Northern to the Southern flank, indicating more variable geometry within EU than the opposite, namely cohesion. It seems obvious that EU cannot afford to let critical mass to get over a specific threshold without undertaking the risk of disaggregation. As the *2020 Strategy* mentions: “Europe faces a moment of transformation. The crisis has wiped out years of economic and social progress and exposed structural weaknesses in Europe's economy....EU needs a vision of Europe's social market economy for the 21st century.” Is there a vision of a fully integrated EU without Euro? Yes, definitely it could be, but it would erode the very fundamentals of EU, Euro being in fact a stepping stone to a politically unified Europe. So it seems more and more important to embed in any strategic document of EU the reality that no matter how long it will take, the threshold of adopting the Euro by most if not all its members would not be abandoned. It is not random that in early October 2013 the EU Commission issued a Communication to the EU Parliament and Council of Ministers for *Strengthening the Social Dimension of the Economic and Monetary Union*. Beyond being a follow-up of the procedures in order to make the *2020 Strategy* work, beyond being another alert of the already in place *Alert Mechanism* or *European Semester*, deepening the EMU is seen here as mainly “combining substantial ambition with appropriate sequencing”.

Planning for Euro in Romania

For the specific case of Romania, precisely the cultural thresholds would allow us to move forward, beyond the macroeconomic constraints. It is well known that *Max Weber*

considered that Economics could not be subordinated to any other kind of activity or values, while *Werner Sombart* considered that terms such as culture, civilization, economy or output are too complex to be explained by the means usually available to the economist. A while before the crisis, but also a year preceding Romania's admission to EU, *Daniel Dăianu*, asked somehow rhetorically: "What are we going to be within EU? Are we looking only to operate under the *aegis* of low rent-seeking institutions such as EU's are?" Can domestic innovation, including that of cultural parameters still function in a comprehensive market that are still far away from functioning as clusters of activities in the *Porterian* sense. Does the competition among countries, replicating the firms' competitions, because the firm driven managerial culture dominates more and more the political behavior, implies that we are actually facing a competition between clashing managerial cultures, or at least sequences of those cultures?

Romania cannot expect a smooth and uncontroversial path towards Euro. Plenty of energy has been consumed in order to support both camps, first from those willing to adopt the common currency as soon as the economic outlook would be acceptable for EU governing bodies. Their main argument is dual: economically speaking the country cannot manipulate the exchange rate to foster exports, theoretically the main growth engine for a developing country, and also a recommended path at a time of budgetary constraints. The forecasted propensity of the Romanian society to adopt instantly and creatively the new currency, along with the proven during time resiliency to harsh economic conditions, on the other hand, could ease the process. This second approach has been heavily tested during the epoch of *dollarization* and *Deutsch mark-ization* of the economy following the three digits high inflation of the domestic currency in the early and mid 90s, as well as the widespread, though not legal, use of hard currency of various kinds and later on Euros. Starting with the mid 2000s, the country witnessed an inflow of remittances in Euros, a consequence of the massive wave of emigration of Romanians towards countries of the Euro-zone.

One of the most evident culturally defined paradoxes in Romania lies with the reality that while we are loudly appealing for more democratic EU approaches and for a stronger and better heard voice for the smaller members of the EU, we are fully aware of

the fact that our own belonging to this supranational structure owes to the fact that from the very beginning this build-up was supposed to act exogenously, in a manner that was described as “despotically enlightened”. Though not as profoundly rooted in the country's history as we tend to believe, the evil of over-powerful state, and consequent control over the economy and society as a whole, induced a distorted manner of acting and reacting during the second half of the XX-th century. This state is the responsible body for too many fake anchors for Euro adoption, the last one being forwarded in late 20th year 12 and having as benchmark 2019, along with the Romanian Presidency of the EU Council. As most of the qualified observers noticed, we underline again the fact it is again a purely political decision, taken without any preliminary investigation of the context, as well as of the potential consequences.³⁹ But is it completely lacking common sense within the domestic context?

As the economic policies unfolded during these years, it is obvious that Romania in transition initially had suffered from what has been called a “loss of momentum”, generated by the initial misallocations that were the pre-EU accession period norm. No coherent macroeconomic approach was possible in order to counterbalance unilateral moves of the economy, only to be regretted one step further and to be compensated by excessive and unbalanced governmental involvement. Moreover, beyond the many of assets it brought, the accession to EU also induced an unwanted “distortion” in allocating resources, which situation at its turn influenced the domestic economic landscape and the international dimension of the Romanian economy as a whole. There is no school of thought grounded on a sharp and consistent doctrine that could theorize or even reasonably explain what happened during the last two decades. Catching some historical, anthropological, sociological and overall cultural dimensions and framing them into a model that could be branded as heterodox, could have many benefits in terms of policy design and will evidently have a stronger explanatory force for the setbacks and liabilities of today, as observed by so many.

³⁹ Laurian Lungu, Interview about Euro adoption, Newsletter IER, Nr. 52, Bucharest, April 2012, pp. 1-2

This leads to the preliminary conclusion that a heterodox economic perspective on Euro adoption should encapsulate definitely more than the simple view of Macroeconomics, or other economic sciences, meanwhile epitomizing through one of the most holistic mirrors – that of the economic culture, in a behavioral manner - the evolution and state of the contemporary Romanian society. Not to mention the prospective potential embedded in such a theoretical model which could become the most important forecasting consistency asset. Modern interventionism as well as cyclical movements, the very essence of modern day evolutionary economics could be better explained in this framework and therefore society could be better prepared for exogenously induced shocks. It is precisely within this juncture that culture in general, economic culture specifically, underline differences and build identity through exclusivity building civilizations. One could notice the complementarities of cultures and civilizations: while cultures design a certain status, civilizations assign roles in the evolutionary process, as a very important Romanian author dealing with this problem, we name here *Mircea Malița*, points out. Why couldn't we assume that a cultural approach on Euro would simply work along these lines of thought?

Present day Romania generates approximately three quarters of its export revenue in the EU, so negative growth in its main export markets will have a strongly negative impact on its own growth and development. But as growth is forecasted to pick up again in 2014-16, to an annual average of 2 - 4%, depending on forecasters and junctures, considerable monetary and fiscal policy measures should be taken under the constraints of the *Fiscal Compact* and IMF loan reimbursement schedule. Various sources constantly warn that “lack of smoothness” to say the least, in the Euro area could have important repercussions for the emerging new countries, such as the Romanian one⁴⁰. So, no matter if the country embarks, willingly or forcefully, the Euro track or opposes it as some more advanced CEE countries do, the long outcome could be forecasted with reasonable accuracy as more or less the same: the country wishes to adopt the Euro and will do it as soon as possible. This constitutes a quite strong argument for those embracing the idea of

⁴⁰ European Commission, Summary of the Partnership Agreement for Romania, 2014 – 2020, Brussels, August 2014

moving faster towards the Euro, despite the adversities and unforeseen dangers. They are encapsulated in the system anyway. So, the “cultural path” appears in this light as the methodological approach in order to benefit from the public support for the cause and operationalize intelligently this support. Indeed what would be the point of not having the Euro in a country that largely operates on current basis with the common currency?

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**TRADE OPPORTUNITIES FOR ROMANIA.
PROSPECTS AND RECORDED PERFORMANCES
OF THE ORGANIC FOOD PRODUCTS
AT THE LEVEL OF THE ROMANIAN EXPORTS**

Monica Ioana Burcă-Voicu

Assistant Professor, PhD

Faculty of European Studies

Babeş-Bolyai University Cluj-Napoca, Romania

mvoicu@euro.ubbcluj.ro

***Abstract:** Debates on the issues related to the role played by the agriculture in the economic development should be considered as having primarily a macroeconomic perspective with a focus on growth-oriented policies. At the EU level, agriculture has always benefited from increased attention regarding the policies and the measures that had to be applied and has always been subject to some of the most controversial debates. Special focus has to be paid to the changes that have occurred nowadays in the demand trends and consumer behavior in relation to the food products, generating this way an increased attractiveness for the organic agriculture sector and organic food products. The organic agriculture has greatly expanded in Romania over the recent years, having a steady growth triggered by an increase in both the internal and external demand for this category of products. We should also state that, there is a constant interest in encouraging this niche sector, interest that can and should develop into a competitive advantage for the Romanian agriculture.*

As we have mentioned in the title, this paper will try to identify the future prospect and also point out the place occupied by this sector of activity at the level of the Romanian total exports.

Keywords: Trade, Organic food products, Organic agriculture, Quality, Certification;

Introduction

On the following chapters of this research, we intend to focus our attention on the existing trade opportunities for our country, opportunities generated by the entire global Organic Food Market with an emphasis on the EU Market absorption potential. We are

going to argument our paper through a brief insight on the recorded performances, facts that are revealing the current situation of the Romanian organic agriculture and organic food products market realities. Moreover, we are going to position them at the level of the total Romanian exports as one of the most interesting opportunity that can generate for our economy/agriculture a real competitive advantage.

For our short insight, we have accessed statistical data provided by the Romanian Ministry of Agriculture and Rural Development, The National Institute of statistics of Romania, information provided by EC, FiBL and IFOAM and other different scientific and academic sources along with recent publications and newspapers that were relevant for the analyzed topic.

1. Romanian Agriculture – facts and figures

The rural areas in Romania cover around 87.1% of the Romanian territory.⁴¹ This reality creates the necessary conditions for a Romanian rural economy dominated by agriculture but unfortunately too little integrated at the level of the national global market.

The agricultural gross value added in Romania in 2011 was 8.3 billion Euros representing 5.59% of the EU-27 overall gross value added, ranking Romania at the EU level on the 6th place (+7.9% in comparison with the previous year). The agriculture productivity level remained still very low (under 50% of the EU-27 average level) in our country even if we take into consideration the time periods in which the Romanian agricultural sector has registered good performances⁴².

The contribution of agriculture to GDP was relatively steady. Usually the growth being generated by the favorable climate conditions and not by important investments in

⁴¹ Ministry of Agriculture and Rural Development, *Analiza socio-económica în perspective dezvoltării rurale 2014-2020*, July 2013, p.1, [<http://www.madr.ro/docs/dezvoltare-rurala/programare-2014-2020/analiza-dezvoltarii-rurale-agricultura-iulie-2013.pdf>], April 2015;

⁴² Ministry of European Funds, *Rezultatele analizei documentare. Sectorul agricultură și dezvoltare rurală*, May 2013, pp. 4-6, [http://www.fonduri-ue.ro/res/filepicker_users/cd25a597fd-62/2014-2020/Dezbateri%20parteneriale/Rezultatele%20analizei%20documentare/03.06.2013/12.Agriculture%20and%20rural%20development_22%20mai.pdf], April 2015;

the infrastructure, situation that does not create the necessary long term conditions for sustainable development.

The low performances, the insufficient financial support, the limited profitability and the undeveloped infrastructure of this sector have contributed to the increase of poverty in the Romanian rural areas that have nowadays a very low standard of living.

The EU-27 average dimension of the farms reached in 2010, 14.3 ha, meanwhile in Romania we have a still very fragmentized land surfaces the average rating at 3.45 ha, 74.3% of the farms being under 2ha. Moreover, the working population in agriculture reached 19% of the overall occupied population a still very high rate in opposition with the EU figures that registered an average of 4.7% (Poland 10.1%, Hungary 5.5%, etc.).⁴³

The organic agriculture can become for Romania a positive response for the constant increasing demand for natural, healthily products that have originated from environmental friendly processes that can enrich the rural areas by diversifying the food sector offering also alternatives for the working population.

One of the features that are characterizing the Romanian organic agriculture is the fact that currently it has registered a constant upward trend. The number of operators including producers, processors, importers and exporters has reached in 2012 a number of 26,736 (103 in the processing segment and 26,390 agricultural producers).⁴⁴ In 2013 the MADR data shows that Romania has registered 15194 organic certified operators and 301148.1ha under organic management (288260.83 ha in 2012).⁴⁵

⁴³ Ministry of European Funds, *Rezultatele analizei documentare. Sectorul agricultură și dezvoltare rurală*, May 2013, pp. 4-7, [http://www.fonduri-ue.ro/res/filepicker_users/cd25a597fd-62/2014-2020/Dezbateri%20parteneriale/Rezultatele%20analizei%20documentare/03.06.2013/12.Agriculture%20and%20rural%20development_22%20mai.pdf], April 2015

⁴⁴ Ministry of European Funds, *Organic farming*, pp. 2-3, [http://old.madr.ro/biofach2013/Annex_organic_agriculture_EN.pdf], April 2015;

⁴⁵ Ministry of Agriculture and Rural Development, *Dinamica operatorilor și a suprafețelor în agricultura ecologică*, [<http://www.madr.ro/agricultura-ecologica/dinamica-operatorilor-si-a-suprafetelor-in-agricultura-ecologica.html>], April 2015;

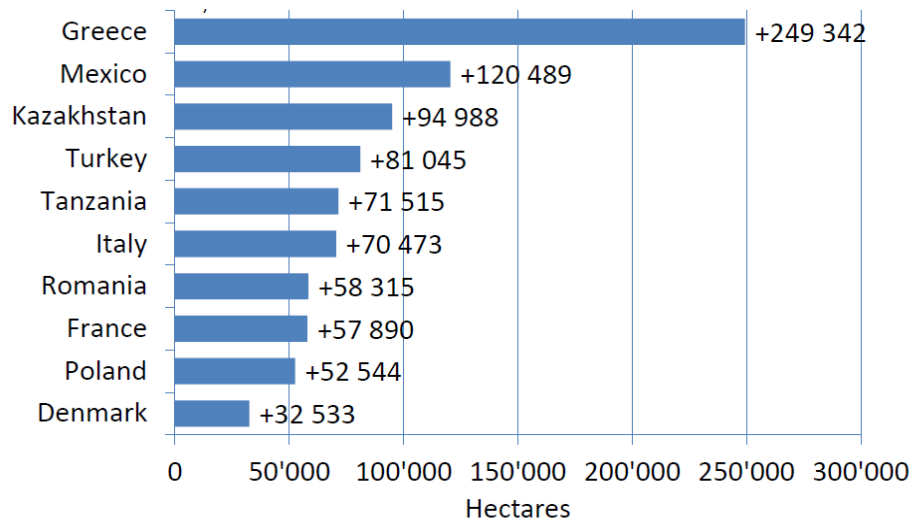


Figure 1. The ten countries with the highest increase of organic land in 2012

Source: Willer, H., Lernoud, J., (2014), *The world of organic agriculture. Statistics and emerging trends*, FiBL and IFOAM, p. 47, available at: [<https://www.fibl.org/fileadmin/documents/shop/1636-organic-world-2014.pdf>], February 2013;

As we can see in 2012, Romania has been one of the countries that have succeeded in having one of the most important organic land growing rates, ranking 7th place with a plus of 58315 hectares, in front of representative countries like: France, Poland or Denmark.

The Romanian organic agriculture poses a lot of constrains related to the lack of notable research results in this field, fragmentized land surfaces, reduced implication in the informational process related to the advantages that organic agriculture can bring for the producers. Even if the prices are higher than those applied to the conventional products, the organic agriculture is known to have lower return rates and high expenditures generated by the inputs needed and by the entire certification and conversion process. Moreover, we can mention here the low rate of investment in the processing sector fact that stimulates the export of Romanian organic raw materials.

2. Some figures regarding the worldwide organic market

As we are going to present in this paper the worldwide organic agriculture has had over the past years a steady growth even if at times the global economy registered downturns. This positive evolution can and should not be over passed because it has had an important global economic impact in spite of the fact that we are here talking about a niche market. On our path, in order to draw the main tendencies registered by the organic food market we have to reveal also, the growing importance paid globally to the consumer protection or food safety standards.

A synthesis of the statistical data provided by the 2014⁴⁶ and 2015⁴⁷ FiBL and IFOAM surveys shows as we are going to present as follows, that, the entire worldwide surface being under organic agriculture covered in 2012 almost 37.5 million ha that were managed organically by 1.9 million producers. To certify the positive evolution of this sector, the 2014 data indicates that the entire surface containing also the conversion area reached 43.1 million hectares managed by 2 million producers. Europe accounts for 30% with 11.2 million ha – and has registered in 2012 a growth by 6% and in 2013 by 3%. The countries with the highest surface of agricultural land managed organically in 2012 were Australia (12 million ha), followed by Argentina (3.6 million ha) and United States (2.2 million ha). We should also name here the European countries with the most agricultural land managed organically in 2012, countries like: Spain (1.6 million ha), followed by Italy (1.2 million ha) and Germany (1 million ha).

The consumer demand is concentrated mostly in the more developed countries and there are two important factors that can explain this trend⁴⁸:

⁴⁶ Helga Willer, Julia Lernoud, *The world of organic agriculture. Statistics and emerging trends*, FiBL and IFOAM, 2014, pp. 24-25, [<https://www.fibl.org/fileadmin/documents/shop/1636-organic-world-2014.pdf>], April 2014;

⁴⁷ Helga Willer, Julia Lernoud, *The world of organic agriculture. Statistics and emerging trends*, FiBL and IFOAM, 2015, pp. 24-25, [<https://www.fibl.org/fileadmin/documents/shop/1663-organic-world-2015.pdf>], April 2015;

⁴⁸ Monica Ioana Burcă-Voicu, *Evoluția și perspectivele produselor alimentare ecologice pe piața Uniunii Europene. Studiu de caz: România*, Cluj-Napoca: EFES, România, 2014, p. 116;

- the “premium” price used for this category of products in relationship with the increased purchasing power existing in this regions;
- the level of education and the knowledge regarding the advantages of consuming organic products (food safety, environment protection, health, etc.);

When talking about food products, research has shown that the consumers are mostly concern about safety, nutritional value, quality, taste and environmental issues⁴⁹.

Based on all the above-mentioned facts, we can state that the export of organic processed products is mostly dominated by the developed countries that usually have the tendencies of importing raw materials from other markets.

In 2013, the global organic market reached 72 billion dollars⁵⁰. EU sales of organic products reached in 2012, 20.9 billion Euros (+6% over 2011)⁵¹. Using the same data sources, we can state that, the countries with the largest organic markets (as shown in the FiBL and IFOAM surveys) in 2012 and 2013 were: the United States (22.5 billion Euros - +10% /2012, 24.3 billion Euros /2013), Germany (7 billion Euros /2012, 7.6 billion Euros /2013) și France (4 billion Euros /2012, 4.4 billion Euros / 2013), UK (1.95 billion Euros). The highest per-capita consumptions levels were registered in: Switzerland (189 Euros/person), Denmark (159 Euros/person) and Luxembourg (143 Euros/person).

3. Romanian agricultural trade 2013

Studying the complex data concerning the Romanian trade evolution we can easily identify the relationship that occurs between the changes that have characterized the agriculture and its niche market represented by the organic food market. On this chapter,

⁴⁹ Robert Blair, *Organic Production and Food Quality. A Down to earth Analysis*, Oxford:Wiley-Blackwell, UK, 2012, p.243;

⁵⁰ Helga Willer, Julia Lernoud, *The world of organic agriculture. Statistics and emerging trends*, FiBL and IFOAM, 2014, pp. 24-25, [<https://www.fibl.org/fileadmin/documents/shop/1636-organic-world-2014.pdf>], April 2014;

⁵¹ Helga Willer, Julia Lernoud, *The world of organic agriculture. Statistics and emerging trends*, FiBL and IFOAM, 2015, pp. 24-25, [<https://www.fibl.org/fileadmin/documents/shop/1663-organic-world-2015.pdf>], April 2015;

we are going to try to position the organic food products at the level of the total Romanian exports in order to be able to draw a conclusion reflecting the opportunities yet unexploited by our country, opportunities that can as we consider generate for Romania a real competitive advantage.

Table 3.1. Romanian agriculture trade figures

By category of product	Total trade 2013	Trade with EU countries		Trade with non-EU countries	
	Million EUR	Million EUR	% change 2013 /2012	Million EUR	% change 2013 / 2012
Export – total agricultural products	5337.7	3196.5	10.7%	2141.2	78%
Import – total agricultural products	4942.4	3983.3	4.8%	952.2	-1.2%
Total trade 2013 Billion EUR		Total trade 2012 Billion EUR			
Exports (goods and services)	approximately 50	45.04 (INS)			
Exports of agricultural products	5.3	3.9 (MADR)			
Exports of organic food products /2013 *		200 million EUR			

Source: EC, *Member States Factsheets – Romania*, June 2014, p.11, [http://ec.europa.eu/agriculture/statistics/factsheets/pdf/ro_en.pdf], October 2014;

* Simona Bazavan, "Romanians to spend EUR 100 milion organic products in 2013, says Bio Romania", in *Business Review*, September 04, 2013, [<http://business-review.eu/featured/romanians-to-spend-eur-100-mln-on-organic-products-in-2013-says-bio-romania-47773>], October 2013;

As we can see, the export of organic food products is still very low reaching only 200 million Euro in comparison with the 5.3 billion Euro generated by the export of total agricultural products. We are making this statement in comparison with the potential available (as an example, the soil is mostly rested without chemical fertilizers generating

this way a competitive advantage through the shorter periods of time needed for conversion, etc.).

Moreover, as compared with the previous years in 2014, the total Romanian exports have reached 52.5 billion Euro (+5.8%) and the imports 58.5 billion Euro (+5.9%). The export of the agricultural products represented 8.5% and the imports reached 7.7%.⁵²

4. Recorded performances of the organic food products at the level of the Romanian exports

The domestic Romanian organic food market is characterized by a reduced market size. This situation is generated by the low purchasing power of the consumers and it is also determined by the lack of informational programs designated to transmit the advantages offered by this category of food products in comparison with the conventional ones. The Romanian consumer usually cannot distinguish between the certified organic products and natural or conventional ones.

At the level of the domestic Romanian market, the demand augmented with 20% annually but the market is still as we have mentioned quite narrow. Organic sales in Romania (2011) are estimated to have reached 80 million Euro⁵³ representing 0.7% from the share of all retail sales with an average of 4 Euro/person spent.⁵⁴ Moreover, the internal demand is in a high range satisfied through imports that are almost doubled every year.⁵⁵ At the biggest fair taking place every year in Nuremberg, Germany, Romania has been

⁵² INS, *Comunicat de presă. Comerțul internațional cu bunuri în luna decembrie și anul 2014 – date estimative*, Comunicat No. 33, 9 February 2015, pp.1-3, [http://www.insse.ro/cms/files/statistici/comunicate/comert_ext/a14/ce12r14.pdf], April 2015;

⁵³ Asociația Bio-România, "Bio-România: Exporturile de produse ecologice: 200 de milioane de euro în 2011", in *Ziarul Financiarul*, 28 December 2011, [<http://www.bio-romania.org/?p=3806>], April 2015;

⁵⁴ EC, *Development of the EU organic sector and the world market in organic products*, p.22, [http://ec.europa.eu/agriculture/evaluation/market-and-income-reports/2013/organic-farming/chap2_en.pdf], April 2015;

⁵⁵ Dan-Marius Voicilas, *The Market potential of the organic products and niche competitiveness*, MPRA Paper, No.53401, 21 November 2013, posted on 4 February 2014, p.7, [http://mpra.ub.uni-muenchen.de/53401/1/MPRA_paper_53401.pdf], April 2015;

declared in 2013 "The Country of the Year", being recognized for positive evolution noticed throughout the last years.

Romanian exports are representing approximately 90% from the whole organic food production. Unfortunately, our exports are dominated by raw materials and low degree of processing food products even if there is a constant increasing interest coming from the Romanian economic agents for this market. Until now, the Romanian export main destinations for organic food products were: Germany, Italy, Spain, UK. Usually, the main exported goods are represented by: honey, fruits and vegetables.

There is a constant need for our country to recognize the importance of stimulating the export of Romanian branded products. What is quite sad is the fact that in many cases we get to a point in which we import foreign branded products that are using raw materials from Romania and by this, we are losing value added.

For instance we can give an example from this point of view by stating that the number of the total organic processed products in our country reached in 2012, only 312 products⁵⁶.

Among the main goals, objectives and priorities of the "The Romanian Rural Development strategy 2014-2020"⁵⁷ and of "The Romanian National Export Strategy 2014-2020" we find the organic agriculture promoted as a strategic sector. The target markets identified by the "Romanian National Export Strategy 2014-2020" for the organic sector are: USA, Germany, Austria, Japan, etc⁵⁸.

⁵⁶ Ministry of Agriculture and Rural Development, *Analiza socio-economică în perspectiva dezvoltării rurale 2014-2020*, July 2013, p.15, [<http://www.madr.ro/docs/dezvoltare-rurala/programare-2014-2020/analiza-dezvoltarii-rurale-agricultura-iulie-2013.pdf>], April 2015;

⁵⁷ Ministry of Agriculture and Rural Development, *Strategia de dezvoltare rurală a României 2014-2020*, [<http://www.madr.ro/docs/dezvoltare-rurala/programare-2014-2020/Strategia-de-dezvoltare-rurala-2014-2020-versiunea-I-22-nov-2013.pdf>], April 2013;

⁵⁸ Romanian Ministry of Economy Trade and Business Environment, *Strategia Națională de export 2014-2020*, September 2013, p.89, [http://www.minind.ro/strategia_export/SNE_2014_2020.pdf], April 2013;

Conclusions

As in conclusion, former researches⁵⁹ and also the data presented in this paper are underlining the importance and the real potential that this segment of activity has for our country. In order to become even more competitive on the Organic Market we should not satisfy ourselves by exporting mostly raw material but by creating and maintaining value added instead by encouraging the export of Romanian branded products. For reaching this desiderate, one of the main steps that we must take consists in boosting the number of operators responsible for the processing of raw materials derived from the organic production in order to try to gain a better place in the global chain of distribution.

Another way in which our country can be more visible for the potential partners on the available foreign markets that have a real growing potential, is to better promote the export of the Romanian organic food products and to intensify the coverage of the market niches existing in specific areas uncovered yet. Moreover, we should be assuring a better selection of the distribution channels with future development opportunity.

We are surely convinced that we also need to be strengthening the existing position in the current export markets that we are already addressing even if Romania is recognized as an important exporting market.

To surmount extra difficulties that this type of agriculture involves, and to avoid problems that can occur in the process of certification (by decreasing the number of those who have got problems in the process of certification due to the non-observance of the standards and regulations) we need to better support farmers facilitating the transfer of needed information (through training courses, seminars). An important role is played by the way in which the organic operators are informed about the procedures needed in order to be able to respect the quality process, regulations and standards, and also by the packaging and labeling requirements.

In addition, this support should be driven towards direct subventions, credit policy, better absorption of European funds, or by favoring associative forms of production in

⁵⁹ See also: Monica Ioana Burcă-Voicu, *Evoluția și perspectivele produselor alimentare ecologice pe piața Uniunii Europene. Studiu de caz: România*, Cluj-Napoca : EFES, România, 2014, p.116;

order to encourage farmers to take part and to join a specialized network of organic production. For instance, as an example, the subventions in 2012 have reached 4.098 million Euros, with almost 1 million Euros higher than the year before, fact that can be seen in the increasing results that were registered in the mentioned year.⁶⁰

Finally, we think that promoting a unified country brand for organic products, is one of the most important initiative that can simultaneously support not only this category of goods but also the Romanian traditional ones, reaching this way two important goals that can on the long run be favorable for our organic food products differentiating our country and making it more visible and more attractive on the global market.

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⁶⁰ EcoMagazin, *Producatorii din sectorul de agricultura ecologica vor putea depune cererile pentru subventii*, 13th of September 2012, [<http://www.ecomagazin.ro/producatorii-din-sectorul-de-agricultura-ecologica-vor-putea-depune-cererile-pentru-subventii/>], February 2013;

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CULTURAL DIFFERENCES AS OBSTACLES IN THE EUROPEAN ECONOMIC INTEGRATION PROCESS - A LABOUR MARKET PERSPECTIVE

Horațiu Dan

Assistant Professor, PhD

Faculty of European Studies

Babeș-Bolyai University Cluj-Napoca, Romania

horatiu.dan@euro.ubbcluj.ro

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***Abstract:** In the context of the European Monetary Union, the efficient functioning of the EU labour market is a key factor to the Union's economic health. Consequently, after bringing relevant arguments that support the absence of such an efficient labour market and the presence of economically inefficient intra-EU migration patterns, the paper proceeds in investigating the potential cultural elements that constitute obstacles to labour market efficiency by looking at how differences exhibited along several cultural dimensions affect both the decision whether or not to emigrate and the emigration destination.*

Keywords: European integration process; Labour market; Intra-European migration; Cultural differences.

Introductory Remarks – European Economic Integration and the Labour Market

It can be argued that, especially after the debut of the 2007 world economic crisis,

economic integration is the most crucial process in the further development of the European Union and perhaps even a decisive factor for its future. Even if the past 25 years have brought a great deal of progress in this field, leading to an unprecedented level of economic integration, the road is still long ahead, as many processes need to be deepened if we are to have a comprehensive and coherent pan-European economic mechanism. Indeed, even if at some levels integration has reached an advanced state, such progress is threatened by the lack of an adequate level of real integration in related fields, thus threatening economic efficiency and effectiveness. Such a situation is represented by the Euro Zone, an area of deep integration which suffers from the lack of integration elsewhere, notably in matters regarding fiscal policy, an issue discussed broader in Dan (2014), who reaches the conclusion that the Euro Zone dichotomy between a single monetary policy and 19 different fiscal policies represents a serious source of economic inefficiency and should be seriously addressed. This paper will not directly deal with this issue, but will take it into consideration as an important factor when analyzing the relation between European economic integration and the labour market, more specifically, by underlining that, in the presence of the above mentioned fiscal-monetary dichotomy, a functional and mobile Euro-Zone wide labour market is even more necessary for the perspective of an effective and efficient monetary policy.

Let us begin our analysis by departing from structural issues. The Euro Zone's architecture is based on the principles of an optimal currency area as laid out by Mundell (1961). Mundell's most important observation is that sometimes national boundaries and currency areas should not coincide:

“...if the case for flexible exchange rates is a strong one, it is, in logic, a case for flexible exchange rates based on regional currencies, not on national currencies. The optimum currency area is the region. [...] But if regions cut across national boundaries or if countries are multiregional then the argument for flexible exchange rates is only valid if currencies are reorganized on a regional basis.” (Mundell, 1961: 660-661)

After making this crucial observation, Mundell (1961: 663-664) introduces the

importance of the production factors' mobility (labour and capital) into the equation:

“If the world can be divided into regions within each of which there is factor mobility and between which there is factor immobility, then each of these regions should have a separate currency which fluctuates relative to all other currencies. This carries the argument for flexible exchange rates to its logical conclusion. [...] But if labor and capital are insufficiently mobile within a country then flexibility of the external price of the national currency cannot be expected to perform the stabilization function attributed to it, and one could expect varying rates of unemployment or inflation in the different regions”.

Having Mundell's theories in mind, this paper will study the effects of cultural differences on labour mobility in an attempt to identify key problems and propose possible solutions. As noted also in Dan (2014), even though labour mobility is one of the core principles of the European Union, it is extremely difficult to talk about a high degree of functionality of the European labour market, with the existence of important cultural barriers being the main cause. The rigidity of the European labour market has been a constant reality starting with the ante-Euro Zone period (Issing, 2000) and continuing to be an issue until today, as numerous studies show. We will refer in this matter to the work of Krugman (2012) and Broyer, Caffet and Martin (2011), who notice that, despite progress being made, geographic mobility in Europe is extremely low. This situation, correlated with the single monetary policy, the lack of a common fiscal policy and the extensive pan-European failure to comply with the Maastricht Criteria, as observed by Dan (2014), leads to a severe deviation of the underlying principles behind an optimal currency area. The papers of Blanchard (2007) and Campolmi and Faia (2011) demonstrate these inefficiencies by correlating the EU labour market rigidity with unemployment and respectively with unemployment and inflation.

According to the Eurostat report authored by Katya Vasileva (2011), there were 32.5 Million foreigners living in the European Union in 2010, corresponding to 6.5% of EU's total population. Out of these, 20.2 Million were third-country nationals (approx. 4%

of the total population) and only 12.3 Million were citizens of another Member State (approx. 2.5% of the total population). A couple of observations arise from this statistical situation. First, one can notice the low percentage of migrants coming from another Member State, a number that constitutes a first element suggesting a low level of intra-EU mobility. This picture is reinforced by the second observation regarding the much larger number of migrants coming from outside the EU than those from coming from inside the EU, a difference that in reality is even larger if we take into consideration two further factors: illegal migration and the fact that third-country nationals are more probable to change citizenship (as opposed to citizens of other Member States who already enjoy full EU citizenship rights) and thus fall out of the statistics regarding foreign population. Indeed, this is confirmed by the fact that, based on the situation provided by Vasileva (2011), it can be calculated that foreign-born residents born outside the EU exceeds by 11.2 Million the third-country nationals, while the difference between the residents born in another Member State and the registered foreigners that were citizens of another Member State is of just 3.7 Million, resulting that only 33% of the EU resident foreign-born population comes from another Member State.

One could argue that the high number of third-country nationals is caused by the ethnic structure of the labour market, more precisely by the fact that they occupy a larger proportion of low skilled positions that workers coming from other Member States would be reluctant in taking. However, even if this phenomenon exerts a certain amount of influence on migration, the high unemployment levels in some EU countries, coupled with big gaps in income between Member States, should still constitute incentives that are powerful enough for EU citizens to seek even low skilled positions. The argument is sustained also by the findings of the European Commission's report on job vacancy and recruitment (2014), which states that low skilled workers are out-competed by medium skilled workers even in elementary occupations. In fact, according to Eurostat and the European Commission, around 35% of recent mobile EU tertiary-educated workers are overqualified and are employed in low and medium skilled occupations (Andor, 2014).

In addition, if we compare the proportion of residents born in another Member State (representing 3.2% of the total European population in 2010) with the fraction of

Americans living in another US state which was, in 2009, of 31% (Molloy, Smith and Wozniak, 2011) the European inter-state mobility looks even weaker. The same conclusion was reached by Krugman (2012), who noticed that labour mobility within the EU is significantly lower than that exhibited in the United States.

In a lecture given at the European University Institute in Florence, Laszlo Andor (2014), at that time European Commissioner for Employment, Social Affairs and Inclusion stated that there are approximately 8.1 Million EU citizens living and working in another Member State, a figure that represents a 3.3% of the European Union's total labour force. This clearly suggests that, even if the number of workers coming from another Member State is low, the rate of integration in the labour market of foreigners coming from another Member State is comparable to that of the nationals, a situation that is reinforced by Andor's conclusions, who contradicts the validity of artificially created concepts like 'benefit tourism' and 'poverty migration' and basically demonstrates that there is a real desire of migrants to work and bring their contribution to society.

In the following sections of the paper, having already set the general EU labour market context, we will analyze the factors that drive intra-EU migration, both from the immigrant and the host country perspective.

Can Economic Factors alone Explain intra-EU Migration?

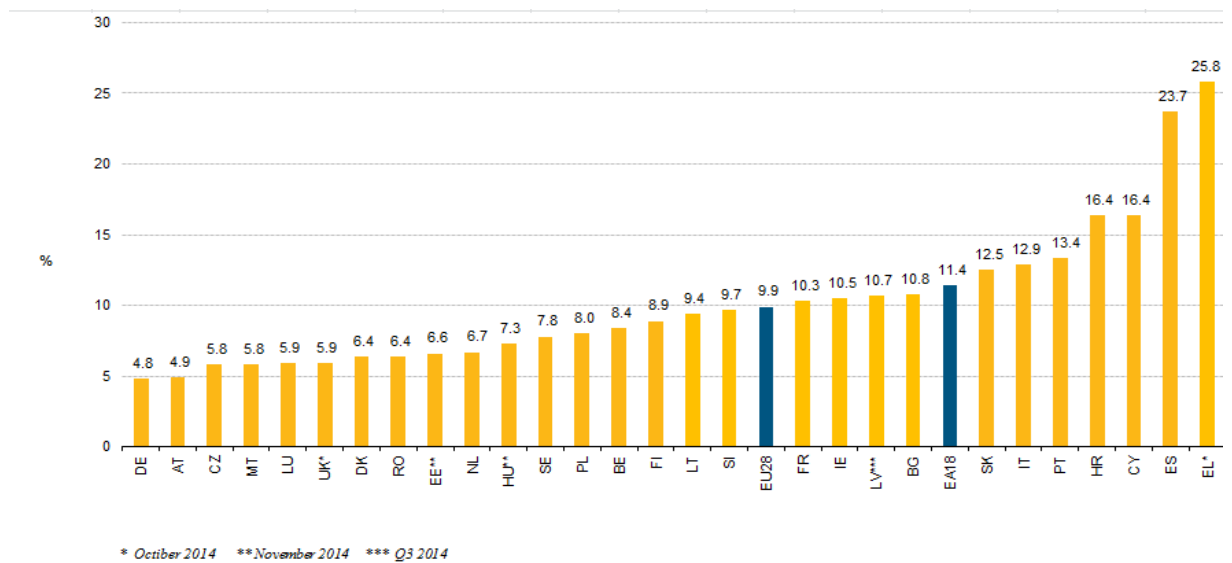
A fully functional and mobile European labour market would imply that, given the current lack of legal obstacles to intra-EU migration⁶¹, and if we are to ignore personal motives, migration decisions would be driven exclusively by economic factors and the disadvantages of crossing borders would be limited to some linguistic issues. In this section of the study we will take a closer look to European migration patterns and correlate them with the economic situation in an attempt to see if indeed the low level of labour mobility of European citizens inside the EU is strictly related to economic considerations or if some cultural factors are to be factored in. For this purpose, our analysis will take into consideration the following economic indicators, by country: the unemployment rate, the

61 With the exception of the transitional labour restrictions in place for Croatian citizens

duration of unemployment, the job vacancy rate, the hourly labour costs, the annual net earnings, the minimum wage and the labour cost index.

Figure 1 below describes, using 2014 data, the heterogeneous picture concerning unemployment rates across the European Union, which range from below 5% in Germany and Austria to extremely high values in Spain (23.7%) and Greece (25.8%), with an EU28 figure of 9.9% and a Euro Zone wide figure equal to a worrying 11.4%.

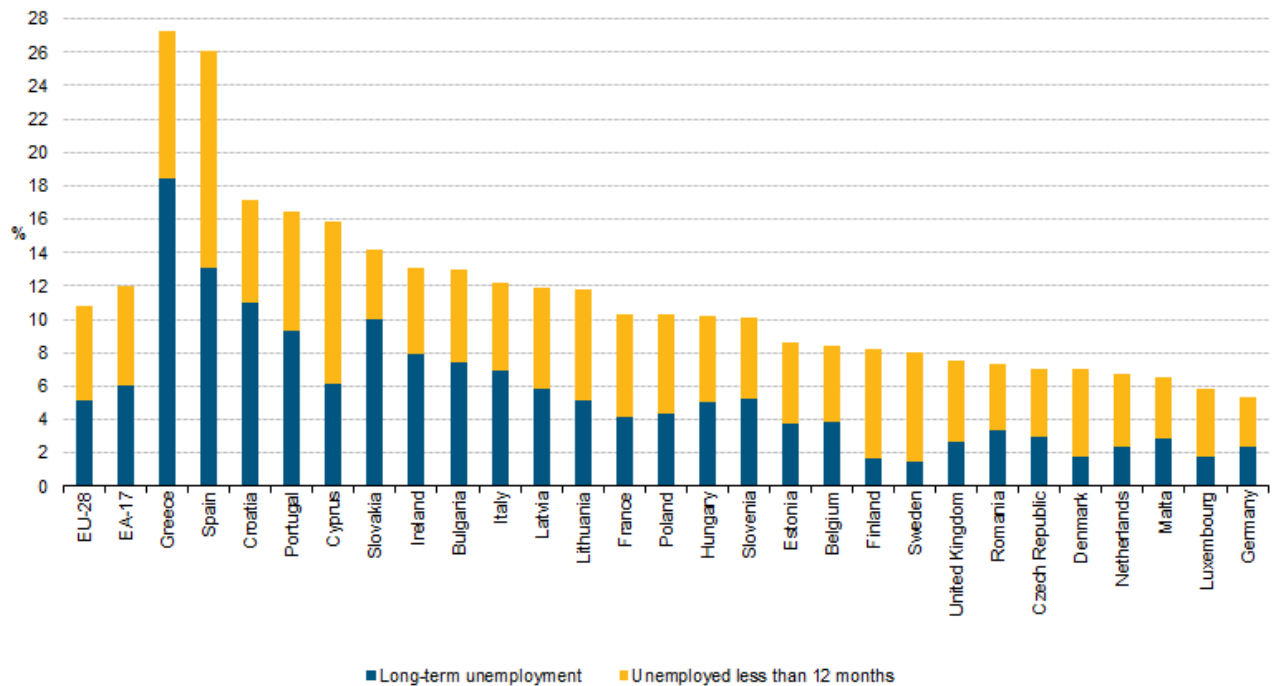
Figure 1: Unemployment rates (seasonally adjusted) in the European Union, December 2014



Source: Eurostat

Next step is to look at the statistics regarding duration (Figure 2), which shows that high unemployment is a long lasting problem in most countries confronting with it (mainly Greece, Spain, Croatia, Portugal, Slovakia and Italy), another hint that the labour market may not function efficiently.

Figure 2: Unemployment rates by duration in the European Union (2013)



Source: Eurostat

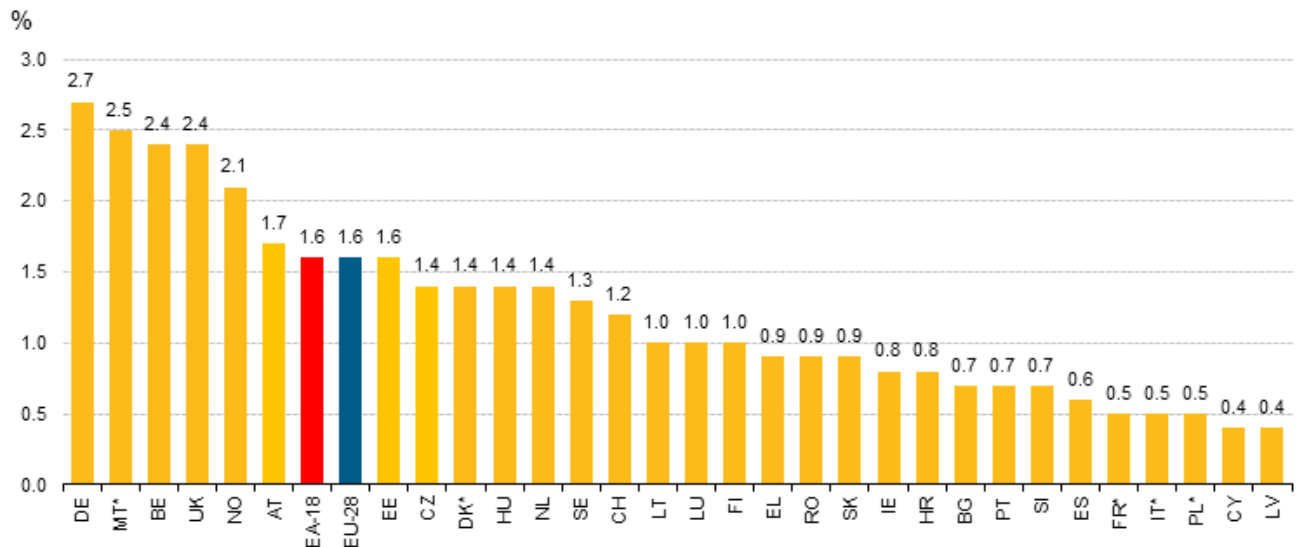
Focusing our attention on migration by taking into consideration these observations originating in the economic environment, we can formulate two hypotheses.

Firstly, it would be expected that migration flows would originate in countries experiencing high unemployment and low job vacancy rates (for example Greece, Spain, Ireland, Portugal, Slovakia, Italy, Cyprus or France) and would be orientated towards low unemployment / low job vacancy Member States with a comparable or higher level of earnings (such as Germany, Austria, the United Kingdom, or Denmark).

Our second assumption regarding intra-EU migration is linked to the fact that migrants from low income countries (such as the Member States located in East-Central Europe) would be expected to emigrate mainly to low unemployment / low job vacancy Member States, especially since statistics show that, at an EU27 level, the unemployment rate of citizens coming from another Member State is higher than that of the natives (Eurostat, 2011: 41).

This paper will focus on both these hypothesis, namely on the analysis of what migration literature calls “push” and “pull” forces, or, more precisely, at the economic characteristics behind both the decision to emigrate and the forces that determine migrants to choose a particular destination.

Figure 3: Job Vacancy Rates (Q3 2014)



DK: Only sections B to N covered. FR, IT: Section O not included.
 FR, IT, MT: Only business units with 10 or more employees covered.
 PL: 2014Q2 figures.

Source: Eurostat

We will begin by analyzing the decision to emigrate in another EU country. As data clearly suggests, the main driver for EU migration lies in the level of earnings, more precisely in the difference in earnings between Member States, with East-Central European countries constituting the main suppliers of intra-European migration. However, the situation is not so clear concerning Member States with income levels situated around (or higher than) the average of the EU, but which experience high unemployment levels. For our purpose, we find that concentrating on the comparison between Ireland, Spain and Greece generates conclusions that, even if not universally applicable, are relevant for understanding how the EU labour market works. Ireland, Spain and Greece are Member

States with income levels close to the EU27 average (as indicated in Table 1), similar job vacancy rates (both Member States report low job vacancy rates as shown in Figure 3) and exhibiting high to extremely high levels of unemployment (11.4% and 24.5% in 2014, respectively, as indicated in Table 2). Moreover, all three countries are members of the Euro Zone, thus making labour mobility discussion more relevant due to the correlations between the labour market and the efficiency of the single currency are, as discussed earlier in this paper.

Table 1: Annual Net Earnings in the EU / single person without children (EUR)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Ireland	13,745	14,435	14,966	15,593	16,275	15,690	15,831	15,953	15,800	15,738
France	11,968	12,302	12,745	13,322	13,672	13,870	14,050	14,320	14,443	14,651
European Union (27 countries, without Croatia)	10,729	10,973	11,300	11,632	11,662	11,560	11,986	12,212	12,697	Not available
Spain	8,973	9,191	9,401	9,888	10,700	11,035	11,195	11,305	11,446	11,479
Italy	9,683	9,912	10,104	10,346	10,666	10,843	11,052	11,246	11,329	11,447
Greece	5,804	5,965	6,426	6,946	7,014	7,787	8,592	6,567	8,857	8,602

Source: Eurostat

The picture seems pretty clear, at least from an economic perspective. In the presence of high unemployment, workers from all three countries (Ireland, Spain and Greece) should, at least in theory, migrate in Member States where unemployment is lower, the job vacancy rate is higher and, in the same time, the annual earnings level is at least equal with that in their home country. Moreover, since the unemployment rates in Greece and Spain are extremely high (and more than double than that of Ireland), and has been so for a long period, Spanish and Greek workers should be much more likely to migrate than the Irish, especially since the poor situation exhibited by the labour market in both the Mediterranean countries is reinforced by extremely high long-term unemployment rates (Figure 2).

Table 2: Unemployment rates (%) in Ireland, Spain and Greece - annual data

Year	Ireland	Spain	Greece
2006	4.5	8.5	9
2007	4.7	8.2	8.4
2008	6.4	11.3	7.8
2009	12	17.9	9.6
2010	13.9	19.9	12.7
2011	14.7	21.4	17.9
2012	14.7	24.8	24.5
2013	13.1	26.1	27.5
2014	11.4	24.5	not available

Source: Eurostat

Looking however at migration data, we are in for a surprise. According to The Migration Observatory at the University of Oxford, whose calculations rely on data provided by Eurostat through the European Census Project 2011, 596 633 Spanish nationals, 522 868 Irishmen and 284 397 Greeks were living in another Member State. The figures must be however interpreted proportionally to the total populations of the three countries. According to Eurostat, in 2011 Spain registered a population of 46.6 Million inhabitants, while Ireland's population was of 4.5 Million, and Greece's of 11.1 Million, thus leading to an immigration ratio of just 1.27% for Spain and 2.56% for Greece, compared with a ratio of 11.6% for Ireland. This comes in the context of free labour mobility within the EU, correlated with much bigger unemployment levels in the two Mediterranean countries, which should constitute a clear economic "push" factor, leading us to the conclusion that causes for these big difference in mobility should be sought also elsewhere than in the economic context.

Consequently, in the next section of the study, we will focus on the influence that cultural elements exert on labour mobility, but not before turning our attention to how migrants choose their destination.

We will next analyze what role economic factors play in determining migrants to

choose certain destinations. In order to have a better understanding of the phenomenon, we will take a closer look at the EU2 Member States, namely Romania and Bulgaria, some of the main Eastern European countries of origin for intra-EU migration. It can be observed that the native/non-native unemployment picture highlighted by Eurostat also holds for Romanian and Bulgarian workers, whose unemployment rates in main destination countries “mirror those of national workers in those states but with a tendency to be slightly higher” (Guild and Carrera, 2012).

Focusing on Romanian and Bulgarian migrants (Romania being the main supplier of European migration according to Eurostat, while Bulgaria also experiences high levels of emigration), the study provides with a perspective on the East-West migration. The Romanian case is quite relevant, as Eurostat data shows that approximately 2.3 Million Romanians live in another Member State, out of which 951 000 in Italy (accounting for 21.7% of total foreigners), 769 600 in Spain (15.2% of total foreigners) and 74 661 in France (just 1,3% of total foreigners). We have chosen to focus on these three destinations due to their common characteristics: the similar size of the labour market and the fact that in all three the official language is of a Latin origin, just like Romanian, and thus the linguistic bias is partially eliminated, as it is much easier for Romanians to learn these languages than it would be to learn languages of other origins.

The next logical step is to look at the economic attractiveness of those countries. It is clear that the main driver of emigration is the difference in earnings, as in Romania earnings are second lowest in the EU, after Bulgaria (Table 1), but the question that arises, once the migration intention was formulated, is what economic factors determine Romanians that are willing to emigrate to choose a particular destination.

As it can be seen from Table 1, annual net earnings in France are 27.6% higher than in Spain and 27.9% higher than in Italy, while the difference in unemployment levels is considerable. France reported in 2014 an unemployment level of 10.3%, Italy has managed to cut its unemployment level to 12.9%, while Spain still experiences an extremely high value which reaches at 23.7%, the second biggest unemployment level in the EU, after Greece. The picture is completed by the figures concerning job vacancy rates, which are very similar between the three destinations: 0.5% in Italy and France and 0.6% in Spain.

As the economic figures clearly suggest, Spain should be a less attractive destination for Romanian workers, while France should attract more work force. One of the most used arguments in order to explain this discrepancy between general economic attractiveness and actual migration patterns is represented by the perceived high number of jobs in agriculture available in Spain and Italy comparing to France, which attract many low- and even medium-educated Romanian workers. However, according to the agriculture labour information system agri-info, a service financed by the European Union, the number of foreign migrants (including non-EU) working in Spain's agriculture and related fields is 180 000, with an additional estimated 35 000 migrants working without official documents, leading to a figure that cannot alone explain the 769 600 Romanians living here. The same situation holds for Italy, where, according to agri-info, only approximately 17.500 Romanians currently work in agriculture. So the explanation for these economically inefficient decisions to move (or remain) in Spain and even Italy should be sought elsewhere, namely in cultural related causes, which could, at least partially, provide an answer.

The Bulgarian case exhibits a similar situation. According to OECD (2014), Bulgaria's migrants are mainly concentrated in Spain and Greece and, despite the high unemployment in these countries, return migration remains at low levels. This is confirmed by Kovacheva (2014), who identifies the main destination countries of Bulgarian migration as Greece, Spain and Italy, but who also observes an increase in migration in recent years towards high income/low unemployment Germany, a dynamic that is more consistent with the economic situation even if it does not seem to decisively affect migration stocks from the Mediterranean countries. While migration to Greece, despite extremely high unemployment levels, can be partially explained by the geographic proximity and historical ties, Bulgarian migration to Spain and Italy seems to be harder to explain, especially when comparing it, like in the case of Romania, with the low levels of migration towards high income/ low unemployment France, another Latin country, just like Spain

and Italy⁶².

Cultural Elements and the Labour Market

In our analysis of how culture influences migration within the European Union, we will rely on the dimensions of culture as defined by Hofstede (2011) and on the measurements of these dimensions on a national level, provided by the Hofstede Centre. These cultural dimensions that make up national cultures are:

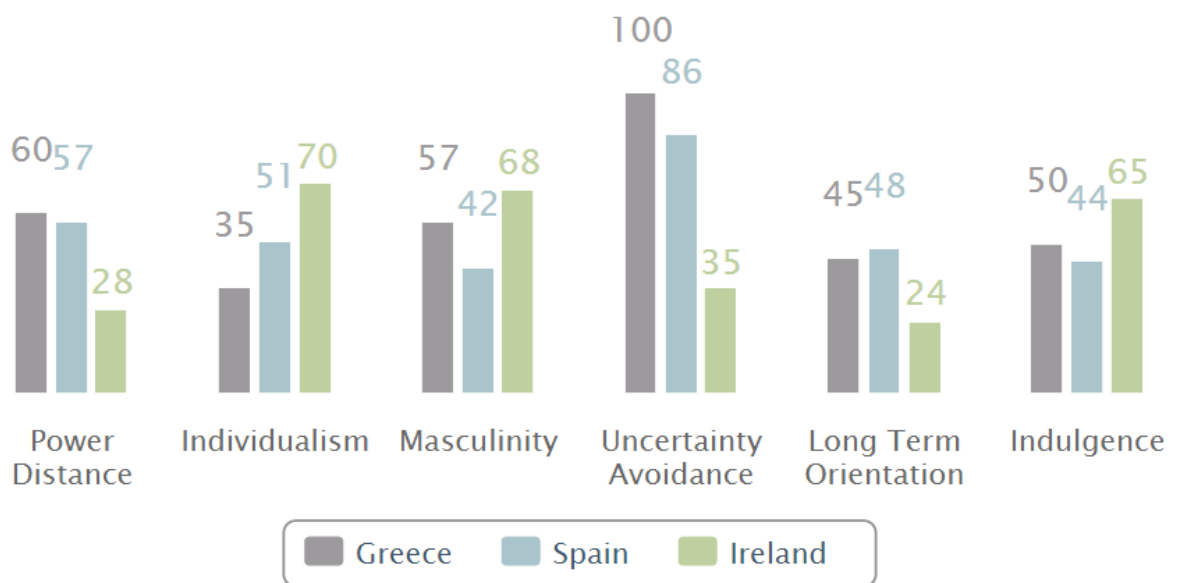
1. power distance – the extent to which the less powerful members of organizations and institutions accept and expect that power is distributed unequally;
2. uncertainty avoidance – how tolerant a given society is to ambiguity and the unknown;
3. individualism vs. collectivism – the extent to which people in the society are integrated into groups;
4. masculinity vs. femininity – inclination of the society towards so called masculine values (as competition, ambition or material reward for success) or towards so called feminine values (for example cooperation, modesty or quality of life);
5. Long term vs. short term orientation – deals with the question whether the members of society tend to focus on the future and on achieving future objectives as opposed to focusing on the near future, present or past;
6. Indulgence vs. restraint – where “indulgence stands for a society that allows relatively free gratification of basic and natural human desires related to enjoying life and having fun. Restraint stands for a society that controls gratification of needs

62 Due to the fact that Bulgarian is a Slavic language and all other Member States speaking Slavic languages register a level of net annual earnings well below the European average, analyzing Bulgarian migration to such Member States is not relevant, as low migration towards these destinations is a direct cause of insufficient earning potential. Consequently, we will focus on the same destination trio like in the case of Romania with the observation that, unlike Romanian, Bulgarian is not a Latin language and therefore it does not favor the easy learning of these languages. However, since all three languages (Spanish, Italian and French) are of Latin origin, it can be argued that the effort required to learn them is fairly similar, thus making France a relevant element of comparison.

and regulates it by means of strict social norms” (Hofstede, 2011: 15).

We will first return to the discussion regarding the availability of people to emigrate when confronted with an adverse economic climate in their home country and proceed with analyzing how cultural dimensions affect the migration decision in the considered Member States: Greece, Spain and Ireland (Figure 5).

Figure 5: Cultural Dimensions measured on a national level (Greece, Spain, Ireland)



Source: The Hofstede Centre

As we have seen in the previous section of the study, the Irish are much more open to engaging in migration than the Greek or the Spanish, despite experiencing a relatively better economic environment at home. One of the obvious advantages that the Irish enjoy is related to language, as one could easily argue that English is Europe’s most spoken foreign language, thus enabling native English speakers to better integrate abroad. Even if it constitutes a catalyst for emigration, this aspect alone cannot however explain the large differences in emigration between the three Member States, as the Special Eurobarometer

conducted by the European Commission (2012) clearly shows. According to the Eurobarometer, which is suggestively named “Europeans and their Languages”, 51% of the Greeks speak English well enough to have a conversation, 9% speak French and 5% German, thus scoring better than Romanians, who, as we have already shown, are the most mobile nation in the European Union. The situation is not as good regarding the Spanish nationals, as English is spoken by only 22%, with Spanish and Catalan being the second and third most known foreign languages, a result generated by the linguistic divisions of the country. However, 65% of the Spanish report using their first foreign language often or even on a daily basis, compared with only 45% of Romanians making this claim.

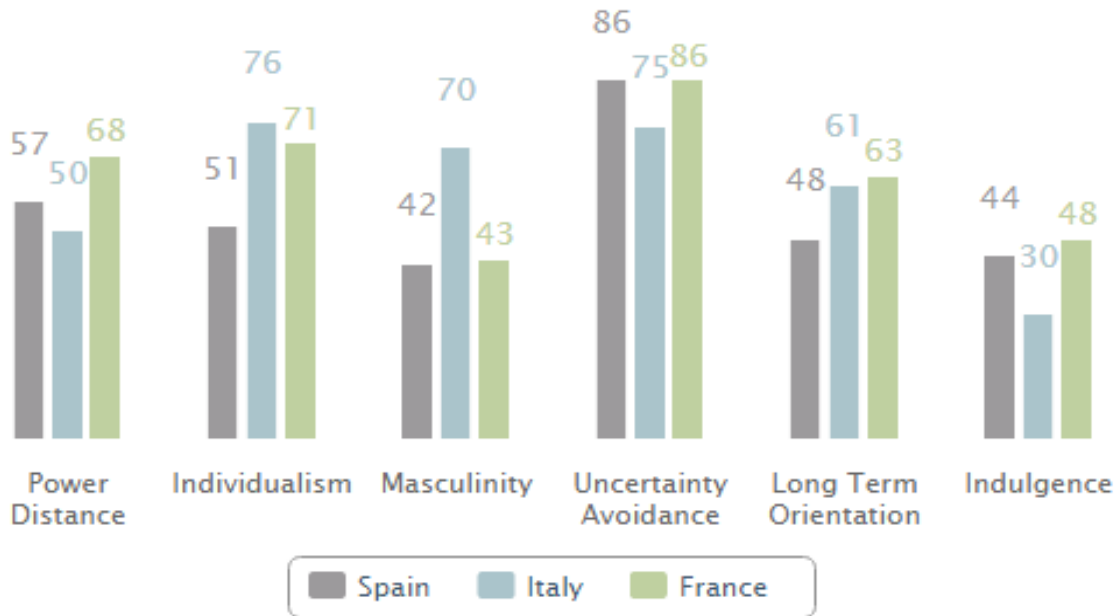
Consequently, let us concentrate on differences in the cultural dimensions as another potential source for the emigration behavior. As it can be seen in Figure 5, the Irish score quite different than the Greek and the Spanish on all five considered dimensions. First of all, the low power distance level suggests that, unlike the Greek and the Spanish, Irish people do not easily accept an unequal power distribution and endorse the annulment / minimization of inequalities between the members of the community. Such an attitude is combined with a high level of individualism which makes the Irish feel responsible only for themselves and the people close to them, a combination that is more likely to push them towards emigrating in order to provide for them and their families. This course of action is reinforced by a relatively high masculinity score, showing the accent that the Irish society puts on competition and success, and low levels of uncertainty avoidance, another characteristic that favors emigration, an action that inherently implies uncertainty.

Proceeding with the analysis of the cultural dimensions, it can be observed that the low values registered by the Irish when it comes to long term orientation correspond, according to Hofstede, to a focus on achieving quick results, hence the desire to emigrate and immediately improve one's economic situation. Last but not least, the picture describing the Irish cultural availability for emigration during economically challenging times is completed by a high indulgence score, which shows optimism and the emphasis one puts on enjoying life.

On the other hand, Greeks and Spanish score high when it comes to the power distance and uncertainty avoidance dimensions and lower relatively to the Irish on

individualism (especially the Greek) and indulgence, thus making them more adverse to emigration.

Figure 6: Cultural Dimensions measured on a national level (Spain, Italy, France)



Source: The Hofstede Centre

Let us now investigate the cultural elements behind the “pull forces”, i.e. what makes Romanian and Bulgarian nationals to choose migration destinations that are not optimal from an economic perspective, despite not having any legal obstacles in choosing to emigrate to more economically attractive Member States.

As we have already mentioned, language can constitute an important factor affecting migration routes. In order to isolate it and be able to identify the influence of other cultural characteristics, we have focused, in the case of Romania and its emigrants, on destinations where another Latin language is spoken. In the case of Bulgarian emigrants, isolating the language factor is not necessary due to the fact that all attractive Member State destinations are countries where non-Slavic languages are spoken.

With the linguistic factor isolated, an analysis of the cultural dimensions scores

could provide with some insight on how cultural factors influence choosing a certain emigration destination. However, when comparing characteristics along the five dimensions defined by Hofstede, clear answers fail to stand out. Italy scores fairly higher on masculinity and lower on indulgence, but since the scores of France and Spain on these dimensions are very similar, correlated with the fact that, unlike France, both Italy and Spain experience heavy Romanian immigration, such differences do not appear to be able to explain the economically inefficient migration patterns. The only dimension that theoretically could provide with such an explanation is power distance, as the French seem to have a high level of acceptance of societal inequalities (a score of 68). However, the difference to the power distance level exhibited by the Spanish society, the prime destination of Romanian migrants, is not that great. Moreover, even correlated with the high or extremely high rate of inequality and hierarchical acceptance exhibited by respectively Bulgarians (a score of 70) and Romanians (a score of 90), additional research needs to be conducted in order to determine if and how these attitudes represent a cultural barrier for immigration.

Conclusions and Limitations

In the context of the Euro Zone and the strong commitments assumed by Member States who are currently not part of it to become members⁶³, the efficient functioning of the EU labour market is a key factor to the Union's economic health, especially in the absence of a fiscal union and the resulting inefficiencies that the fiscal-monetary dichotomy generates, as studied by Dan (2014). In the first part of the paper, we have shown how economic factors fail to alone explain intra-EU labour migration patterns and how different peoples exhibit different migration behaviors, often inconsistent with the economic context. We have studied this issue by focusing our attention on two relevant dimensions.

The first dimension analyzed regards the availability of people to emigrate, a subject that we have studied by focusing on the comparison between the availability to

⁶³ With the exceptions of the United Kingdom and Denmark (who negotiated an opt-out participation clause) and Sweden (who deliberately avoids in joining ERM II)

emigrate exhibited by the inhabitants of two Members States experiencing high unemployment and similar income levels, namely Spain and Ireland. In this case, we found that the cultural dimensions, as defined and measured by Hofstede (2011), can be used in order to at least partially explain labour market related phenomena. Moreover, we consider that these findings could open a separate line of research aimed at studying if the associations between cultural elements and the labour market identified in the Irish-Spanish comparison constitute a valid causality relation at an EU level.

The second area of interest was constituted by how people choose their EU emigration destination, once the decision to emigrate was already taken. For this purpose, we have concentrated on the case of Bulgarian and Romanian emigrants, as Bulgaria and Romania are EU's poorest Member States and some of the main suppliers of intra-EU migration⁶⁴. In this case, the object of our analysis was related to the cultural determinants of economically inefficient emigration destinations, as the majority of the considered migrants chose to emigrate in Member States exhibiting high unemployment and low job vacancy rates as opposed to what would seem to be the more economically logical solution of migrating in Member States with at least a similar level of average income, but with an environment characterized by low unemployment and high job vacancy rates. After isolating the language variable, which was necessary in the Romanian case, we have proceeded with the analysis of the five cultural dimensions defined and measured by Hofstede (2011), but found no convincing evidence that cultural differences as exhibited along these dimensions are a potential source of decisions concerning the emigration destination. This lack of results in finding a potential causal relation does not however prove that there is no connection between cultural elements and the country of emigration destination, but only that the classification of cultural elements along these particular dimensions fails to highlight one. Consequently, research should focus on identifying alternative ways of cultural characteristics classification and test whether such classifications can more successfully be used in order to identify those cultural elements

64 As we have already shown, Romania is first source of intra-EU migration, with 2.3 Million Romanians living in another EU Member State, according to a 2011 Eurostat report authored by Katya Vasileva.

that influence the destination of intra-EU migration.

As a concluding reminder, we would like to highlight that, with the purpose of identifying some of the cultural factors that could potentially explain such inefficiencies, we have selected a series of cases that reflect relevant situations and have concentrated our efforts on finding potential cultural related factors that could explain economically inefficient migration decisions. However, it is worth mentioning that, departing from the cases considered, our inquiry was aimed at identifying such potential causes, that could be subject for further investigation, thus covering a crucial phase in understanding how cultural elements can act as barriers to labour mobility and what actions could be taken at a political level in order to eliminate them or even in order to use culture as a catalyst that could help enhancing the European labour market efficiency.

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ROMANIAN LOBBYING IN THE EU

Miruna Andreea Balosin,

Assistant professor, PhD

Faculty of European Studies,

Babeş-Bolyai University Cluj-Napoca

miruna.balosin@ubbcluj.ro

Abstract: *The article presents the state of lobbying in Romania and its relation with the European Union. It presents solutions and suggestions that would improve Romanian lobbying in terms of better access to EU institutions and a deserved recognition. Knowing the instruments through which the Union manages and influences our lives will help Romania to grow in European importance, to better understand its granted duties. European lobbying can be one of the solutions to this promising future, only if we realize the impact it has over the European body and how it can be taken as example in national practice, without being confused with influence trafficking or corruption. Lobbying the European Union seems to be the least known practice among Romanian citizens. In support of this claim, we bring the argument of lack of thorough studies on national lobbying. Actual scientific research on this subject is limited, although lobbying is a topic surpassing the simple presence in European politics.*

Keywords: Romanian lobbying, national interest, transparency, European Union

Introduction

The article is introducing Romanian lobbying and its role in improving the relations with the European Union in terms of better access to EU institutions and a deserved recognition.

Promoting the position of an EU member state must take into consideration the common interests and the touchy subjects of all the others member states. It involves political decision-making factors, national administration, together with communicational and influence circuits at the level of the main EU institutions able to ensure an efficient

lobby. All EU member states use different Brussels' influence strategies in the process of adopting European policies. They must prove their support and capacity to participate to European procedures.

Brussels is the place where 75% of the Romanian legislation is decided and the activity of national interest representation is essential. Romania tried to impose on EU agenda a series of proposals, proving that the Permanent Representation of Romania to the European Union is very active. Among these, we should mention the EU Strategy for the Danube Region, Projects for the Black Sea region (the Black Sea NGO Forum and the Environment Partnership), Energy Security and The Informal Support Group for the Republic of Moldova's European Action in which Romania strongly and constantly supports the efforts of the Republic of Moldova in approaching the EU⁶⁵.

The important positions like Agriculture (2009-2014) and Regional Policy (2014-2019) in European Commission proved our importance as EU members. We can state that the selected or negotiated positions coincide with our key priorities. More, in their activity, commissioners try to integrate in their objectives aspects that respect national interests. Dacian Cioloş declared that during his mandate as Agriculture and Rural Development Commissioner, he represented Romania's interests as an actor and not a spectator⁶⁶.

The general opinion is that MEPs play an important role in representing the Romanian interests in Brussels, even if the manoeuvres through which they influence the legislation and their concrete results are less known. According to experts interviewed by Association Europuls (Bretea et al., 2014), there are question marks about the effectiveness with which some MEPs are doing their job: "The MEPs power is limited because the party representatives are promoted and not specialists" declared Daniel Raţă, expert in European politics (Bretea et al., 2014:20). There is a huge potential representing the interests of Romania by Romanian MEPs, because of 2009 the European Parliament is co-legislator

⁶⁵ Romanian Permanent Representation official website <http://ue.mae.ro/en/node/438> (last accessed 05.05.2015)

⁶⁶ Translations belong to the author according to the source: <http://cursdeguvernare.ro/interviu-dacian-ciolos-ceea-ce-s-a-intamplat-la-nivel-politic-a-intarziat-consistenta-prezentei-romaniei-in-deciziile-importante-ale-ue-mcv-va-disparea-cand-reforma-pe-justitie-va-fi-ireversibil.html> (last accessed 05.05.2015)

with the Council of the European Union in almost all areas of EU competence and is a key player in decision-making.

It is very important for Romania to have a structured positioning in Brussels. There are 3,000 industrial federations present in Brussels. Romanian structures are members of these European federations in most cases, but not active. Activity and networking with European structure must be constant and sustainable. These federations must pursue a European public agenda, have an opinion, and gather national information for further transmitting it to Brussels.

Dan Luca, president of weblog “Casa Europei” sustains in one of his postings that we must understand that the connection of a country of 20 million inhabitants to a structure of nearly 500 million is not an easy thing. We rely too much on these 100 diplomats from the Permanent Representation and some ministers and technical experts from certain ministries. We must think on macro level, to have about 5,000 people in Brussels who understand European procedures. We must find them in diplomacy, in European institutions, but also in the private sector and civil society⁶⁷.

Romania needs an appropriate structure for connecting to the European mechanism, but apparently there are still problems in this approach. Romania plays the European game on certain sectors, but there are cases where its position is more than circumstantial. Seen in general, Romania's position in the European debate is oscillating, unsustainable and unpredictable⁶⁸.

Romania and other newcomers in the European Union are a force and together they can support common positions on important dossiers which affect citizens directly. Newcomers in the European Union, including Romania, have the same rights as the old EU member and have to make their opinions heard, but their lobbying actions should be criticised “for their shyness and passivity in pushing for reform on issues that concern

⁶⁷ Dan Luca, *Ce conexiuni au țările europene la Bruxelles?*, 31.07.2013, <http://www.cadranpolitic.ro/?p=4788> (last accessed 14.05.2015)

⁶⁸ Idem

them” says Daniel Gueguen, one of the most formidable specialists in EU affairs and lobbying in Brussels⁶⁹.

You need a perfect knowledge of the functioning of European institutions, committees and commissions in the EU decision-making system of the Union, step by step, identify the persons in charge of various files on the route of Community legislation and, especially, good knowledge of interest to each institution for one project or another.

The state of lobbying in Romania

Lobbying in Romania is not so coherent to be called an industry. Various interest groups try to influence decisions and employ different methods. The perception of lobbying is that it is itself a somewhat mysterious activity – they are confusing the activity of lobby itself with how it is carried out. The implication is usually that the convincing is done by offering something illegal like money. However, the media also propagates this misunderstanding, although it seems they can see the difference of lobby for “legitimate” causes, like the President’s lobbying for Romania’s membership of NATO and the EU. One of the positive effects of being members of the EU is that people are hearing more about business and industry, and indeed countries, lobbying for their interests in Brussels.

Many interest groups in Romania are only beginning the process of learning how to lobby effectively and professionally. On the other hand, there are many voices which are fighting for the regulation of the lobbying industry. Interest groups such as business sector associations as well as NGOs are starting to be more professional, meaning more organized and prepared, and transparent in their efforts to fight for their interest, and funding, from the state in Romania. Small and medium businesses face some difficulties to advance their interests. Is lobbying in Romania only a technique of big players? Lobbying as a technique can be used by all, of whatever size. The question for small companies is how to be more effective. The most frequent answer to this is to promote interests via a larger entity, like

⁶⁹[http://www.zoominfo.com/p/Daniel-](http://www.zoominfo.com/p/Daniel-Gu%C3%83%C6%92%C3%86%E2%80%99%C3%83%E2%80%9A%C3%82%C2%A9gen/1271940565)

[Gu%C3%83%C6%92%C3%86%E2%80%99%C3%83%E2%80%9A%C3%82%C2%A9gen/1271940565](http://www.zoominfo.com/p/Daniel-Gu%C3%83%C6%92%C3%86%E2%80%99%C3%83%E2%80%9A%C3%82%C2%A9gen/1271940565)

(last accessed 14.05.2015)

an association representing SMEs, local chambers of commerce, and also business sector associations.

The Romanian lobbying does not subscribe to a specific model of lobbying, especially due to its development in the new democratic format. In the 1990s, this lobbying style was known, especially during the process of democratization and EU accession negotiations, when interest groups met national governments corporate arrangements. The biggest volume of influencing activity is made by professional organizations, business associations, NGO's, by the civil society, syndicates, employers unions, corporations, think tanks, lawyers, and others. Therefore, the activity of representing and influencing occurs since 1990, when the democratic regime started, this right thus being granted by Constitution and later by the Law 52/2003 regarding decisional transparency.

We cannot speak about Romanian professional lobbyist, also known as a person who receives compensation for his or her efforts to influence legislators or executive agency decision makers on behalf of a client or employer. The recognition of specialist in lobbying activity has been included both in the Classification of Occupations in Romania, code COR 243220 and in the National Classification of Economic Activities (CAEN), code 7021 (Consultancy activities in the field of public relations and communication.). The measures are still vague for allowing the development of professional lobbying activities.

The decisional transparency and public debates that occur in regulatory projects in Romania aren't always at the level wanted by the interest groups; Romania has a long way to go in the direction of opening and professionalizing the dialogue between authorities and interest groups.

There is no doubt that the Romanian society needs more transparency from all the actors participating at the process of influencing and decision making that affects the society.

There is certainly a market with huge growth potential for lobby in Romania, even if the active players are less visible. 1995 saw the establishment of the first lobbying firm in Romania, Central Europe Consulting Government Relations, which, since May 2007, continues its work under a new name, Candole Partners, headquartered in Prague.

Lobbying regulation in Romania

Lobbying is not regulated in Romania. There is no mandatory registration or obligation of public servants to report contacts with lobbyists. The Romanian authorities were of the view that such new legislation is not necessary since the risks related to lobbying are already covered by the existing rules on conflicts of interest and incompatibilities applicable to public officials. One draft law regulating lobbying is currently discussed by the Chamber of Deputies.

In 2000, the PNȚCD MP Ulm Spineanu initiated the first draft lobbying act. The legislation was never passed, similar to all later draft legislation tabled until 2012. Draft legislation failed on various grounds: unclear definition of the lobbying profession, highly restrictive criteria on lobbying, unrealistic disclosure requirements on the interests of the clients the lobbyists represent (which would objectively antagonise the confidentiality requirements of stock exchange transactions, for instance) (Tănase, 2012: 65).

In December 2013, a draft law on lobbying was awaiting the vote in the Romanian Parliament, after having been greenlighted by the judicial commission in the Chamber of Deputies, but the law was sent back to commissions for further debates, and it was no longer included on the vote session list. The law, an initiative of Social Democrat MP Constantin Nita, features several measures meant to make lobbying more transparent. One of them is publishing all the lobbying contracts in a national register by the National Council of Lobbying Professionals. This would allow anyone to check whether someone is a lobbyist and whom they represent. Those who have a criminal record cannot become lobbyists, according to the law, nor those without university studies.

The law also forbids the traffic of influence, which sometimes passes as lobbying. However, by law, lobbying professionals will not be allowed to promise or give anything to a public clerk to get benefits for their cause or their client. An MP or a high state employee can only lobby about something which is related to their work area.

But the changes to the legislation have left lobbying professionals unhappy. In fact, the new law will only regulate the activity of around 10 percent of lobbyists, and these would be consultancy companies, which would publish their interest and contracts, said Laura Florea, quoted by Hotnews.ro. The rest of 90 percent, made of business people,

companies, employers unions, employee unions, NGOs and lawyers will continue to work in a non-transparent manner, as lobbying is described as the activity meant to influence in favor of third parties based on a lobby contract⁷⁰.

The Ethics Code

In our opinion, Romania would not benefit so much from lobbying legislation as from a lobbying code of conduct that various lobbyist categories should adopt and commit to: lobbying consultants, public affairs managers or government managers, NGO's, trade union confederations and employers' associations, business or sector associations. It would be an ideal situation, but it would be difficult to put into practice for lack of an umbrella organisation to cover all the stakeholders mentioned before. It would be more realistic for each category or sector mentioned before to take ownership of its own code of conduct.

The lobbying activity is an integrant part of Romania democratic process and it is a right granted by Constitution. To help maintaining and improving the public trust, the trust in democratic institution and the representation process of the public politics, the professional lobby and interest groups have the obligation to always act with ethics and moral in their relations with all parties involved.

In 2010, a Romanian Lobbying Association was set up, with the aim to further promote lobbying activities and possibly ensure self-regulation. However, so far its impact has been limited⁷¹. The groups of interest/ lobbyists have the duty to contribute to the public understanding of the lobby activity. Consequently, the Romanian Lobbying Registry Association adopted the following "Ethics Code of the Lobbying Activities" in order to assure basic orientations and standards for the conduct of the interests representatives⁷².

⁷⁰ <http://www.romania-insider.com/romanian-parliament-to-vote-lobbying-law-but-lobbyists-deem-it-inefficient/111180/> (last accessed 14.05.2015)

⁷¹ European Commission, ROMANIA to the EU Anti-Corruption Report, Brussels, 3.2.2014, COM(2014) 38 final, ANNEX 23, http://ec.europa.eu/dgs/home-affairs/what-we-do/policies/organized-crime-and-human-trafficking/corruption/anti-corruption-report/docs/2014_acr_romania_chapter_en.pdf (last accessed 10.05.2015)

⁷² <http://registruldelobby.ro/en/the-ethics-code.html> (last accessed 20.05.2015)

This Code is destined to the Association members, as well as to the organizations that develop lobby activity and that wish to register in the Romanian Transparency Registry. The interests groups are strongly advised to respect the present code and to always try to practice the highest ethical conduct in their lobbying efforts. The signatories of this Ethics Code of the Lobbying Activities bind to:

Article 1 – Integrity

Article 2 – Transparency

Article 3 – Accuracy

Article 4 – Confidentiality

Article 5 – Professionalism

Article 6 – The conflict of interests

Article 7 – Former employees of public institutions

Article 8 – The obligation towards public institutions

Article 9 – Public education⁷³

The Romanian Transparency Register is a replica of the Registry constituted at the European Commission level, available not only to the members of the Association but to all organizations and persons activating in the interest representation area. All the organizations and persons wishing to register have the opportunity to demonstrate the legitimacy of their activities as well as their commitment on promoting the transparency. By registering, representatives of the interest groups assume the obligation to respect the provisions of the Ethics Code promoted by the Romanian Lobbying Registry Association, without having the obligation of becoming members of the Association⁷⁴.

The Romanian Lobbying Registry Association assumed the objective of creating this interest groups Registry, not only so the influencing process to be more transparent but also for a more efficient cooperation between the factors of decision and those wishing to influence the decisions. Thus, after accumulating a sufficient number of registrations in the Registry, the Association will undertake all the steps required to share it with the public

⁷³Ibid.

⁷⁴<http://registruldelobby.ro/ce-este-registrul.html> (last accessed 20.05.2015)

institutions (Parliament, Government, Ministries), so those registered within these institutions to be automatically accredited. In June 2015, 62 lobbying firms registered⁷⁵.

Specialists described the Romanian lobbying market as still underdeveloped and at the same time lacking transparency, as there is no law to regulate these activities. Adrian Moraru, deputy director at the Institute for Public Policy (IPP), warned that the lack of transparency in the Romanian lobbying scene creates a market that lacks competition. “We at IPP support the enactment of a lobbying law, not self-regulation by the industry,” said Moraru⁷⁶.

Agreement came from Aurelian Horja, co-author of the book “Regulating Lobby Activities: On the Influence Hallway”, and of the “Lobbying in Romania” study. “Self-regulation is not a solution because it allows operators to do almost anything without any penalties,” said Horja⁷⁷.

Conclusion

The overall message is that the Romanian potential and European opportunities are still sometimes misunderstood, underestimated or not used effectively. Romania's potential as the seventh EU country is very high. Examples of successful Romanian actors show that the European institutional system encourages proactive approaches in representing various interests; the whole system is based on the culture of European negotiation. At the same time, Brussels is also a place of competition between the various interests of the Member States representatives and therefore, Romanian actors interested in European affairs should strive to understand, learn and adapt to the rules for their voice to be heard.

In Europe there are many channels of action, institutional or informal, and the influence of the one Non-Member State is based on the ability to use these channels effectively, depending on context and interest. Diplomacy and ministries are the main actors that promote Romania's interests, but besides high-level institutional channels, it

⁷⁵ <http://www.registruldetransparenta.ro/consulta-registrul.html> (last accessed 20.05.2015)

⁷⁶ <http://www.reglementare-lobby.ro/romanian-tax-lobby-unregulated-lobbying/> (last accessed 22.05.2015)

⁷⁷ Ibidem

requires more involvement and understanding of the policies and mechanisms from European level technicians, experts from civil society and the private sector.

As was seen in the dialogue with Mr. George Ciamba, Secretary of State for European Affairs, Ministry of Foreign Affairs, as national coordinator of European affairs, precisely because Romania is striving to be an active "player" in the complex mechanism of formulating European decisions, including through bilateral channels for dialogue with Member States and through cooperation within the EU. In his opinion, it is important that the Romanian actors are increasingly aware that more European affairs influence our daily lives and national successes in a number of European dossiers confirm this effort (Bretea et al., 2014:42).

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**FROM THE PRO-EUROPEANISM TO THE EURO-REALISM ? CZECH AND
SLOVAK EXPERIENCE
1989-2004-2014**

Vladimír Goněc

Professor, PhD

Director of Doctoral Studies

Institute of Political Sciences of Slovak Academy of Sciences, Bratislava

vladimir.gonec@savba.sk

Abstract: *After 1989, the old identity was both found and not found. The dreamed-for road to Europe was open in November 1989 but the return to Europe went hand in hand with nationalist dimension of “we are Europe!” Anti-European trends have been present since 1989 and have undergone some modifications so far. Situation after 2004: Trends to authoritative government and to nationalist solutions emerge. Are they pre-1989 relics or some character of Central European countries? The public opinion differs; its sensitivity is unclear, resulting in passivity on one hand and in discontent on the other. Czech and Slovak politics caught “the British disease” of changing internal political conflicts in related European themes. The problems are presented in topics: Discrepancies of both Czech and Slovak identities. The road to Europe and functioning within Europe: mental consequences. Internal mental consequences and shifts. The escape from COMECON. Eurooptimism as a Euraivitiy? Some remarks on parallels of Czech and Slovak Nationalism and Euroscepticism. Movement Moravians for consistent European regional policy. Eurorealism? “Euroscepticists with some Eurorealist views”. Monetary division in Central Europe. European Parliament elections 2014. Actually, Czech and Slovak pro-European governments and public opinion.*

Keywords: Euroscepticism, Eurorealism, Czech and Slovak nationalism

Before 1989, a new phase of structured design of future Czechoslovak policy was opened by “Prague challenge” written by dissidents in 1985 (Jiří Dienstbier, Petruška

Šustrová, Eva Kantůrková)⁷⁸, with Jiří Dienstbier also developing other analyses (Dreaming on Europe)⁷⁹.

In autumn 1989, many expectations became open to solution, including “re-establishing of Central Europe” for security as well as economical and cultural co-operative reasons. Similarly, the “return to Europe” was proclaimed.⁸⁰ “We were uprooted from Europe and we have to get back.” This will help with guaranteeing the liberation. The situation in dissolving Soviet Union and uniting Germany was unclear and troublesome and material, institutional and above all quick help was expected from France, United Kingdom, and the USA.

Immediately after November 1989, first waves of nationalism appeared. The Communist parties in both republics focused on the development of renewed anti-German feelings, aimed at both Germany and Austria. On the other hand, right-wing nationalists preferred other way of approach, e.g. “We have just thrown down Soviet supremacy and renewed our sovereignty, so why we should abandon our independence and obey foreign organizations and authorities?” This kind of argument was used mainly by Civic Democratic Party against the European Union. The party used these activities that has been going on for some 20 years, are in line with Barroso’s comment to Cameron from 10th October 2014: “If negative information on Europe is broadcast systematically it is natural that more and more people adopt this Eurosceptical attitude”⁸¹.

Civic Democratic Party, Civic Democratic Alliance and Republican Party used also another version of nationalism by nurturing haughty or contemptuous attitude to Northeast,

⁷⁸ Critical reedition: *Charta 77: Dokumenty 1977-1989* (eds. Blanka Císařovská – Vilém Prečan), vol. 2. Praha, Ústav pro soudobé dějiny, 2007.

⁷⁹ Reedition: Jiří Dienstbier, *Snění o Evropě*. Praha, Lidové noviny, 1990. [in German: Jiří Dienstbier, *Träumen von Europa*, Berlin, Rowohlt, 1991].

⁸⁰ On the ideas “returning to Europe” or “revitalising of Central Europe” in the exile thinking (before 1989) see: Vladimír Goněc, “Central Europe as common area or more? Ideas of Czechoslovak, Polish and Hungarian exile in 1970s and 1980s”, in *Polska, Europa Środkowa, Europa zjednoczona*. Kraków, Wydawnictwo Naukowe Uniwersytetu Pedagogicznego, 2014, p. 148-157.

⁸¹ Barroso to Cameron: 2014, 10 October. See printed media, 2014, 11 October.

East and Southeast neighbours. The majority of Prague intellectuals joined it, claiming that “we are Europe” and therefore no approachment or adaptation is desirable. In Slovakia, clear anti-Hungarian attitude was represented by Slovak Nationalist Party, and in South Slovakia, which is inhabited mostly by Hungarians, aggressive nationalism was incited by Hungarian liberal parties. Mečiar and his party focused on spreading xenophobia among less educated people in least developed regions, threatening that “foreigners come to steal our values”. Some members of Christian Democratic Party were for phobia or aggression against non-Catholics.

Economical transformation by “Czech way”, respectively “Slovak way”, i.e. privatization, had also nationalist and anti-European dimension. Privatization was based on selling state companies to new owners for loans that should have been repaid by profit from privatized companies. However, the companies then lacked capital for investments and most of them went bankrupt. Selling to foreign investors was out of question because there was “no need to hand national values to foreigners”. Some state owned companies were more or less given to Klaus’ and Mečiar’s supporters. The absence and refusal of law regulation of privatization was typical. Czech way of privatization was ironized as “switch off the lights and let anybody take what they want”.

Discrepancies of both Czech and Slovak identities

The Czech conservative nationalism is based on one branch of Czech national identity, as a true Catholic identity, often represented by Catholic hierarchy, too. There is also a second branch of Czech national identity, completely different, open to the world in Masaryk way, truly democratic, with strong structure but differentiated to liberal democratic, social democratic and Christian (both Catholic and Protestant) democratic streams. The former follows the principle that “becoming part” of supranational community will supplant true democracy with hard state unitarism and paternalism. Czech communism is a special version of this nationalism. When Masaryk-type of identity was suppressed or weakened, e.g. in 1938 and 1948, the conservative identity was victorious and quick to forget its democratic mask.

The most frequent adherents of Czech conservative nationalism are undereducated authors who like to write about sovereignty and international law, denying strictly listening to analyses by qualified lawyers. They prefer arguments as “one shouldn't write in such way because of national interest” or “the nation is the only frame that enables the development of real democracy”.

Slovak conservative nationalism did not share the same childhood. Slovak identity was also always exclusively double – dominant Catholic and suppressed Protestant. The Protestant variety was later influenced strongly by Masarykianism but it did not identify itself with democracy completely and utterly. Within the Catholic variety, the democracy lived in shade of other streams. The Catholic side was characterised by strict paternalism and authoritarianism. Liberal democratic trends became more rooted in Slovak identity only after 1989, following the lessons learned the hard way throughout the 20th century.

The road to Europe and functioning within Europe: mental consequences

The entry in the EU was expected by the majority of citizens of both Czech and Slovak Republic as something undoubted and fast. On the one hand the phase prior to the entry and detailed checking from the side of the EU was perceived impatiently as provocation and procrastination by the EU, on the other hand, the successful signing of entry treaty was commented as “in the end, we got what we were due”. The entry polls returned very positive results, surprisingly much higher than in other countries.

Efforts to make corrections were another dimension of expectations: Economical transformation without proper and efficient laws, various significant gaps in legal system and tools to enforce it, untrustworthiness of law courts, low quality and arrogance of authorities – everything should have been amended by stabilization within the European Union, under “correctional pressure” by European institutions. In the Czech Republic, the difference in opinion between general public and elites (highly qualified people included) emerged.

After the division of Czechoslovakia, the public opinion in Czechia describes Slovakia as the most popular and mentally nearest country, and vice versa. France comes

second in this rating as sympathies towards France were formed as soon as in 1870s and became sort of hereditary. For general public, in both Czech and Slovak Republic, France is the most popular large EU state. The older generations still perceive France as counterweight against Germany in Europe.

There is ambivalent relation with Germany.⁸² The experience from World War II gradually evaporated, and after 1968, only East Germany was perceived as inimical country, mainly by younger generations. United Germany is not perceived as a threat, however, a part of population has remained anxious. Furthermore, when Czechia entered the EU, Germany opted for an exception, stopping the free movement of working force for 7 years. Of course, this decreased the popularity of Germany in Czech and Slovak eyes. The attitude towards other EU member countries is mostly positive (Scandinavian countries ranking top).

After 1989, the elites as well as highly qualified people turned towards English-speaking countries, both the USA and the EU member - United Kingdom. Margaret Thatcher and subsequent British Prime Ministers promised a lot, both to Czechia and to other Central European countries, including accelerated entry in the EU. Czech and Slovak elites could not see that they followed their own interests. This led to switch to English as dominant foreign language. Most university students refuse to learn second foreign language. This leads to possible mental isolation against other EU members.

Internal mental consequences and shifts

The efforts to negotiate within internal politics together with the effort for European peace founded on democratic principles were dominant in Czechoslovakia between the wars. It has been described usually as “Masaryk effort”. This was intended after November 1989, as well. However, another kind of politics came forward, represented by the personality of Václav Klaus. This politics brought animosity and discord, ostracism,

⁸² Germany in the Czech eyes: Vladimír Goněc, “Von der „alten“ zur „neuen“ Bundesrepublik. Beobachtungen aus tschechischer Perspektive”, in Gerhard Besier (ed.), *20 Jahre neue Bundesrepublik. Kontinuitäten und Diskontinuitäten*, Berlin, LIT Vlg., 2012, p. 103-123.

internal aggression and nationalism presented both in internal and international politics, namely in the relations to EU.

In Slovakia, Vladimír Mečiar behaved similarly, only with higher openness. Slovakia succeeded in deconstruction of “Mečiarism” as yet not of aggression in internal politics. On the contrary, Czech governments of 2006-2013 relied on shouting, revolution, social experiments based on thoughtless explanation of economic neo-liberalism, and nationalism. Now, unsurprisingly, the Czech society is sick from and fed up with the politics and politicians.

As regards the theme of cultural Europe, it was largely ignored in the capitals – Prague and Bratislava – but developed and supported by the other large cities – Brno, Ostrava, and Košice. Typical Prague superior mentality claimed that “Prague is geographically west of Vienna” and preferred the idea that direct cultural relations should be aimed at London and New York, even Paris was not western and elevated enough.

The escape from COMECON

The COMECON was perceived as obstacle against liberation as early as at the beginning of 1970s. The liberation from Soviet occupation has to be both political and economical.

What would be the relations with the other countries of dissolved Soviet bloc that was another question. General expectations of positive results following “the fast escape to the West” met the well-calculated need to go on with functional economical relations with neighbouring ex-COMECON members, i.e. Poland and Hungary. The absence of these relations would bring even more harm to Czech or Slovak economy.

It was the “escape” to the West that played the major role in the end, resulting in weakened economical relations towards other Central European countries. Naive expectations that the salvation would come from the USA and the United Kingdom failed. American investments were very rare and often based on speculative temporary capital. British investments were more efficiently used than American, but still relatively low. The most significant countries to invest were Germany and Austria as mentioned above,

followed by the Netherlands, France, and Italy. They helped to re-start Czechia and Slovakia economically and to increase the ability to compete successfully.

In Czechia and Slovakia, the new Central European co-operative institutions are ignored, which is a specific “pre-historical” form of Euroscepticism. The media keep quiet and general public is unaware of the activities or the existence of Visegrád 4, CEFTA, CEI; even the Czech-Slovak Customs Union operated unobserved between 1993 and 2004.

Eurooptimism as a Euraivivity?

During 1990, Czechoslovak population has been provided with more and more information on European institutions, mostly the European Communities. At the end of 1990, Czech and Slovak daily newspapers printed long informative articles on this theme every other day. However, the articles were full of errors, naive expectations or incomplete knowledge. The titles in dailies were typical as follows: “Part of a Free Europe”⁸³, “Europe of the Future”⁸⁴, “Europe Is Not Closed”⁸⁵, “Czechoslovakia Is among the First” (i.e. candidates)⁸⁶, “Architecture of the Future Europe”⁸⁷, “Characteristics of the European Communities”⁸⁸. Titles like “Uncertain Development of post-Communist Countries”⁸⁹ were extremely rare. The latter was caused by long-term tabuization of the European integration during Husák-Czechoslovakia, when there was only one quiet expert: Drahoš Šíbl of Economic University in Bratislava⁹⁰. In both the study of European integration and the amount of available information, the Polish and Hungarian public were much ahead.

⁸³ “Součást svobodné Evropy”, in *Lidové noviny*, 1990, 4 Oct.

⁸⁴ “Evropa budoucnosti”, in *Lidové noviny*, 1990, 5 Oct.

⁸⁵ “Evropa není uzavřená”, in *Svobodné slovo*, 1990, 22 Oct.

⁸⁶ “ČSFR mezi prvními””, in *Svobodné slovo*, 1990, 24 Oct.

⁸⁷ “Architektura budoucí Evropy”, in *Lidové noviny*, 1990, 3 Nov.

⁸⁸ “Charakteristiky Evropských společenství”, in *Lidové noviny*, 1990, 9 Nov.

⁸⁹ “Nejistý vývoj postkomunistických zemí”, in *Svobodné slovo*, 1990, 11 Dec.

⁹⁰ A great book in 1977 yet (already unknown, with very low colophon): Drahoš Šíbl: *Protirečivý charakter západoeurópskej integrácie*. Bratislava, Pravda, 1977 (354 pages). His disciple and successor is now Beáta Šaková.

Jean Monnet Project started at Czech universities 6 years later than in Hungary and Poland, the Slovak universities followed 2 years after the Czech ones. Hand in hand with incomplete knowledge, enthusiastic but naive expectations were spread, e.g. “we will be EU members at the middle of 1990s at the latest”. At the turn of 1990 and 1991 the official government position was distributed: Czechoslovakia is fully prepared to enter in the European Communities, We are just waiting until they are ready European Communities.

In the middle of 1990s, more concrete and matter-of-fact views on the road of Czechia and Slovakia to the EU emerged. Even in mid-1994 expected: we will be EU-members at 2000 at the latest.⁹¹ Even then, too, in May 1994, however, Václav Klaus (as prime minister) openly asked: only a common market, nothing more.⁹²

Changing the ideas and moods, the causal and temporal coincidence is represented by the EU-association treaties of both countries that came in effect on 1st February 1995, the publishing of the “white book” on the steps necessary to enter EU market (May 1995), submitting the EU-entry applications (Slovakia on 29th June 1995 and Czechia on 22nd January 1996). At that time, the signing of EU-entry treaties was expected at 2001 or 2002. Typical titles in the newspapers at that time were: “Our application to the European table”⁹³, “The EU-membership will boost for foreign investors”⁹⁴, but also: “Gateway EU is still far away”⁹⁵, “Within the European Union for sixty years”⁹⁶, on the other hand however also: [impregnable] “Fortress Europe”⁹⁷, “Neither the European Union is not perfect, emphasizes again Václav Klaus”⁹⁸.

⁹¹ For example: “„Visegrád” do EU již v roce 2000” [Visegrád 4 to the EU as early as 2000], in *Slovo*, 1994, 4 Apr.

⁹² When the Belgian Foreign Minister Claes arrived on a visit to Prague.

⁹³ “Naše přihláška na evropském stole”, in *Hospodářské noviny*, 1996, No 17, 24 Jan.

⁹⁴ “Členství v Unii je vzpruha pro zahraniční investory”, in *Mladá fronta Dnes*, 1996, No 20, 24 Jan.

⁹⁵ Jan Žižka, “Brány do EU jsou ještě daleko”, in *Hospodářské noviny*, 1996, No 17, 24 Jan.

⁹⁶ “ČR do Unie za šest let”, in *Právo*, 1996, No 16, 19 Jan.

⁹⁷ Karel Kříž, “Pevnost Evropa”, in *Lidové noviny*, 1996, No 19, 23 Jan.

⁹⁸ Michal Mocek, “Ani unie není dokonalá, zdůrazňuje znovu Václav Klaus”, in *Mladá fronta Dnes*, 1996, No 19, 23 Jan.

Some remarks on parallels of Czech and Slovak Nationalism and Euroscepticism

Many months after November 1989, there was a short period, where there was not almost any nationalism. The old version supported by Communists was out, new trends were divided and insignificant yet. Later, when Czechoslovakia was being divided, systemic nationalism appeared, both in soft and rude forms, and both on general public and governmental level. There even seems to be a new Central European trend of liberals turning to nationalists.⁹⁹ The nationalism was directed against neighbouring countries, either directly or by passing over. Nationalist attitude towards the EU has been something new, appearing only recently.

As late as in 1990s, there were many examples of Czech nationalism and anti-Europeanism. Many of them were disqualified beforehand because of their ideology – communists, Klaus nationalists, etc. They lacked wide-spread effect and their adherents were those people who had already decided. On the other hand, there were tricky ideas by seemingly independent intellectuals or people whose relatives or ancestors played major role in Czech cultural life. E.g., Dalibor Plichta, a journalist,¹⁰⁰ wrote the “Czech question and the European Union” during the entry negotiations between the Czech Republic and the EU.

He developed his thesis that “the true aim of the 'integration' of Europe lies not in 'more democracy' but in 'more power for European superpowers'.”¹⁰¹ However, it is necessary to point out that the true aim of Czech unitarism, i.e. extreme centralism lies similarly in more power for Czech superpowers. Plichta claims that the parameter of democracy in particular country is the degree of its sovereignty.¹⁰² The nationalism should include the denial of the protection of ethnic minorities because that would weaken the

⁹⁹ Besides Czechia, namely also in Hungary and specifically in Austria, too.

¹⁰⁰ He built his reputation on being the son-in-law of Jaroslav Seifert (Czech poet, Nobel prize for literature in 1984).

¹⁰¹ Dalibor Plichta, *Česká otázka a Evropská unie*. Praha, Market System, 2001, p. 79 (and similarly in his other work).

¹⁰² Dalibor Plichta, *Česká otázka....*, p. 80.

national state. It is the nation that is the highest value, not the civic society.¹⁰³ Plichta presents the European integration as “dismantling the results of both world wars, mainly to the disadvantage of 'small nations'.” Do not forget that the same principle lies behind Stalinist, neoStalinist and Putinist propaganda.

Plichta as well as others use tabloid arguments that were made fun of by Jaroslav Hašek in his Good soldier Schwejk novel: “his uncle has been murdered, what a family of criminals”. Parallely, someone was expelled from some organization because conviction of taking bribes. This means this organization is bad, dangerous and we have to be careful. E.g., Prince Bernhard¹⁰⁴ took bribes (Lockheed affair) and therefore any organization he was member of is dangerous, mainly those pro-European.

In 2001, Plichta argued in the same way as Czech Euroscepticists in 2012-2014: “The European Union has changed significantly in 10 years and its function has changed, too.” The EU is marked as power replacement of former colonial or imperial powers – France, Germany, Italy, Belgium, the Netherlands, and after its entry, the United Kingdom¹⁰⁵. To explain this kind of ideas I should mention that rabid insistence on “national sovereignty” and the strengthening of national identity¹⁰⁶ is the result of bad conscience of disintegrating the Czechoslovakia. Czechia was the successor “state nobody wanted to form”. Many politicians and other people had subliminal needs to „maintain the position and income in this state”. The splitting up of Czechoslovakia was the consequence of badly masked hard line Czech nationalism. In the first Czech government, i.e. during the disintegration process, the nationalism played major role in the politics of Civic Democratic Alliance and in the right extremist wing and the conservative nationalist wing of Civic Democratic Party. In general, the nationalism has been rooted among Prague intellectuals for many generations.

There is only one point, where Plichta and similar authors point out a real problem in internal mechanisms in the EU. He draws the attention to the bureaucracy and

¹⁰³ Dalibor Plichta, *Česká otázka...*, p. 91.

¹⁰⁴ The spouse of the former Queen Juliana of Netherlands.

¹⁰⁵ Dalibor Plichta, *Česká otázka...*, p. 146.

¹⁰⁶ Dalibor Plichta, *Česká otázka...*, p.146

technocracy that have a lot of space for their growth. However, Plichta abuses this argument to speak of planned restrictions on democracy, suppressed decision making rights for political representatives, restricted possibilities for political controls of the executive.¹⁰⁷ It is nothing but a distraction because bureaucracy and technocracy form the core of Czech political and constitutional system where they make sure that there is not “too much democracy”, and, hand in hand, not too much possibilities to control the executive.

Václav Klaus was one of the key persons to promote these ideas, as soon as the disintegration of Czechoslovakia. Therefore, in his speech in Montpellerino Society event in Hongkong on 1st September 2014 he did not surprise by saying that “democracy can't exist without strong national state”¹⁰⁸. The speech did not consists of well-planned and logically built manipulations but rather of preaches and exclamations aimed at carefully selected audience that was sure to agree. Centralist national state is propagated repeatedly as the only possible area where the citizens can “realize themselves”. This may be either self-deception or deliberate lie.

In contrast to Klaus's ideas, the Czech 20th century experience can be defined easily: “Democracy can't operate in strong national state”. The Czech society perceives Klaus more and more as comical figure hunting for popularity all the time.

Czech propagandists backing the Civic Democratic Party and other right-wing populist parties (Dawn, Free Ones) bring out regularly their ideas. Recently, after 10 years of the Czech Republic in the EU, the claimed that „the reality of the EU is significantly different“ blaming the Czech government of 2004 that they had falsified the state and trends of the EU. Instead of “the space of peace, stability, prosperity and social security” there is “the space of economic stagnation, unemployment, shared debts, cumbersome

¹⁰⁷ Dalibor Plichta, *Česká otázka...*, p. 146-147.

¹⁰⁸ Václav Klaus, “Demokracie nemůže existovat bez silného národního státu”, [printed among other] in *Právo*, 2014, 2 Sept. p. 7.

regulations, bureaucracy and social experiments”¹⁰⁹. The 2010 parliament elections were won with the help of nationalist and populist threats, naming Greece as a victim of evil policy of the EU, the EU was blamed for inciting the Greeks to spend exceedingly and than for hurling them down the debt abyss.

There is carefully sculpted propaganda that all vices of centralisms were forced on the citizens by the EU, while, in fact, almost all bureaucratic obstacles the Czech citizen has to fight on daily basis were invented either by the state or inherited from the communist or even older predecessors. Furthermore, the principle of free movement of people is attacked as the main cause or the main force behind further integration effort in important fields.¹¹⁰ Both Czech and Slovak conservatives have not called yet for the old police supervision only because their bad experience.

The attacks against the European Parliament are based on the claim that functional parliament has to stand on the shoulders of “political nation”: if the people stick together, the parliament will follow suit. The European Parliament is said not to be able to possess this property without mentioning that the same thesis would be valid for national parliaments, as well. Czech and Slovak parliaments have not been able to fulfil the role of the controller or discuss political decisions sensibly. Some people are not aware of this, some count on the fact that the citizens feel the defects in Czech or Slovak authorities including constitutional errors and want the citizens to think that the European Parliament is the culprit.¹¹¹ Similar mechanisms are used to attack other European organs and institutions.¹¹²

¹⁰⁹ Tomáš Břicháček, *Unie blízka i vzdálená*, Praha, Institut Václava Klause, 2014. Short commentary on his book by the author, see also: Tomáš Břicháček, “Ke knize Unie blízka i vzdálená”, in *Revue Politika*, 2014, No 4. [Archive online: <http://www.revuepolitika.cz/clanky/2021/>] [date: 2015, 17 March]

Revue Politika is published by Centrum pro studium demokracie a kultury that was headed for a long time by Petr Fiala, now the chairman of Civic Democratic Party.

¹¹⁰ Tomáš Břicháček, *Unie blízka i vzdálená*, chapter “Unie blízka”.

¹¹¹ Tomáš Břicháček, *Unie blízka i vzdálená*, chapter “Unie vzdálená”.

¹¹² Czech constitution has many principal errors. Deep analysis would be appropriate here.

The whole social policy of the EU is labelled as without sense with the exception of 1408/71 Directive dealing with the co-ordination of social security systems with respect to the workers migrating from one member state to another. All other ideas are refused or mocked as influenced by “feminist ideology”, “ideology of intergeneration solidarity”, etc.¹¹³

There is also something like “British disease” in Czech and Slovak policy, i.e. conflicts, competition, and differences between parties peak when discussing key decisions concerning the EU. E.g. the conflict within Slovak government coalition in 2012 that led, eventually, to guarantee the common currency. Similarly, when Czechia was presiding the EU in 2009, the conflicts within coalition peaked in the fall of the government.

Movement *Moravians* for consistent European regional policy

On the other hand, eurooptimists are represented, e.g., by “Moravians” movement. There is not any continuity between Moravian parties of the beginning of the 1990s and today.¹¹⁴ The present party is based on people by one and half to two generations younger, focused on modern European regional politics.

These people claim that falsely negative image of the EU is not brought to the Czechs only by Czech nationalist propaganda but also by daily Czech bureaucracy. The application of EU norms in the Czech Republic, i.e. their implementation in the Czech legal system, their explanation, or their application in practice are the proof that Czech bureaucracy abuses European laws to reinforce its own positions and role. European laws are usually expanded by further demands that burden the citizens while claiming that “it is the EU who want it this way”. Similarly, the main perpetrators in European fund thefts (thieving from national budget, as well) were able to do so thanks to being employed in the Czech civil service.

¹¹³ Tomáš Břicháček, “Sociální politika EU – tragikomedie na pokračování”, in *Revue Politika*, 2013, No 7. [Archive online: <http://www.revuepolitika.cz/clanky/1901/>] [date: 2015, 17 March]

¹¹⁴ At the beginning of 1990s, the movement was not united, including social democrats, conservative democrats, and sentimental nationalists.

Many microregions in Moravia have been devastated after 1989 and the blame goes to Prague based authorities leading to proclamations as “Brussels bureaucrat is a good economist”. “Welcome Brussels” or “the only salvation for Moravia is Prague ceding its power to European organs”, “when Vienna ruled, those were the good old days – Prague is only a taker”.¹¹⁵ The strengthened EU is perceived as the only viable alternative.

The leader of the “Moravians” in 2014 European Parliament elections, who is the vice-president of the movement, points out that “Europe of regions” is the best solutions not only for the EU, but also for Moravia. The euro will be the start on the way to better future and economic prosperity, throwing away the Czech crown would be a positive step. Almost everything that is labelled as “Czech national interest” is private interest of Prague politicians,¹¹⁶ discriminating and damaging Moravia.¹¹⁷

The leaflets on 2014 European Parliament elections by Moravians praise German and Austrian constitutional models as the pattern for the transformation of the Czech Republic. The Czech state is ineffective because of its extreme centralization and needs larger share of GNP to support itself than civil service in Germany or Austria while staying inefficient and ignoring important tasks.¹¹⁸ The slogans “we will put Moravia back on the map of Europe” and “Europe of regions” played the main role in the party's advertisement in the European Parliament elections, demanding also the formation of European defence union and a European army.¹¹⁹

¹¹⁵ E.g. Martin Pekáček, *Proč jsem eurooptimista*. <http://www.moravane.cz/blog/2014/06/martin-pekacek-proc-jsem-eurooptimista> [date: 2014, 15 Oct.]; *Spolkové uspořádání státu ušetří miliardy v rozpočtu* <http://www.moravane.cz/blog/2014/05/spolkove-usporadani-usetri-miliardy-v-rozpoctu> [date: 2014, 15 Oct.]

¹¹⁶ Including theft from European funds.

¹¹⁷ Martin Hýsek: *Proč je důležité vrátit Moravu na mapu Evropy*. <http://www.moravane.cz/blog/2014/02/proc-je-dulezite-vratit-moravu-na-mapu-evropy> [date: 2014, 15 Oct.]

¹¹⁸ The number of employees in public sector is twice as high as in Germany or Austria with respect to the population. See: *Spolkové uspořádání ušetří miliardy v rozpočtu* <http://www.moravane.cz/blog/2014/05/spolkove-usporadani-usetri-miliardy-v-rozpoctu> [date: 2014, 15 Oct.]

¹¹⁹ *Tisková zpráva k volbám do Evroparlamentu*. <http://www.moravane.cz/blog/2014/03/tiskova-zprava-k-volbam-do-euoparlamentu> [date: 2014, 15 Oct.]

Eurorealism?

An economic appendix to the daily newspaper *Mladá fronta Dnes*¹²⁰ published a series of articles on the occasion of 10 years of Czechia and Slovakia in the EU, coinciding with the eve of European Parliament elections. Economic analysts and business people agreed mostly that the entry in the EU helped the economies of both countries, alluring foreign investments. The dissolution of custom borders was also an advantage, resulting in an export explosion, the export growing three times higher than in the Old 15. Guaranteed business and legal conditions required by the EU are also required by foreign investors. The unemployment rate decreased and quality of life indexes increased¹²¹. The quality of public institutions remains poor, chiefly that of authorities. This lack of quality together with the corruption rate is the causes of low effectiveness of getting money from European funds¹²².

For 10 years of the EU membership, the European funds have been seen as great advantage in investments in traffic infrastructure, education, etc. The system of European funds forced the state to pass the law on public orders, thus cultivating Czech economic environment, on the one hand bringing help to the agriculture and small villages, on the other doing so with unnecessary bureaucracy.¹²³

The changes in industry and the ability to compete, it seems that the whole Czechia together with West Poland and West Slovakia form now a part of German economy. Following the German example, these are strong export economies and their joint effort reinforced German economy itself. The whole area is compatible, there is enough education space for general engineering, car industry, chemical industry, and new technologies. New German and Austrian waves of investment flow in the area that is growing compact. Deutsche Bundesbank expects this process to last for at least 10 years.

¹²⁰ The daily with the highest number of print in Czech Republic (except the tabloids).

¹²¹ The growth in Poland and Slovakia was higher than in Czechia.

¹²² Jan Brož, "Unie přinesla investice. Život se však zlepšuje pomalu". In: *Byznys speciál*. Appendix of newspaper *Mladá fronta Dnes*, 2014, 28 Apr., p. B1.

¹²³ Kateřina Koubová, "Pomohly nám evropské dotace, nebo nás rozmazlily?" in: *Byznys speciál, Mladá fronta Dnes*, 2014, 28 Apr., p. B1.

On the other hand, Eurozone crisis slowed down the Czech effort to accept euro.¹²⁴ Slovakia is with its role in Eurozone content and Poland is more open to the idea than Czechia. The Czech business people also perceive euro as rather advantageous.

In addition to the pragmatic economists, the liberal humanist thinkers represent another dimension of ideas, following Masaryk and Havel. Šimon Pánek, one of the leaders of student movement in 1989 and Havel's close co-worker is one of the founders of „Člověk v tísni” humanitarian organization. A person with high moral credit, Pánek is the director of the organization at the moment¹²⁵. He accentuates that the membership in the EU caused that the Czech feel the corruption much more now, leading to open pressure on authorities. The membership does not mean unification or loss of national culture. On the contrary, the development in other countries proved that the membership boosts national culture, with dynamic development of regional and local culture. His leads to improved quality of life and this we need in Czechia, too. Functioning within the EU brings about dynamics and diversity in the society, not unification. Thanks to the EU, common values, trust, and responsibility are shared, Pánek points out. As soon as the country was getting ready for the entry, there was positive pressure to reform civil service and change the way the society is living¹²⁶.

“Euroscepticists with some Eurorealist views”

These emerged as new phenomenon in Czechia and Slovakia. Fresh negative experience, danger threatening from outside Europe as well from inside, force the Euroscepticists to start new assessments, and change their attitude and the way of thinking. Since 2013, there have been some positive changes, that became obvious in 2014 European Parliament elections. On the other hand, both extremely anti-European parties and eurosceptic streams failed or flopped in the elections. Those who preached for “free

¹²⁴ Kateřina Koubová, “Unie i euro se mění, přijme to Česko?” in *Byznys speciál...*, p. B3.

¹²⁵ “Člověk v tísni” and “Adra” are the two most important humanitarian organizations in Czechia. They are active in most crisis regions around the world.

¹²⁶ Šimon Pánek, “Bez Evropské unie bychom nebyli tam, kde jsme teď”, in *Byznys speciál ...*, p. B4.

movement goods, capital, people and partially free movement of services” and nothing else was acceptable, mainly any steps towards political union, now find a more enlarged sense of European integration. Many people who used to blame the EU for “populist overregulation”, “disadvantages and harmfulness of common European currency, European structural funds, common agricultural policy, harmonization of law and regulations” warn now against any state leaving the EU or the dissolution of the EU. Namely, they are afraid of the dissolution of internal European trade.

E.g., Dalibor Roháč has claimed for very long time that the EU is the only threat to the freedom and prosperity in Europe. However, at the moment he admits in *Revue Politika*¹²⁷ that the end of the EU or some country quitting the EU would not bring about more liberal environment but rather moved Europe towards nationalism and economic protectionism.

On the contrary, during the second half of 90’s, the future membership in the EU caused Central European countries to reform both their politics and economy; under other conditions, such reforms would not be feasible. Roháč refuses the argument that without the EU, the national states would be able to agree on much better political decisions, writing that “in some way, bad European legislature substitutes bad home legislature”. He claims that Europe is put in danger by populist nationalists from the inside and insatiable Russian lust for power from the outside. If these nationalists are in touch with the Kremlin, the danger is much more imminent. Loosening or dissolution of the EU would mean the rule of people like Marine Le Pen, Geert Wilders, or Viktor Orbán, who are sure to introduce customs, privileges, and restrictions to fight the competition.

Roháč admits that thanks to the integration, Europe has enjoyed times of freedom and prosperity. On the other hand, he has persisted on claiming that it was the EU who woke up anti-union populism by its botched up reaction to the financial crisis since 2008. He identifies a possible solution – a massive deregulation of the EU, reinforced position of

¹²⁷ Roháč works in the Cato Institute in the USA. *Revue Politika* is a conservative nationalist monthly favoured by those conservatives who admire American model.

the Council of Europe and return to unanimous voting on key questions of European economic policy.¹²⁸ Namely, “deregulation” is the word that is in.

The Russian war against Ukraine demands the formation of effective common foreign and military policy, says Roháč. For many years, Czech Euroscepticists were dead set against any political union within Europe, including namely common foreign and security policy. Nevertheless, at the moment, they ask „who will guarantee European security?” They rediscover the importance of Chirac's and Blair's declaration from Saint-Malo or “European security strategy” from 2003 and demand that “the EU plays an active role in the fight against existing safety threats”. The only restriction they stick to is the respect to “outer security perimeter that should be guarded by the NATO”.

They warn that the absence of really operating foreign and military policy within the EU weakens the international position of the EU, pointing out that this is a prerequisite for effective enforcement of EU interests. 60 years after the start of European intergration, Europe is safer and more stable than the founding father of the projects could ever imagine. The European representatives should show their “courage and vision” on the field of European security policy. Such theses were published in conservative nationalist *Revue Politika* as soon as in summer 2013¹²⁹.

Monetary division in Central Europe

Three Central European countries use euro: Austria, Slovenia, and Slovakia and three Central European countries use “the old” currency: Poland, Hungary, and Czechia, with the latter two declaring clearly their intention not to switch to euro in near future. In Czechia, this is the consequence of Klaus governments, respectively Civic Democratic Party and associated structures, all of them having been opposed to euro. This was a crucial part of government policy in 2006-2013.

¹²⁸ Dalibor Roháč, “Rozpad EU by znamenal vzestup nacionalismu a protekcionismu”, in *Revue Politika*, 2014, No 9. [Archive online: <http://www.revuepolitika.cz/clanky/2074/>] [date: 2015, 17 March]

¹²⁹ Filip Tuček, “Kdo zajistí evropskou bezpečnost?” in *Revue Politika*, 2013, No 5. [Archive online: <http://www.revuepolitika.cz/clanky/1865/>] [date: 2015, 17 March]

At the moment, the Czech National Bank is one of the key obstacles. The conflict between the bank and the society is caused by the bank's manipulation with the exchange rate of Czech crown that has started in autumn 2013. The bank reasoned that there was a threat of deflation and changed the rate between euro and crown. These interventions divide the economic society, but most economics are against: Czechia has very open economy, strongly dependent on export and import, trading overwhelmingly with EU members, mainly with those who have euro as currency. The intervention caused imbalance.

For many years, euro has been parallel currency in Czech Republic. Many producers and traders have their books in euro, not in crowns. Now, they are in disadvantage. Import goods are now more expensive: food, oil, electronics, etc. Businesses who import goods for sale or further processing experience troubles.

Miloš Zeman, the President of Czechia, accused the bank repeatedly that it changes the rate only in order to put off conversion to euro. Such conversion would mean a great loss in importance and competences of the bank. By changes in the rate, the bank supposedly put off the conversion by several years.

The Czech National Bank promised that the devaluation would increase export, boost economical development and form 30000 new jobs. No such increase was observed, the economy grows because of increased home consumption only. No more jobs appear.

European Parliament elections 2014

In general, Czech and Slovak European MPs are significantly more educated, with more knowledge of Europe and the world, more efficient and able than Czech and Slovak national MPs. Therefore, does it mean that a difference in parliaments will lead to a difference in the quality of legislature?

Václav Klaus, the former Czech president said that the European Parliament elections are “inauthentic and useless”, doing so on the election day and adding that “he does not agree with the idea of European Parliament”. Miloš Zeman, the president in office, sighed that “the Czechs do not perceive the EU as important” and that many of

them think that “the EU does not concern them”¹³⁰. Following the publication of elections results, political scientists criticised the media that they do not know how to present information on the EU, prefer the negative way, and pick out the sensational items only. Beside media, the politicians are also blamed for the spreading of negative image of the EU. That is the reason why the election attendance has been falling down. Vladimíra Dvořáková stresses the conditions of Czech and Slovak political culture which is based on confrontation whereas the EU is based on compromise. The citizens are not able to perceive that as non-member of the EU, Czechia would be much more vulnerable in the globalised world¹³¹. Milan Znoj argues that the lack of attitude is the most stupid version of Euroscepticism in Czech Republic¹³².

Out of 21 Czech seats in European Parliament, 15 went to pro-European parties and 6 to Euroscepticist parties, 3 of them being true Euroscepticists – the communists and 3 of them aggressive populist anti-European parties (Civic Democratic Party, the Free Ones). The election result only seems to be positive, being much pro-Europe than 2009 elections, because the attendance dropped to 18, 20 %¹³³. The lack of interest may be caused by the citizens distancing themselves from Czech politicians rather than from the EU. Political scientist Marek Pavka speaks of the crisis of representative democracy and of the drop in trust in old-established political parties, points out extreme centralism that discourages the numerous poor people in underdeveloped parts of the country. The road to the renewal in trust in politics should be paved with radical decentralisation, real regional and local governing and direct democracy put in practice¹³⁴. Otherwise, Czech representative democracy will not represent the people¹³⁵.

¹³⁰ <http://www.novinky.cz>, 24. 5. 2014. [date: 2014, 15 Oct.]

¹³¹ <http://www.novinky.cz>, 24. 5. 2014. [date: 2014, 15 Oct.]

¹³² Milan Znoj, *Čechům je politika ukradená. Jako v době normalizace*. http://zpravy.idnep.cz/komentar-k-eurovolbam-a-postoj.cechu-k-eu-fgw-/domaci.aspx?c=A140526_145013_domaci_jav [date: 2014, 15 Oct.]

¹³³ <http://www.europarl.europa.eu/elections2014-results/cs/election-results-2014.html> [date: 2014, 7 Oct.]

¹³⁴ E.g., a referendum has been defined by the constitution for some 23 years, however, particular acting laws have been never passed.

¹³⁵ Marek Pavka, *Evropské volby nemají vítěze*. http://cvvm.soc.cap.cz/media/com_form2content/documents/c1/a7194/f3/pd140312.pdf [date: 2014, 15 Oct.]

Otherside, out of 13 Slovak seats in European Parliament, 11 went to pro-European parties and 2 to other parties: only 1 won an anti-European party (Freedom and Justice), and 1 was won by party which mixes nationalist rhetoric with pro-European slogans (Party of Hungarian Coalition). Also, these election result only seems to be positive, because the attendance dropped to 13,05 %¹³⁶.

* * *

At present time, openly pro-European governments are in the office in both countries; the next elections should be in Slovakia in late autumn 2016, in Czechia in autumn 2017. The Czech president, who feels himself to be even an Eurofederalist, will remain in his office until 2018.

The problem remains not found identity after 1989. The way to European Union, albeit transient solution, gave a vision, giving meaningful direction. Finding a new identity must become a process of breaking up with political nationalism in both the Czech and Slovak republics. That will be possible for one more generation. Only strongly accelerated security threats can shorten the course (this however nobody wants). Only then can stabilize and apply a new vision for place of both republics in Europe.

In conclusion, the attitude of Czech or Slovak Eurorealism can be characterized figuratively: Let's return to personalities of Ludwig Erhard and Walter Hallstein and their principle: Direct regulation minimalized, indirect regulation maximalized (e.g., at present time, the discussion on the future of energy policy).

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¹³⁶ <http://www.europarl.europa.eu/elections2014-results/cs/election-results-2014.html> [date: 2014, 7 Oct.]

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OVERVIEW OF THE EUROPEAN FUTURE

Dorin-Mircea Dobra

Assistant Professor, PhD

Faculty of European Studies

Babeş-Bolyai University Cluj-Napoca

dorin_dobra@yahoo.com

***Abstract:** The general European context is more complex than ever before. The „New Europe” project has its frameworks and limits even less drafted than in the previous epochs, and the internal and geostrategic political intentions are at their highest level of complexity. European leaders must sketch a project for the third millennium Europe in the term begun in the summer of 2014, a project that must primarily satisfy the European Union citizens, the main beneficiaries of the whole process generically known as the „European construction.”*

Keywords: The project for the third millennium, European Construction, political signals, historical premises, debate about the expansion.

There is a set of premises that determine, today more than ever before, the debate regarding the evolution of the European construction more actual and more emphasized. We may mention that throughout 2014 there have been numerous signals meant to reposition the debate towards a common European construction. Hence, we shall refer to these premises as conjectural signals, which are nonetheless essential, as they cast light over the future project of the 2014-2019 European Commission.

The signals we refer to are even more important as they can be inserted in the general European concourse. 2014 is also the electoral year that has nominated the components of the European legislative. As a result, the European political parties were required more than ever before, to establish negotiations that might identify the new leaders of the Union.

The specific procedures in these cases are complex and, despite the criticism that they are too complicated, they are meant to ensure even the finest electoral reverberation. The nomination of the chief of European Union Commission becomes a sensitive topic, due to the fact that the state leaders are part of a transitory and shifting framework, aspects that can be read as political signals. Analyzing three of these political signals, we mention the following:

- a. The first signal regards the results of the elections for the European Parliament. The structure and the vote orientation towards atypical parties, sometimes even extremists or xenophobic, requires an in-depth analysis that may indicate the leaders of the European construction what the project lacks. “Nearly 15% of the terms in over 10 European countries were obtained by parties that bluntly oppose the freedom of movement and minorities’ rights. Populist parties that reject the trajectory of European integration received a large proportion of terms. In some states, extremist forces entered the European Parliament from the posture of great party or even the greatest party in the country. After the 25th of May the shock is felt throughout the entire Europe.”¹³⁷ In an attempt to interpret it, the signal itself may indicate that we are witnessing certain tiredness of the integration process and simultaneously of the reforms that were insufficiently projected through the new, but already outgrown Treaty of Lisbon in 2009.
- b. The second signal to be considered by the European Commission is the one sent by what we generically call the “Ukraine experience”, which can be synthesized as “United Europe has reached its geographical borders.” It is the moment to ask again the question whether the reinvigoration of the Gaullist syntagm „Europe from the Atlantic to the Urals” doesn’t already produce tectonic movements in the profoundly positive belief that expansion may continue until the integration of all states from the European historical area. Since 2004, the EU has been looking to ensure at least a safe and friendly border and an opening of the dialogue towards a

¹³⁷ Frank-Walter Steinmeier, former Foreign Affairs Minister of Germany between 2005-2009, in “Europa muss Extremisten die Stim bieten” available at <http://www.fi-online.de/meinungk/europaeisches-parlament-europa-muss-extremisten-die-stim-bieten,1472602.27672780.html>, accessed on 02/03/2015;

future integration through ENP, but the common context demonstrates that its intentions are now exceeded. “Since this policy was launched, the EU has emphasised that it offers a means to reinforce relations between the EU and partner countries, which is distinct from the possibilities available to European countries under Article 49 of the Treaty on European Union. The objective of the ENP is to share the benefits of the EU’s 2004 enlargement with neighbouring countries in strengthening stability, security and well-being for all concerned. It is designed to prevent the emergence of new dividing lines between the enlarged EU and its neighbours and to offer them the chance to participate in various EU activities, through greater political, security, economic and cultural co-operation.”¹³⁸

- c. Eventually, the signal that will influence the European future most of all is the one given by the balance of the relation between the European Union and Russia. The apparent contemporary antagonism requires firm and clear answers and orientations that wouldn’t leave space for interpretation and divergence in opinions.

All these signals may be put under the umbrella of a concourse that shapes the decision-making environment and the debate regarding the future of Europe. Answers and solutions to all these premises may present, in their own turn, clear options regarding the road to be taken by the European Union.

In order to obey an inductive necessity it is mandatory to refer to the historical retrospection that provides us with several instruments validated by the evolution of the topic.

We also depart from a set of premises, which can be extended as long as they offer more precise bases in view of obtaining an accurate answer.

The first premise is the one stemming from the origin of the European construction, a premise that also offers the shaping of the European future. There are a few principles that stood at the basis of the common construction and there is nothing that can be done to see a future without them. We can hereby refer to Christianity, individual freedom and the

¹³⁸<http://eur-lex.europa.eu/legal->

[content/EN/TXT/PDF/?uri=CELEX:52004DC0373&qid=1429865429156&from=EN](http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52004DC0373&qid=1429865429156&from=EN), accessed on 02/03/2015;

inherent civilization of our continent. “DRAWING INSPIRATION from the cultural, religious and humanist inheritance of Europe, from which have developed the universal values of the inviolable and inalienable rights of the human person, freedom, democracy, equality and the rule of law.”¹³⁹

The second premise is the one that we are, for the first time in the history of Europe, in a situation in which the model lacks an alternative model at the level of public debate and, even more, the current social and political model seems to have reached its limits regarding the development that it can support.

In light of the above-mentioned premises and viewpoint, we are trying to suggest two directions that are used today, without challenging enough the much-needed debate.

1. The declaration regarding “A new narrative for Europe” represents a direction to be taken into account but it only leads the way and emphasizes the necessity of that “new political body” that can stand as forerunner of the future Europe. We therefore quote that section, expressive for the entire “Declaration”, a passage that accentuates the need of the debate. “To simulate that potential Europe, as a political body, must develop a new cosmopolitanism for its citizens, one that includes dynamic and creative urban environments and a healthy competition between cities. The European cities should become more than mere urban centers; they should aim to become cultural capitals, contributing thus to the increase in life quality of all Europeans. Why not imagine Europe as a giant megalopolis interconnected by means of transport and communication?”¹⁴⁰
2. The political endeavor of the European institutions to make the EU legitimate is already happening for its citizens, but the signals given by Europol indicate that the effort must be strengthened, continued, make transparent and devoid of bureaucracy.

¹³⁹ <http://www.eurotreaties.com/lisbontext.pdf>, accessed on 05/03/2015;

¹⁴⁰ http://ec.europa.eu/debate-future-europe/new-narrative/pdf/declaration_ro.pdf, accessed on 05/03/2015;

The conclusion shows that the project and history we live with more or less ardor of integration, has always offered the authors of the European constructions the necessary “combustion” to develop this process. “Une Europe où la Ruhr, la Sarre et les bassins français travailleront de concert et feront profiter de leur travail pacifique, suivi par des observateurs des Nations Unies, tous les Européens, sans distinction qu'ils soient de l'Est ou de l'Ouest, et tous les territoires, notamment l'Afrique qui attendent du Vieux Continent leur développement et leur prospérité.

Voici cette décision, avec les considérations qui l'ont inspirée.

Déclaration du 9 mai

« La paix mondiale ne saurait être sauvegardée sans des efforts créateurs à la mesure des dangers qui la menacent.

La contribution qu'une Europe organisée et vivante peut apporter à la civilisation est indispensable au maintien des relations pacifiques. En se faisant depuis plus de vingt ans le champion d'une Europe unie, la France a toujours eu pour objet essentiel de servir la paix. L'Europe n'a pas été faite, nous avons eu la guerre.

L'Europe ne se fera pas d'un coup, ni dans une construction d'ensemble : elle se fera par des réalisations concrètes, créant d'abord une solidarité de fait. »¹⁴¹

Their dream came true, yet what we are now lacking is a new project to match the challenges and the aspirations of the EU citizens. It is time this was given to them, by means of a new treaty or philosophy for which all of us would work and live.

The role of the new European Commission becomes even more important nowadays in the configuration of the New Europe. It will have to sketch, suggest and later pave the new road towards which the European Union is heading. The debate about the expansion of the EU has taken the process to physical and psychological border and the debate was announced by the new chief of the European Commission, Juncker, who claimed that during his term there would be no more adhesions. “Regarding enlargement, Juncker said that no new countries were expected to join the Union over the next five years, but that ongoing accession negotiations would continue. He also said that Europe

¹⁴¹ <http://www.robert-schuman.eu/fr/declaration-du-9-mai-1950>, accessed on 05/03/2015;

should be proud of its reunification, and that it was time to stop calling countries “old” and “new” members.”¹⁴²

If we make reference to the enlargement process, with more and more invoices towards a future European federal construction, the critical voices to address this attempt are even more consistent in the European Parliament, as shown at the beginning of the article.

What is left thus is the great attempt of the further next five years for Europe. To sketch the new road, to polish the old expansion processes of the Union and to provide new perspectives to the EU citizens are all mere milestones of a potential project. The European leaders have not faced a similar situation, where the milestones of the route are so relative and the finish line so little shaped.

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6. <http://www.euractiv.com/sections/eu-elections-2014/parliament-elects-politically-ecumenical-juncker-commission-president>

¹⁴² <http://www.euractiv.com/sections/eu-elections-2014/parliament-elects-politically-ecumenical-juncker-commission-president>, accessed on 02/03/2015;

STATE AND NATION. A COMPARATIVE APPROACH BETWEEN THE LEGIONARY AND THE COMMUNIST DISCOURSE

Antoanela Paula Mureşan

Assistant Professor, PhD

Faculty of European Studies

Babeş-Bolyai University Cluj-Napoca

paula.muresan@euro.ubbcluj.ro

Abstract: *The paper herein aims to analyse the state and nation, as these two concepts were reflected in the legionary and communist discourse on the Romanian political scene in the 20th century. More precisely, we shall make a comparison between the discourse of the best known legionnaire of his epoch, in the person of Corneliu Zelea Codreanu, and that of the best known communist leader and President of the Socialist Republic of Romania (1974-1989), Nicolae Ceauşescu.*

Keywords: communism, legionaries, extremism, ideologies, political system

For our research, we shall use the qualitative method materialized in the text analysis, relying on primary sources. We shall turn to the renowned books written by C.Z. Codreanu, *Pentru legionari*¹⁴³ and *Cărticica şefului de cuib*¹⁴⁴, and to the discourse held by Nicolae Ceauşescu at the 14th Congress of the communist party, in 1989, entitled *Report on the current stage of the Romanian socialist society, on the activity of the Central Committee between the 13th and the 14th Congress, on the achievement of Directive-programme of economic and social development of the 9th five-year plan until 2000-2010*,

¹⁴³ Corneliu Zelea Codreanu, *Pentru legionari*, [http://www.miscarea.net/p3.html], 20 February, 2015.

¹⁴⁴ Idem, *Cărticica şefului de cuib*, [http://miscarea.net/carticica.htm], 23 February 2015.

*in order to firmly fulfil the programme of building the multilaterally developed socialist society and Romania's advance toward communism.*¹⁴⁵

An important aspect that needs to be clarified from the beginning of the research refers to language. We have faced the translation of the discourses from Romanian into English, which has proven to raise some problems. Accordingly, we have chosen to resort to a word-by-word translation, so that the text in English should be very similar to the Romanian one.

The state is a concept whose meanings and understandings range from antiquity to present day and represent a source of controversy among the specialists and analysts of this particular concept. The best-known denominations with reference to the state are attributed to philosophers, political scientists, such as: Plato (ideal state)¹⁴⁶, Aristotle (city-state)¹⁴⁷, Montesquieu (separation of powers: legislative, executive and judicial)¹⁴⁸, Jean-Jacques Rousseau (social contract)¹⁴⁹, John Locke (natural state)¹⁵⁰, Thomas Hobbes (Contractualism),¹⁵¹ Niccolò Machiavelli (modern concept of the state),¹⁵² Immanuel Kant (perpetual peace)¹⁵³, Friedrich Wilhelm Nietzsche (nihilism and the will to achieve power)¹⁵⁴ and Karl Marx (omnipresent state)¹⁵⁵, if we are to name only those who made history and proved to be milestones in the evolution of societies.

Nowadays, when we speak about the state we have the tendency to refer to it as a rule of law. This concept has become a necessity or a must in a democratic political

¹⁴⁵ [http://www.cnsas.ro/documente/istoria_comunism/congrese/1989%20Raport%20la%20Congresul%20al%20XIV-lea%20al%20PCR.pdf], 20 February 2015.

¹⁴⁶ Platon, *Republica*, Ed. Antet, 2005.

¹⁴⁷ Aristotel, *Politica*, Ed. Artemis, 2008.

¹⁴⁸ Montesquieu, *Despre spiritul legilor*, vol. 1, Ed. Științifică, 1964.

¹⁴⁹ Jean-Jacques Rousseau, *Despre contractul social*, Ed. Nemira, 2008.

¹⁵⁰ John Locke, *Second Treatise of Government*, 2012.

¹⁵¹ Thomas Hobbes, *Leviathan*, [Penguin Books Ltd](#), 1981.

¹⁵² Niccolò Machiavelli, *Principele*, Ed. Antet, 2012.

¹⁵³ Immanuel Kant, *Perpetual Peace*, Filiquarian Publishing, LLC., 2007.

¹⁵⁴ Friedrich Wilhelm Nietzsche, *The will to power*, *Vintage Books Edition*, 1968.

¹⁵⁵ Karl Marx, *Capitalul: critica economiei politice*, vol I., Ed. Alexandria Publishing House, 2009.

system. Consequently, it is a reference, a standard, when we make comparisons of different political systems. *Rule of law*, *rechtsstaat*, *état de droit* are *simply words* but extremely present in everyday conversation or in the vocabulary of the European citizens or global citizens in the 21st century, due to the fact that this denomination is often used for both ordinary people and specialists.

The origin of the term goes back to the 18th century and has a German root: *rechtsstaat*. The father of this concept is considered to be Johan Wilhelm Peterson, who published the book *Literatur der Staatslehre*.¹⁵⁶ In more than two hundred years, the concept has evolved, enriched, gained more and more content, and specialists have elaborated its principles, tried to define its purpose, problems, limits, features, and so on, as the societies have changed their political systems, transformed, evolved, grew, modernized.

We consider properly bringing into discussion the expression uttered by Louis XIV of France in the 17th century that made history - "L'État, c'est moi" (*I am the state*)¹⁵⁷, in order to better understand the vision of the political leaders in the Middle Ages and how this concept evolved. From the simplest concept *I am the state*, when the leader identified himself with the state up to *the rule of law* nowadays, the road that these concepts followed was a long and sinuous one, which led to debates and controversies involving common people, philosophers and politicians, and sometimes even the participation of institutions and organizations. As a basic and conclusive example we should mention that the European Union itself is based on the *rule of law*.¹⁵⁸ Consequently, decisions were taken and norms and standards for the rule of law were demanded. The Copenhagen European Council¹⁵⁹ of 1993 and the Madrid European Council¹⁶⁰ of 1995 set out the criteria needed to be fulfilled in order to be accepted in the large family of Europe. Three criteria are

¹⁵⁶ Petru Miculescu, *Statul de drept*, Bucharest: Ed. Lumina Lex, 1998, p. 57.

¹⁵⁷ Herbert H. Rowen, "L'État, c'est moi, Louis XIV and the State" in *French Historical Studies*, Vol. 2, No. 1, (1961), p. 83.

¹⁵⁸ [http://ec.europa.eu/enlargement/policy/policy-highlights/rule-of-law/index_en.htm], 18 February 2015.

¹⁵⁹ [http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/ec/72921.pdf], 18 February 2015.

¹⁶⁰ [http://www.europarl.europa.eu/summits/mad1_en.htm], 18 February 2015.

absolutely necessary to join the European Union: the political, the economic and the acceptance of the community *acquis*.

Defining the rule of law today is quite difficult due to the fact that there is no single, correct definition of the rule of law, given its either too maximalist or too minimalist definitions.¹⁶¹

We consider that it is more important in this paper to present the principles of the rule of law rather than giving the definition of the concept basing our argument on the fact that a principle has more value, more force, being defined as “A fundamental truth or proposition that serves as the foundation for a system of belief or behaviour or for a chain of reasoning.”¹⁶² Thus, the principles are: political pluralism, will of the majority, separation of powers, hierarchy of legal norms, control of the activity of administrative organs by the judicial organs, control of the constitutionality of laws, human rights and fundamental freedoms.¹⁶³

Taking into account the abovementioned principles concerning the rule of law, we shall analyse the state and nation in two important periods of Romania: a) the interwar period, as we shall bring into discussion the vision and ideas on state and nation of Corneliu Zelea Codreanu, the indisputable leader of the extreme right movement, and b) the communist period, where we make reference to Nicolae Ceaușescu’s vision on state and nation, as the absolute leader of the extreme left movement. The difference between them is that Nicolae Ceaușescu had the chance to put into practice his ideas, whilst Codreanu just expressed them in books and discourses. When the Legionaries seized

¹⁶¹ For further details concerning the definition and features of the rule of law, see Jørgen Møller, Svend-Erik Skaaning, *The Rule of Law: Definitions, Measures, Patterns and Causes*, Palgrave Macmillan, 2014, pp. 45-50, Sofia Popescu, *Statul de drept in debaterile contemporane*, Bucharest: Ed. Academiei Române, 1998, pp. 55-92.

¹⁶² [<http://www.oxforddictionaries.com/definition/english/principle>], 18 February 2015.

¹⁶³ Petru Miculescu, *op. cit.*, p. 293.

power and Romania was declared a national-legionary state, from September 1940 to February 1941¹⁶⁴, Codreanu was already dead. He had been since 1938¹⁶⁵.

From the very beginning we have to mention that these two extreme movements have been and remain debated by preeminent historians. Controversies appeared due to their recognized or not recognized similarities, or due to their appearances. *The Passing of an Illusion: The Idea of Communism in the Twentieth Century*¹⁶⁶ by François Furet represents a milestone in the understanding of totalitarian regimes. The author is convinced that the advent of totalitarian regimes had economic causes and communism and fascism are “totalitarian twins” as long as their origins reside in socialism and anti-liberal convictions. Ernst Nolte, another great philosopher, is a partner of Furet’s for a vivid discussion, given that the German philosopher expressed his convictions and ideas on fascism and communism in the book entitled *Three Faces of Fascism: Action Française, Italian Fascism, National Socialism*.¹⁶⁷ For him, fascism is a counter reaction to communism and the main cause for the development of fascism was the resistance and reaction to modernity. Even more, he defines fascism in terms of anti-Marxism: “Fascism is anti-Marxism which seeks to destroy the enemy by the evolvment of a radically opposed and yet related ideology and by the use of almost identical and yet typically modified methods, always, however, within the unyielding framework of national self-assertion and autonomy”¹⁶⁸. For Vladimir Tismăneanu, as they are reflected in the book *The Devil in History: Communism, Fascism, and Some Lessons of the Twentieth Century*, both communism and fascism are types of totalitarianism, both are reactions to the

¹⁶⁴ Ioan Scurtu, *Politica și viața cotidiană în România în secolul al XX-lea și începutul celui de-al XXI-lea*, Bucharest: Ed. Mica Valahie, 2011, p. 184.

¹⁶⁵ António Costa Pinto, Aristotle Kallis, *Rethinking Fascism and Dictatorship in Europe*, Roger Griffin, 2014, p. 247.

¹⁶⁶ François Furet, *The Passing of an Illusion: The Idea of Communism in the Twentieth Century*, The University of Chicago Press, 1999.

¹⁶⁷ Ernst Nolte, *Three Faces of Fascism: Action Française, Italian Fascism, National Socialism*, Hardcover, 1966.

¹⁶⁸ *Ibidem*, p. 23.

Enlightenment. Even more, both are pathologies of modernity (Tismăneanu admitted that he had borrowed this term - pathology - from Furet) and both are revolutionary movements. The explanation for this assertion is that their aim is to propose a new human condition.¹⁶⁹ Only by offering these three examples can we remark the complexity and the problematic issues of these ideologies.

Corneliu Zelea Codreanu tries to define the state within the belief of national-Christian socialism. Consequently, his primary idea on state makes, first of all, reference to the territory: "I believe in one and inseparable Romanian State from the Dniestr to the Tisza, including all Romanians and only Romanians, loving work and honest, with fear of God, with the pain of the country and nation. The state is the giver of equal civil and political rights to men and women. Protector of the family, offering salaries to servants and workers according to the number of children and to work, understanding quantity and quality, and in one state supporter of social harmony, restricting the number of ranks; and above salary, socializing factories, owned by all workers, and distributing land to all ploughmen."¹⁷⁰

With regard to economic coordination, Codreanu believes that the redistribution of welfare between the employer (public or private) and workers is the key to the proper functioning of the economic sector. The state will interfere and protect workers and servants in terms of food and clothing. "There will be a distribution of benefits between employer (public or private) and workers. The (private) owner, besides salary, will receive a decreasing percentage proportional to capital."¹⁷¹ As we can notice, private property exists, but the state controls it. The owners, either private or public, are totally obedient to the state. The state will dictate in terms of the economy. The state will also dictate the forms of the unions of workers. These should be national.

For Codreanu, the fundamental idea on which he bases his conviction on state is that it must be renewed. Consequently, the need for *a new man* is required: "The new state

¹⁶⁹[<http://www.wilsoncenter.org/event/the-devil-history-communism-fascism-and-some-lessons-the-twentieth-century>], 20 February 2015.

¹⁷⁰ Corneliu Zelea Codreanu, *Pentru legionari*, [<http://www.miscarea.net/p3.html>], 20 February 2015.

¹⁷¹ *Ibidem*.

cannot be based only on theoretical concepts of constitutional law. The state implies, first of all, a new type of man. A new state with the old people, unfortunately, cannot be conceived.”¹⁷² In this respect, he speaks about a moral purification, a spiritual revolution that comes with a change of mentality, becoming the key element for the good functioning of society: „the meaning of the Legionary movement differs from what has been done to date in history and the legionary victory will bring about the restoration of the virtues of our people, a worthy Romania, dignified and strong - it will create a new man, according to a new kind of European life.”¹⁷³ This new man is the embodiment of what the Romanian nation is all about: love, fairness, sacrifice, fight, devotion, compassion and salvation.

In order to create the new man, Codreanu comes up with a solution materialized in the legionary school: “A political party, even Cuza’s party, can offer, at most, a new government and new leadership: on the contrary, the Legionary school can give the country a new type of Romanian.”¹⁷⁴ “Thus, the school is entitled to form, educate, and develop the new generations. The school shapes characters, and the education received in the Legionary school is vital for the new generation of Romanians. The new man will be a role model. Educated in a moral environment, the new man will have the power to gather around him other supporters and newcomers will automatically live their lives respecting the Legionaries’ beliefs. The power of example will be a way of life and in the end the Legion of Archangel Michael will prevail.

Moreover, for Codreanu the state must be ethnic and national: “The earth is the basis of existence of the nation. Nation stands as a tree with its roots planted in the soil of the country, from where it draws its nourishment and life... There are laws made by God that organize peoples’ lives. One of these laws is the law of the land. God gave each nation a particular territory to live on, to grow, to develop and create its own culture. The Jewish problem in Romania is the transgression of the Jews of these natural laws of the land.”¹⁷⁵ We remark the recurrent theme of the land in the existence of the nation, the idyllic

¹⁷² *Ibidem.*

¹⁷³ *Ibidem.*

¹⁷⁴ *Ibidem.*

¹⁷⁵ *Ibidem.*

presentation, the use of a metaphor in order to emphasise its national feature. No other nations are allowed to interfere with the *pure nation* of Romania. Consequently, Codreanu militates for a state that does not allow using other national symbols than that of its national history. Thus, he identifies a danger in the person of Jews (according to him, there are 2-2.5 million Jews)¹⁷⁶ who are responsible for all the malfunctions of the political systems. Furthermore, he brings into discussion democracy in Europe (again he uses a metaphor comparing it with clothes that the most important countries in Europe gave up) and concludes that in the case of Romania “democracy crushes the unity of the Romanian people, dividing it into parties, feuding it, exposing it to the block unity of Jewish power in a difficult moment in its history, (...) democracy is incapable of continuity in effort, (...) democracy puts the politician in the impossibility to do his duty towards the nation, (...) democracy is incapable of authority”.¹⁷⁷ The political system he speaks about is in fact a totalitarian state, a rejection and denial of democracy. In his opinion, a democratic system „transforms millions of Jews into Romanian citizens and it serves the great finances”¹⁷⁸. The ideas that were promoted by the French Revolution are virulently rejected: “The state based on the old ideology of the French revolution is collapsing. In the world, the problem of a new state is being discussed. This state can be the best or the worst. How it will be? As we shall do it”¹⁷⁹. Codreanu rejects the republic as a form of government. He is in favour of the monarchy. “The Monarchy has always been good. We do not have to mistake the ruler for the institution”¹⁸⁰.

In this totalitarian state, commerce and labour camps¹⁸¹ are the most important propagandistic measures of Legionaries. The dam from Visani is a case in point. “I wish that all the citizens from every town or villages you pass through would remain impressed

¹⁷⁶ *Ibidem*.

¹⁷⁷ *Ibidem*.

¹⁷⁸ *Ibidem*.

¹⁷⁹ Idem, *Cărticica șefului de cuib*, [<http://miscarea.net/carticica.htm>], 23 February 2015.

¹⁸⁰ Idem, *Pentru legionari*, [<http://www.miscarea.net/p3.html>], 20 February, 2015.

¹⁸¹ Mircea Dimitriu, *O istorie comentată a mișcării legionare*, [http://www.fgmanu.ro/Carti/245/capitol_3], 23 February 2015.

by the discipline, fairness, dignity and good behaviour of the Legionaries, in any situation”¹⁸².

The legionaries gained followers even among priests. It could not have been otherwise. A movement that puts God and religion in the core of its doctrine addresses first of all priests. And in our case, the Iron Guard addressed the Romanian Orthodox priests and practitioners. Accordingly, by totally assuming religion, the Legionaries fought against communism. Codreanu uttered: “The Legionnaire is against the communist and will fight with all his powers to find him so that this communist would be exposed and slain. The triumph of the communist movement in Romania would mean: the cancellation of the Monarchy, the cancellation of the Church, abolition of family, abolition of private property and abolition of freedom. It means, in one word, our dispossession of what forms the moral heritage of humanity and at the same time, the dispossession of any material assets in favour of communism profiteers from the shadows, who are the Jews.”¹⁸³

It is known that in communism, all religions are abolished. Even more, for Codreanu there is equality between the Jews and the communists. “Romanian workers as communist leaders were neither Romanians nor workers. In Iasi: Dr. Ghelerter, Jew; Gheler, Jew; Spiegler, Jew; Schreiber, Jew etc. In Bucharest: Ilie Moscovici, Jew; Pauker, Jew etc.”¹⁸⁴

The *new man* that we have mentioned above has to totally abide by Christian precepts. God becomes a way of life, a model of demeaning. For legionnaires, politics means first of all religion. The orthodox faith unites them and will be ranked as a national religion, being the key to national salvation. With religion and through its help, the Romanians can reach salvation.

As means of control, the legionaries created the nests, as a rule of behaviour where legionaries had to strictly follow 6 laws in order to achieve a Christian, national, social and physical education. The law offers the instructions for all legionnaires, being the top belief for them. Propaganda and force were the best-known means of control that the legionaries

¹⁸² Corneliu Zelea Codreanu, *Pentru legionari*, [<http://www.miscarea.net/p3.html>], 23 February 2015.

¹⁸³ Idem, *Cărticica șefului de cuib*, [<http://miscarea.net/carticica.html>], 23 February 2015.

¹⁸⁴ Idem, *Pentru legionari*, [<http://www.miscarea.net/p3.html>], 23 February 2015.

used. The first act of violence that Corneliu Zelea Codreanu perpetrated was the assassination of Manciu, Chief Police Officer in Iasi in 1924.¹⁸⁵

1. Discipline Law: be disciplined, legionnaire, because only in this way will you win. Follow your leader for better or worse.
2. Labour Law: work. Work every day. Work with pleasure. The reward for your work should not be the gain, but the satisfaction that you put a brick to the ascension of the Legion and to the flourishing of Romania.
3. The Law of Silence: talk less. Say what you should say. Speak when you need to. Your oratory is the oratory of deed. Do things! Let the others speak!
4. Education Law: you must become another. A hero. In the nest you must learn things. Know the Legion well.
5. Law of mutual aid: help your brother that has fallen into misfortune. Do not let him down.
6. Honour Law: go only on the paths of honour. Fight and never be cowardly. Let the others go on the paths of infamy. Better to fall in an honourable fight than win by infamy.¹⁸⁶

The nation for Codreanu must be defined in terms of a pure, non-tainted nation. The stranger, the other, especially the Jews, were seen as threats. Codreanu is fully convinced that a nation can remain pure unless the state interferes. Romania should belong to Romanians and only to Romanians. Relevant for these ideas are his beliefs: “Let there be justice for Romanians in their own country”¹⁸⁷ and “If we do not fight against the Jewish element, we shall perish as a nation.”¹⁸⁸ The bringing into discussion of the Jew element is defining for Codreanu when he refers to nation. Influenced by A.C. Cuza¹⁸⁹, Codreanu considers that there cannot be and should not be compatibility between the Jews and the Romanians due to the fact that they do not belong to the same breed and do not have the

¹⁸⁵ Radu-Dan Vlad, *Procesele lui Corneliu Zelea Codreanu, 1923-1934*, Ed. Mica Valahie, 2014, p. 372.

¹⁸⁶ Corneliu Zelea Codreanu, *Cărticica şefului de cuib*, [<http://miscarea.net/carticica.htm>], 26 February 2015.

¹⁸⁷ *Ibidem*.

¹⁸⁸ *Ibidem*.

¹⁸⁹ A.C. Cuza, *Naţionalitatea în artă*, Bucharest: Ed. Minerva, 1915.

same blood running through their veins. He appeals once again to God who created laws for each nation. And the first and most important one is that of the land: “The Jewish problem in Romania and elsewhere consists of the violation of this natural law of the land by the Jews. They've violated our territory. They are criminals, and not me, but the Romanian people, are called to bear the consequences of their crime. Elementary logic tells us that the offender must bear the consequences of the crime committed. Will he suffer? He has to suffer. All offenders suffer. No logic in the world will tell me to die for the crimes of others.”¹⁹⁰

Consequently, no nation can interfere in the territory of another nation. It is against the law. Even more, for Codreanu it is unacceptable that on the territory where the ancestors have their eternal sleep, from antiquity up to his time, once would accept the Jews that only to steal and prey on the land.

“I ask and I expect an answer: on what grounds are the Jews entitled to steal our land? On what historical arguments do they stake their claims, especially the boldness that we face, here, at home? We are bound to this earth through millions of graves and the millions of invisible threads that only our soul senses, and those who will try to pillage from our land will suffer the consequences.”¹⁹¹

According to Codreanu, the *individual*, *national collectivity* and the *nation* are the most important pillars of a society, but democracy mocks all the three. Furthermore, democracy mocks the *elite*, the driving force behind the leadership of a state. It is endowed with some features¹⁹² in order to become a national elite and be able to run a country. For Codreanu, a nation must abide by the laws that are not made by human beings. He simply calls them laws of life and laws of death.¹⁹³ A nation lives or dies depending on whether it obeys these laws or not.

“People are not led by their will: democracy. Neither through the will of one person: dictatorship. People are led by laws. These laws are not made by human beings.

¹⁹⁰ Corneliu Zelea Codreanu, *Pentru legionari*, [http://www.miscarea.net/p3.html], 26 February 2015.

¹⁹¹ *Ibidem*.

¹⁹² *Ibidem*.

¹⁹³ *Ibidem*.

There are norms, natural laws of life and norms, natural laws of death. There are laws of life and laws of death. A nation goes either to life or to death depending on whether it respects or does not respect these laws.”¹⁹⁴

After the Second World War, more exactly in 1948, Romania changed its form of government. From a constitutional monarchy it turned into a republic. The legal basis for the functioning of the political system was the Constitution of 1948.¹⁹⁵

There are two important periods if we are to characterize the communist period. The first one, from 1947 to 1965, when the name of the country was *The People's Republic of Romania*, and the period from 1965 to 1989. During that time, Romania was named *The Socialist Republic of Romania*,¹⁹⁶ marking in fact a new phase within the building a multilaterally developed socialist society, the belief of the “beloved leader”, Nicolae Ceaușescu.

For Nicolae Ceaușescu, as he mentioned in the discourse held during the 14th Congress of the Communist Party, in 1989, the 9th Congress of the Party (held in 1965 when he took power) was a milestone for Romanian communists. Ever since, the entire activity, in every field, was structured on three pillars: self-leadership, self-management, self-financing, whilst benefiting from the discoveries made by science and mechanics. Ceaușescu considered that at the basis of every state and nation lay the people, the real master of the destinies of the country. “We always have to underline that the real maker of history, life and independence of the nation is the people itself.”¹⁹⁷

¹⁹⁴ *Ibidem*.

¹⁹⁵ Ioan Scurtu, *Istoria românilor de la Carol I la Nicolae Ceaușescu*, Bucharest: Ed. Mica Valahie, p. 80.

¹⁹⁶ *Ibidem*, p. 82.

¹⁹⁷ Nicolae Ceaușescu, *Report on the current stage of the Romanian socialist society, on the activity of the Central Committee between the 13th Congress and the 14th Congress, on the achievement of the Directive-programme of economic and social development of the 9th five-year plan until 2000-2010, in order to firmly fulfil the programme aiming to build the multilaterally developed socialist society and Romania's advance toward* *communism*, 1989, [http://www.cnsas.ro/documente/istoria_comunism/congrese/1989%20Raport%20la%20Congresul%20al%20XIV-lea%20al%20PCR.pdf], 28 February 2015.

The people are made up of workers, peasantry and intellectuals. In his vision, the first state of workers was accomplished by the Great Russian Revolution of Red October. The purpose of the working class was to put an end to the fight between antagonist classes, between the oppressed and oppressors. Thus, there was no separation of population into classes. Together they would work, under the leadership of the revolutionary party, so as to build the socialist society. This was the normal course of a country aiming to develop itself. Following this pattern, all countries should experience the socialist society where independence and liberty are totally assumed and the welfare of those countries is guaranteed. “The working class, peasantry and intelligentsia, administer programmes and provide economic and social development of our country, reaching the peaks of progress and civilization.”¹⁹⁸

The role of the state in Ceaușescu’s view was to organize, plan and provide leadership in all areas of activity with the purpose of building a multilaterally developed socialist society. The entire national economy is based on development according to the socialist model. There was a need for a single national plan and its declared purpose was to put an end to every form of waste. Private property did not exist. Consequently, there was no free market and capitalism was totally rejected. Even more, for the communists, private property is similar to bourgeois-landlord property: “In 1948, with the overthrow of the monarchy and the nationalization of the principal means of production, the bourgeois-landlord ownership, and the exploitation of man by man were forever discarded.”¹⁹⁹

Economic planning in every field of activity became an obligation and the 5-year plans were invoked on every occasion. Within the 5-year plans, there was common ownership of the tools of production.²⁰⁰ Consequently, everything and everyone was controlled. In such an economic model, every person should have a place to work. It was beyond the vision of communists that there could be unemployed persons. This could occur only in capitalist societies, a negative and blamably economic model to live in.

¹⁹⁸ *Ibidem.*

¹⁹⁹ *Ibidem.*

²⁰⁰ *Ibidem.*

“In the 9th five-year plan we will have to solve the problem of energy by extension and hydropower improvement, functioning at full capacity of coal power plants, recovery of renewable energy sources and unconventional sources.”²⁰¹ In terms of theory, the communists’ propaganda uttered optimum and “equal conditions for all country’s sons.”²⁰²

“Let us start from the dialectic materialist thesis according to which there are no problems that cannot be understood. Socialism and communism mean knowledge, science and progress.”²⁰³

Equity and social justice are translated as “no work no bread, no bread without work.”²⁰⁴

The communist party has a vital role in society. It is the only party accepted the political driving force of society.²⁰⁵ Economic, social, cultural and academic promises were made in the name of the communist party. Thus, the party had an extremely powerful force, it was the supreme court of justice, and it was the decider on everyone’s life. Measures were taken in the name of party, the only authorized organ of the state. “The party represents the vital centre of our nation, the patriotic and revolutionary consciousness of our people” and with its help Romania will reach the “peaks of progress and civilization.”²⁰⁶ All members must have only duties, never advantages. The party, together with the state, will defend Romania. The total number of members of the communist party was 3.831.000.²⁰⁷ Ceaușescu spoke about a *new man*, builder of socialism and communism, which exhibited qualities of a patriot, revolutionary and highly educated person. In order to show that the party was internationalized, Ceaușescu offered some

²⁰¹ *Ibidem*

²⁰² *Ibidem.*

²⁰³ *Ibidem.*

²⁰⁴ *Ibidem.*

²⁰⁵ *Ibidem.*

²⁰⁶ *Ibidem.*

²⁰⁷ *Ibidem.*

figures: 92% are Romanians, 6,53% Romanians of Hungarian nationality, 0,51% Romanians of German nationality, and the rest are Romanians of other nationalities.²⁰⁸

Ceaușescu speaks about democracy for workers.²⁰⁹ Its governing bodies are made up of Congresses for every field of activity and Councils of leadership.²¹⁰ He is totally convinced that when the communist party took the decision to give up the *dictatorship of the proletariat*,²¹¹ that was the best option.

Militia and Securitatea are, according to Ceaușescu, organs of internal order, their purpose being the “defence of property of the working people, of cooperative property, of the goods of the people, of work and life of citizens, of revolutionary conquests.”²¹² Even more, Ceaușescu appeals and urges that all communist parties around the world should meet in international and regional conferences in order to solve the problems of the world. “Collaboration and peace policy between all world member states”²¹³ is required.

Several conclusions can be drawn after analysing the discourse of Corneliu Zelea Codreanu and Nicolae Ceaușescu.

Both regimes were totalitarian by essence. Both advocated the creation of a new man. Both used propaganda and force as means of control. Both created control organs: the nests for legionaries and Securitatea for communists. Both wanted a strong nation. Neither respected the principles of the rule of law.

For the legionaries the state comes with a new type of Romania: the new man. This new man can be created only by a Legionary School. A state made up of people with moral and religious virtues was absolutely required. There was an equality sign between the orthodox religion and being a legionnaire. Religion was the passport required to enter the Movement. The legionaries fought for the achievement of a national-ethnic state. A state made up only of Romanians. The Legion’s nationalism was defined in terms of

²⁰⁸ *Ibidem.*

²⁰⁹ *Ibidem.*

²¹⁰ *Ibidem.*

²¹¹ *Ibidem.*

²¹² *Ibidem.*

²¹³ *Ibidem.*

xenophobia, anti-Semitism, anticommunism and anti-democracy. They used labour camps and commerce, as propagandistic instruments with the purpose of gathering new supporters.

For the communists the state should have 3 key roles within society: to organize, plan and rule (leadership). Nation and state are at the basis of the development of socialist society, which relies on peasantry, working class and intellectuals. All member states are equal in rights, no discrimination on gender or nationality is referred to. There are no classes; there is no exploitation of man by man, as it occurs in capitalist societies. The only party is the communist one. Its role is to raise of the level of material and spiritual life of the whole Romanian people. Consequently, there is a necessity of unity of all people around the party. With regard to the economy, the five-year plans are a priority and a model in order to build the multilaterally developed socialist society, and its final destination: communism. Focusing on a controlled state economy without private property, without free market, the communists desired an economy where the means of production were commonly-owned. The obsessive appeal to people, either when something is to be achieved or when it is about who achieves it, dissimulates in fact the there is no leader. The internationalization of the movement is characterized by the appeal to other communist countries to tackle and solve the problems and together to continue the transition to a higher stage, that of communism. Religion is abolished; there is no need for it as long as the party is present in everything and everywhere. Democracy for workers is seen in terms of development and flourishing of each socialist nation, “equal in rights, sovereign and independent²¹⁴”, ready to advance toward communism.

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AN ANALYSIS OF THE EFFICIENCY OF INTERDEPENDENCIES MANAGEMENT IN THE CONTEXT OF INTERGUVERNAMENTALISM AND COMMUNITARIANISM

Ramona Alexandra Roşu

Phd Candidate in International Relations and European Studies

Faculty of European Studies,

Babeş-Bolyai University Cluj-Napoca

ramona.a.rosu@gmail.com

***Abstract:** The objective of this article is to examine the management mechanisms utilized in the conflicts which occurred between the member states of the Union during the decision-making processes under the conditions of the community method and intergovernmental method, respectively. This paper offers a brief but broad overview of the key elements of the two procedures along with the positioning of the actors in relation to the two systems of governance in the context of the system's overall reform process through the work of the European Convention. Disagreements within the Intergovernmental Conferences (IGC) revealed a gradual visibility starting with the Single European Act (SEA), (1986) continuing with The Maastricht Treaty (1992), The Treaty of Amsterdam (1997), and culminating with the Intergovernmental Conferences (IGC) drafting the Treaty of Nice (2000), when the protracted negotiations could only be resolved through a suboptimal compromise for the majority of the parties involved. These unresolved and deferred problems from one Intergovernmental Conferences (IGC) to the next, as well as the fact that the revised treaties already contained provisions for revisions themselves - according to the logic of the vulnerability interdependence-, did no more than to generate a predictable phenomenon, namely, to enhance the number and the intensity of political crisis within the Union. The Convention on the Future of Europe represented an opportunity for the national governments of the member states, as well as for the institutional actors of the Union and other prominent figures of civil society to assert their position regarding the decision-making procedures in the EU and also regarding future structures and processes.*

Keywords: Intergovernmentalism, Communitarianism, asymmetric interdependence, mediation.

Background

The European governance or the EU's system of governance is based on three methods i.e. the Community method, the Open Method of Coordination (OMC) and the Intergovernmental method. What we do in this article is assess the efficiency of some of the mechanisms utilized in resolving the conflicts occurred between the Member States of the Union in the decision-making processes under the conditions of the Community method and the Intergovernmental method, respectively.

We will first briefly review the key elements that belong to each procedure covered by this analysis, as well as the positioning of the actors in relation to these procedures in the context of the reform process of the system in general through the work of the European Convention.

The Community method corresponds to a decision-making procedure which assigns certain specific roles to the European institutions and it designates a specific relation between institutions and the interactions among them. The European Commission has the monopoly on legislative initiative, while the Council (composed of a representative of each Member State at ministerial level, with expertise in a particular field) and the European Parliament (representing the European citizens) adopt European legislation through the codecision procedure.

The Intergovernmental method assigns only a reduced role to the European Commission which has to share the right of initiative with the Member States. Decisions of the European Council are taken by unanimity or by qualified majority, each Member State holding the right of veto, and the European Parliament is only consulted.

In other words, the differentiation between the Community method and the Intergovernmental method refers to a variation of the Union's institutions and Member States' influence on political outcomes.

The European governance in the context of the European Convention

The European Convention (2002) represented an opportunity for national governments of the Member States, as well as for the Union's institutional actors and other

prominent figures of civil society to assert their position in relation to EU's decision-making procedures and also in relation to future structures and necessary processes.

The European Commission and European Parliament had proven to be allies in supporting the consolidation and extension of the use of the Community method.

The European Commission expressed its position in the favor of the Community method and of its extension in the White Paper on European Governance published on July 25th, 2001 (position then reinforced through a series of reference documents such as the Communication from the Commission on the Future of European Union, "Renewing the Community Method", COM(2001)727 and Commission Communication of 22 May 2002 to the European Convention on the Future of the EU, "A project for the European Union", COM (2002) 247), with other important institutional actors, various heads of state and government, as well as numerous members of the supporting its stance.

The European Commission used the occasion of the reform process to declare itself in favor of the Community method the extension of its use through its representatives at the Convention on the Future of Europe (2002), European commissioners Michel Barnier and Antonio Vitorino.

They had contributed to the debate in the Convention with a document which indicated the main elements of the two methods, and which emphasized the preeminence of the Community method in terms of efficiency and democratic legitimacy, drawing attention to the fact that this procedure represents the essential element for the good functioning of the EU: "the Community method is indeed the most original element and the key to the success of the European project."²¹⁵

²¹⁵ The European Convention, The Secretariat, Contribution from Mr. Barnier and Mr. Vitorino, members of the Convention, *The Community method*, CONV 231/02, CONTRIB 80, Brussels, 03. 09. 2002, p. 5, <http://register.consilium.europa.eu/doc/srv?l=EN&f=CV%20231%202002%20INIT>, Last access: 8 September 2014.

The definitions of the two procedures regarding EU's system of governance utilized in this study are those resulted from the above mentioned contribution, belonging to the two European commissioners:

“The intergovernmental method, which involves a decision-making method based essentially on diplomatic negotiations between sovereign states, has its advocates. They affirm that this method fully safeguards the sovereignty of the Member States and also makes it possible to implement more flexible forms of cooperation and hence to associate the protection of national interests with the development of coordinated initiatives in politically *sensitive* areas. The intergovernmental method is certainly useful in areas of cooperation between Member States for which the level of integration is still marginal. There is no question of competition or incompatibility between this method and the Community method, as each has its strong points. Furthermore, it must be stressed that the Community method is indisputably legitimate and respects the principles of democracy, since decisions are taken by the representatives of the national governments meeting within the Council of Ministers and by the representatives of the European people. The qualified majority voting system, and hence the possibility that a decision be taken against the wishes of a Member State, far from impinging on the legitimacy of the decision, constitutes in contrast the highest expression of democratic principle in a modern Community.”²¹⁶

In November 29th, 2001, the European Parliament adopted the resolution on the constitutional process and the future of the Union (2001/2180(INI), which clearly advocates for the consolidation of the Community method: “(E) in the light of recent world events, the challenges relating to external and internal security have resurfaced as an urgent issue on the Union's agenda, (F) having regard to its opinion on the Treaty of Nice (which this resolution follows up and builds upon), the weak points of which are indicative of the current drift towards intergovernmental methods and the consequent weakening of the Community method, (G) whereas European citizens desire, above all, that the policies and procedures adopted to determine the future course of the Union will make the Union more

²¹⁶ *Ibidem*

democratic, more effective, more transparent, more vigorous and more responsive to social issues.”²¹⁷

Thus, the European Parliament, adopting this resolution in 2001, undoubtedly positioned itself in favor of the Community method, criticizing “the drift towards intergovernmental methods” and emphasizing the need for democracy, efficiency, transparency and receptivity, which, according to this text, can be obtained only through the extension of the Community procedure.

Publicly, the Member States did not had very different positions in relation to the reform process: Great Britain followed its traditionally hesitant route regarding a reformed Europe, the German government took an unmitigated position in favor of the extension of the Community method, France also visibly embraced the Community method, and the Benelux governments saw the Community method as the best way to secure the equality between the small and large Member States of the EU.

However, although apparently the majority of the involved actors supported the extension of the “method of the Convention, “starting with the institutional actors such as the European Commission, the European Parliament, and ending with various heads of state and government, as well as numerous members of the Convention and other prominent figures, the European Convention failed to interrupt the logic of intergovernmental negotiations and to produce a real level break.

The two methods coexist at different levels of the decision-making procedures in the EU, and the lack of a clear demarcation in the application of the two is notable since the beginnings of the European construction. We will observe that this condition – the oscillation between the two coexisting procedures – was also reproduced in the context of the reform process that developed through the work of the European Convention.

²¹⁷ The European Parliament, European Parliament resolution on the constitutional process and the future of the Union, *Future of the European Union*, (2001/2180(INI), 09.10.2001, <http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//TEXT+TA+P5-TA-2001-0642+0+DOC+XML+V0//EN>, Last access: 10 September 2014.

At most, it can be said that the two methods of governance oscillated and coexisted, with a visible supremacy in the application of the latter, especially regarding the amendment of the institutional chapters.

We ask ourselves if the determinants of this failure are to be found in the fact that the Community method was simply understood, by different actors involved, or in the indigence of managing the discontinuities occurred between the Member States during the reform process.

Managing discontinuities in the context of Supranationalism and Intergovernmentalism

In order to answer this question we will examine the problem of rebalancing the interests of the Member States by analyzing the methods of conflict management utilized in both the context of Supranationalism and Intergovernmentalism.

The comparison of the processes of settlement and consensus under the conditions of the two methods of governance in terms of their development and efficiency entails the analysis of the utilized instruments of conflict resolution in each scenario.

The disagreements in the ICG (Intergovernmental Conferences) processes have been exhibiting a gradual visibility since the Single European Act (1986), and continuing with the Maastricht Treaty (1992), the Amsterdam Treaty (1997), and culminating with the Treaty of Nice (2000), when the negotiations were prolonged late into the night and could only be resolved in the eleventh hour, through a unsatisfactory and suboptimal compromise for the majority of the parties involved.

These unresolved issues and deferred from one ICG (Intergovernmental Conferences) to the next, and the fact that the revised treaties already contained themselves provisions for revision, according to the logic of vulnerability interdependence did nothing but to generate a predictable phenomenon, specifically the intensification of the number and the intensity of political crisis at EU level.

In 2003, the Treaty of Nice scenario of the so called “A Midsummer Night's Treaty” was reiterated, when, as the European Convention advanced towards the meeting with the Thessaloniki European Council according to schedule, the consensus on the single

document of the draft constitutional treaty was also reached during accelerate overnight negotiations, in the final plenary session of June 11-13, 2003 - negotiations characterized by an hostile style and a minimal and superficial.

Many members of the Convention, starting with President Valéry Giscard d'Estaing himself, saluted this outcome as an absolute success and a clear evidence of the "Convention's method" supremacy. In the Rome Declaration from July 18th 2003, d'Estaing, in a tenacious solipsism, affirmed that "the draft Constitution is a success because it strikes the necessary balance between peoples, between States new and old, between institutions and between dream and reality."²¹⁸

Considering the fact that the negotiations of the European Convention produced severe fractures between the small and large Member States of the Union, and that the leadership of the Convention admitted (May, 2003), echoing the Orwell's dictum in all its massiveness, that it should not be assumed that states are equal: "citizens are equal – but some states more equal than others,"²¹⁹ we couldn't help but notice the conspicuous discrepancy between what has been declared and what has actually happen.

"The draft is a success" is mentioned in the Declaration, "because it is a finished product, with no loose ends to be tied up, no options left open."²²⁰ The fact that, after only one year from the entry into force of the Lisbon Treaty, its ratification produced the harshest political crisis in the history of EU, removes any trace of doubt regarding the inadequate application of the governance procedures and regarding the risks supervened from the unresolved disagreements which occurred in the context of the reform process.

The critical issue in relation to the continuity of the European political integration - "the arrears" and the failure to manage / reconcile the antagonistic interests of the Member States – persists and even gradually intensifies.

²¹⁸ V. Giscard d'Estaing, *The European Convention, Rome Declaration*, 18.07. 2003, p.5, http://european-convention.europa.eu/docs/Treaty/Rome_EN.pdf

²¹⁹ European Voice, Dana Spinant, *Citizens are equal – but some states more equal than others*, 21.05.2003. <http://www.europeanvoice.com/article/imported/citizens-are-equal-but-some-states-more-equal-than-others-/47494.aspx>. Last access: 18 August 2014.

²²⁰ V. Giscard d'Estaing, *doc.cit.*, p. 5.

The unsatisfactory outcomes of the Convention were not fundamentally different comparing to those of other treaty reforms in the past.

This is mostly due partly to the fact that (1) after the initial enthusiasm and aplomb, the Convention failed to actually apply its own “method” thoroughly, and in the end it reproduced the same logic of the intergovernmental negotiations, confirming the Liberal Intergovernmentalism’s intuition i.e. that the logic of treaty reform in the EU remains fundamentally unchanged²²¹ and partly to the fact that (2) there were no adequate mechanisms for conflict resolution to ensure the durability of the established consensuses.

The basic structure of the analysis of Intergovernmental Institutionalism was reproduced in the Liberal Intergovernmentalism’s approach of Andrew Moravcsik. For Liberal Intergovernmentalism, the nation states / the governments and not the supranational entities remain the key European actors, autonomous from the supranational bodies whose authority is relatively limited.

According to Moravcsik’s approach, the intensification of the economic interdependence seems to exclude progressively other unilateral political actions, offering an unequivocally optimistic perspective regarding the continuation of the European political integration.

This perspective deviates from the basic assumptions of our study. Before the sovereign debt crisis Moravcsik (2008) concluded with certainty that “new challenges to functional effectiveness, institutional stability or normative legitimacy are unlikely to undermine the European Constitutional Settlement.”²²²

The limits of the conflict resolution processes become evident when there are put at use only the negotiation games specific to the rationalist perspectives, that finally lead to palliative “conflict accords”, in the absence of “conflict transformation”, that means more ample, long-term projects of profound transformation of the relations.

²²¹ Andrew Moravcsik, *The EU ain't broke*, Prospect, 2003, <https://www.princeton.edu/~amoravcs/library/prospect.pdf>, Last access: 21 April 2014.

²²² Andrew Moravcsik, *The European Constitutional Settlement*, Introduction, 2008, <https://www.princeton.edu/~amoravcs/library/settlement.pdf>, Last access: 14 May 2014.

Until the establishment of the European Convention, the treaty reforms were negotiated on the basis of Article 48 of TUE, and with the EU being a direct result of the strategies pursued by the rational governments. Whereas the conflicts were concerned, they were resolved in Intergovernmentalism in a pareto – optimal manner, accords being attained through the use of instruments specific to the rational / hard negotiations.

Even Liberal Intergovernmentalism itself admits the shortcoming of resolving differences/reconciling the antagonistic interests of the parties through the method of negotiation.

Aspects related to the coordination and negotiation of the strategic interaction and of the strategic behavior of governments, produce political problems regarding (1) the efficiency of the negotiation processes and (2) the distributional implications of interstate negotiations²²³.

Liberal Intergovernmentalism admits the causes of the failure in resolving the discontinuities in the context of Intergovernmentalism as an effect of using in the negotiation processes, the strategies pursued rational by governments which act on the basis of their preferences.

The theory starts from the assumption formulated on the general analysis framework of the rational behavior of the state where the costs and benefits of economic interdependence are the main determinants of national preferences and identifies the key problems raised by the interstate negotiation games, arguing at the same time that the international institutions amplifies, rather than to restrict, the ability of governments to achieve their internal objectives.²²⁴

Over the past three decades the EC, EU, respectively, have been in a continuous institutional reform and these reforms have been negotiated in Intergovernmental Conferences (IGC) which had experienced cleavages at different levels, the most profound being, recently, between the small and large Member States of the Union. These

²²³ Andrew Moravcsik, "[Preferences and Power in the European Community: A Liberal Intergovernmentalist Approach](http://www.princeton.edu/~amoravcs/library/preferences1.pdf)" in *Journal of Common Market Studies* vol. 31, No 4, 1993, pp. 473-524, <http://www.princeton.edu/~amoravcs/library/preferences1.pdf>, Last access: 8 August 2014.

²²⁴ *Ibidem*, p. 475.

disagreements had been managed in a pareto – optimal manner, through negotiation games specific to the “rational choice” approach and collaboration and coordination games.

At present, the asymmetries between small, medium and large member states in the EU are deepened as an effect of these negotiation processes in which “governments of large, prosperous, relatively self-sufficient countries tend to wield the most influence, because they gain relatively little from agreement, compared to their smaller, poorer, more open neighbors.”²²⁵

As Moravcsik exemplifies in the mentioned study, a considerable number of events in the history of the EC can be interpreted as responses to various negotiation tactics and strategies as unilateral policy alternatives (“threats of non-agreement”), determined by a better alternative (BATNA) or alternative coalitions (“threats of exclusion”) as the case of the initial response of United Kingdom regarding the creation of the Common Market in the 50s and 60s or the negotiations regarding the Single European Act.

Once it was established the fact that the interactions within the ICG (Intergovernmental Conferences) represented in fact a void consensus reached in the aftermath of hard negotiations between different national interests, with palliative accords and with outcomes which no longer satisfied anyone, the European Convention was designed precisely to relaunch the spirit of deliberation and to consolidate the Community method.

In the White Paper on European Governance published on July 25th, 2001, the European Commission draw attention to the fundamental problems regarding the future of Europe, stressing the necessity of a major institutional change and the start without delay of the institutional reform process: “There is much that can be done to change the way the Union works under the existing Treaties. This is why the Commission decided to launch in early 2000 the reform of European governance as a strategic objective (...) Reforming governance addresses the question of how the EU uses the powers given by its citizens. It is about how things could and should be done. The goal is to open up policy-making to make it more inclusive and accountable. A better use of powers should connect the EU

²²⁵ *Ibidem*

more closely to its citizens and lead to more effective policies. In order to achieve this, the Union must better combine different policy tools such as legislation, social dialogue, structural funding, and action programmes. This would contribute to strengthening the Community method. (...) The Community method guarantees both the diversity and effectiveness of the Union. It ensures the fair treatment of all Member States from the largest to the smallest. It provides a means to arbitrate between different interests by passing them through two successive filters: the general interest at the level of the Commission; and democratic representation, European and national, at the level of the Council and European Parliament, together the Union's legislature."²²⁶

In the same White Paper the European Commission was mentioning: "The Commission will actively participate in the preparation of the forthcoming European Council in Laeken, presenting its views on the political objectives which should be pursued by the European Union and on the institutional framework necessary to achieve them."²²⁷

According to this definition the Community method means a major role played by the European institutions in rebalancing the interests of all Member States and in resolving the disputes various conflicting interests of the governments of the Member States through the intervention of the Commission, the Council and the European Parliament.

In line with the same text, the Community method resolves the conflicts between Member States utilizing, especially, as a mechanism of conflict resolution the arbitration. Similarly, the Community method harmonises the interests of the nation states through the intervention of the Council which utilizes the qualified majority procedure and the unanimity.

A novelty of the Lisbon Treaty related to the functioning of the Council is the adoption of a new voting scheme in the case of qualified majority. The objective of increasing decision effectiveness in European Union as well as the democratization of

²²⁶ Official Journal of the European Communities, *European Governance: A White Paper*, COM(2001) 428, Brussels, 25.7.2001, <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52001DC0428&rid=2>, Last access: 18 August 2014.

²²⁷ *Ibidem*

decision- making in the Council were the basis of the extension of the number of the decisions of the Council, which shift from unanimity to qualified majority voting.

This new system of qualified majority voting known as "double majority" was a proposal of the European Convention, proposal which was amended in some areas by the ICG (Intergovernmental Conference), but which is found in the Lisbon Treaty, Article 16 of TEU stipulating that: "As from 1 November 2014, a qualified majority shall be defined as at least 55 % of the members of the Council, comprising at least fifteen of them and representing Member States comprising at least 65 % of the population of the Union."²²⁸

The Lisbon Treaty made no significant direct changes to the nature and functioning of the Commission. The Chapters that were reformed were the ones targeting its election by the EP (the proposal of the European Council of its candidate for the presidency of the Commission, in accord with the results of the EP elections) and the composition of the Commission.

Regarding its role as an "*inter-institutional mediator*", the Commission keeps and even intensifies its powers, as a consequence of the considerable extension of the qualified majority and of codecision through the ordinary legislative procedure.

A European institution with an important role in resolving conflicts between the Member States is the Court of Justice of the European Union, which can be defined as the juridical power or the control body of the European Union.

As the recent developments in the ICR (international conflict resolution) field of study reveals, the negotiation games, arbitration, adjudication or electoral practices represent insufficient and inefficient instruments for conflict management.

Conversely, it becomes visible that mediation is the most adequate mechanism of conflict resolution in the context of asymmetric interdependencies, or in other terms, in the

²²⁸ Council of the European Union, *Consolidated versions of the Treaty on European Union and the Treaty on the functioning of the European Union*, 2008,

<http://register.consilium.europa.eu/doc/srv?l=EN&f=ST%206655%202008%20INIT>, Last access: 18 August 2014.

context of asymmetric frictions between the Member States of the Union which constitute the most interdependent continent in the world.

If in the context of Intergovernmentalism the conflicting interests of the Member States were reconciled through the use of negotiation games (with an inherently explosive nature and which ineluctably raise severe political problems), in the context of communitarianism, the resolution of the divisions between Member States was effectuated through the involvement of institutions which employed instruments as arbitration, adjudication and instruments of electoral engineering.

Both versions of managing the discontinuities are limited to which, in ICR (international conflict resolution) field, is referred to as the “accords of the conflicts”: they do not engage in the substance of the disputes, they do not change perceptions, they are not targeting the a ampler, more sustainable project and they do not produce a profound transformation of the relations.

Mediation means the voluntary extension of the negotiation games inherent in Intergovernmentalism, detachment from the imposed formal processes specific to Communitarism and the initiation of a transformative process of reconfiguration of the national interests by changing core beliefs and perceptions regarding the key determinants of national interests.

The Community method of governance, which means a major role played by the European institutions in conflict resolution, is one which must be maintained for the purpose of ensuring an equal treatment of member states.

The institutional reform of this procedure is necessary at the chapter of the instruments utilized in the processes of narrowing down the differences; i.e. the institutional reform proposal delineated here does not aim to revolutionize the Community method, but only to perfect it by complementing it in the area of the instruments used for a greater efficiency in rebalancing the common interests of the Member States and implicitly, the general interests of the European Union.

In the Laeken Declaration, the European Council signaled that “the Union needs to become more democratic, more transparent and more efficient,”²²⁹ the primary objective being the subversion of the democratic deficit and the transformation of the treaty revision processes from the negotiation behind closed doors and inter-state diplomacy, to public plenary sessions which brought together 1 Chairman, 2 and Vice-Chairmen, 2 representatives of the European Commission, 15 representatives of the Heads of State or Government of the Member States, 13 representatives of the Heads of State or Government of the Candidate countries, 30 members of national parliaments (two from each Member State), 26 members of national parliaments of Candidate countries, 16 members of the European Parliament, plus a significant number of official observers, with the Union’s satellite television broadcasting integrally the plenary sessions and with the documentation available on the website of the European Convention. Thus, the Convention had a total of 105 members.

In addition to the objective of democratization of the European decision-making system and of the configuration of a participatory, transparent and open pattern of it, the next fundamental objective was to streamline the institutional system designed for six Member States to be operational for a Union of 25-27 Member States, evolution that was seen as essential under the conditions of the broadest enlargement in the history of EU.

Despite these promising perspectives, the European Convention did not represented an actual level break from the logic of Intergovernmental negotiations and it failed to reach its objectives regarding transparency, the subversion of the democratic deficit, or, shortly, it failed to consolidate and extend the Community method.

The work of the Convention had an unconvincing debut visible even since the moment of the coercive consensus of the Laeken summit regarding the appointment of the Chairman of the Convention.

²²⁹ European Council Meeting in Laeken, *Presidency Conclusions*, 14 and 15 December 2001, http://ec.europa.eu/smart-regulation/impact/background/docs/laeken_concl_en.pdf. Last access: 19 August 2014.

The oscillation between communitarianism and intergovernmentalism in the context of reform processes are noticeable in the establishment of the Convention's leadership. This event marks the first side-slip from the Community method.

As we had already noticed, the inefficiency of Intergovernmental Conferences (ICG) processes called for the creation of a deliberative, open and transparent framework for the next treaty revisions. Thus, the heads of state and governments of the Member States decided to summon the "Convention on the Future of Europe" as a forum to prepare the next Intergovernmental Conference (ICG) in 2004 and the Convention which elaborated the Charter of Fundamental Rights of the European Union offered a credible alternative model for the constitutional problems.

In reality however, the European Convention was in no way independent from the governments that created it and the disadvantages of this imposture were remarkable even from the very start.

The Laeken summit revealed in fact unsolved aspects related to the fundamental nature of the dynamics between the Member States and it crossed the same scenario of known models of strategies and interests.

Inspired by the Charter of Fundamental Rights of the European Union, the European Council decided to establish a Praesidium with the role "to lend impetus and to provide the Convention with an initial working basis."²³⁰ Praesidium was composed of "the Convention Chairman and Vice-Chairmen and nine members drawn from the Convention (the representatives of all the governments holding the Council Presidency during the Convention, two national parliament representatives, two European Parliament representatives and two Commission representatives)."²³¹

The appointment of the Convention's Chairman generated fiery debates at the Laeken summit and represented a preamble for other syncope to come in the progress of the work of the Convention because of the inability to genuinely resolve the disparities between the small and large Member States.

²³⁰ *Ibidem*

²³¹ *Ibidem*

This starting point (in RCI terminology “the root causes of conflict”) was neglected, and the small and medium Member States commenced this endeavor from the idea/perception that the election of Valéry Giscard d’Estaing as the Chairman of the Convention was shoved down their throats by the “holy trinity” of large member States of the Union: “French EU diplomacy has a bulldozerish quality that leaves lesser breeds both aggrieved and admiring. At the EU summit in Laeken last weekend, as the Belgian host, Guy Verhofstadt, opened a discussion of who should head the EU's constitutional convention, Jacques Chirac broke in. France, he said, had just the man, Mr Giscard d’Estaing. What did others think of that? The agenda thus hijacked, others blinked, thought, and agreed”²³².

Although, initially, numerous members of the Convention regarded the proposal of establishing the European Convention as an actual level break and a vertiginous ascension towards communitarianism, the massiveness of the asymmetry which leaned in favor of EU-3’s interests reflected in the institutional preferences of the Convention’s Chairman Valéry Giscard d’Estaing produced an immediate decongestion.

Former head of state with a clearly intergovernmental approach, d’Estaing was regarded, in the words of the Portuguese foreign minister Jaime Gama, as a “personality of the past, not of the future.”²³³

In December 1974, d’Estaing had proposed the beginning of regular European Council meetings with, although mentioned for the first time in 1986 in The Single European Act, at that time, was not a formal institution of the European Union.

The way Jacques Chirac had proposed the nomination on Valéry Giscard d’Estaing left no other option for the other states, especially under the conditions in which Germany, United Kingdom, Italy and France had supported this proposal.

None of the small states endorsed Chirac’s proposal and this disagreement was settled, in the already typical palliative manner of the Union, i.e. by creating a triumvirate.

²³² The Economist, Charlemagne, *Valéry Giscard d’Estaing, Europe’s draftsman*, 2001, <http://www.economist.com/node/916791>, Last access: 20 August 2014.

²³³ EuObserver, Daniela Spinant, *How the 15 agreed on Giscard d’Estaing*, 2001, <http://euobserver.com/news/4595>, Last access: 20 August 2014.

The nomination of the two Vice-Chairmen, the former Italian Prime Minister Giuliano Amato and the former Belgian Prime Minister Jean-Luc Dehaene, had the purpose to defend the interests of small and medium Member States and to constrain the role and influence of d'Estaing.

Belgium's Prime Minister Guy Verhofstadt and the host of the Laeken summit, when asked if d'Estaing was the right person for the chairmanship of the European Convention, he had answered sarcastically by saying that Giscard d'Estaing was "well surrounded."²³⁴

The formation of the triumvirate represented nothing else but a minimal and superficial compromise accepted by everyone but in with no one genuinely believed in, and a method by which the smaller states subordinate themselves to the conditions imposed by EU-3, maintaining at the same time, at least apparently, their reputation.

The restlessness of the small member states was also inflamed by the fact that the French perspective was focusing around the revision of the institutional chapters in a visible biased way in favor of the interests of UE-3 (France, Germany and United Kingdom).

It is known that, after Joschka Fischer's famous speech at Humboldt University in Berlin (May, 2000)²³⁵, the president Jacques Chirac expressed his support for the constitutional idea in his speech at Bundestag (June, 2000), without, however, approving the perspective of a European federation and neither the division of competences to the European and regional level²³⁶.

²³⁴ EuObserver, Daniela Spinant, *Giscard: heading the Convention - passionate task*, 2001, <http://euobserver.com/news/4581>, Last access: 18 June 2014.

²³⁵ Fischer, Joschka, Speech by Foreign Minister Joschka Fischer at Humboldt University in Berlin, *From Confederacy to Federation – Thoughts on the Finality of European Integration*, May 12, 2000, http://germanhistorydocs.ghi-dc.org/sub_document.cfm?document_id=3745, Last access: 20 June 2014.

²³⁶ Allocution de M. Jacques Chirac, Président de la République, devant le Bundestag. Reichstag, Berlin, Allemagne, le mardi 27 juin 2000. <http://www.jacqueschirac-asso.fr/fr/wp-content/uploads/2010/04/Bundestag-27-juin-2000.pdf>, Last access: 20 June 2014.

As a consequence, it became clear that the Chairman of the Convention, d'Estaing, was also targeting an institutional reform inspired by the French Semi-Presidentialism where the European Council to be the nucleus around which the entire institutional environment gravitates around; this issue represented a significant input to tilt the balance in favor of the larger states' interests.

It was logical that a vast and diversified body such as the European Convention needed some form of assistance during its work and for this purpose the heads of states and governments decided the creation of the Praesidium. This Praesidium was, however, nothing more than a replica of the existing divisions inside the Convention, which reproduced the same negotiation problems.

In other terms, the conflict environment of the Convention was replicated at the level of the Praesidium and vice versa, together with the classic forms of negotiation between governments.

Instead of Chirac's leadership offer, a mediation offer would have been more useful. Besides the obstacles arising from negotiations, which produce mostly sub-optimal outcomes, it can also be added the situations in which the actors engaged in negotiations are incapable of collectively reaching a real consensus.

Elmar Brok, member of the Convention, representing the European Parliament criticized in a comprehensive way this leadership offer drawing attention to the fact that: "a Praesidium that was too powerful would run counter to the interests of parliamentarians and to the new method which aims to parliamentarise the debate on the future of European integration. For this reason the idea of giving the Praesidium too powerful a role had to be ruled out. The decisions of the Convention had to be supported by a majority of parliamentarians forming part of the Convention and if a Praesidium was too powerful would tend to make the Convention into a Convention of acclaim rather than a Convention of work."²³⁷

²³⁷ Agence Europe, 21 Februarie, 2002 (8155), Articol 5, <http://www.agenceurope.com/EN/index.html>, Last access: 2 August 2014.

As shown by the plenary session report of 9th-10th July, 2003, the closing session, the Praesidium represented the driving force of the Convention, being responsible for elaborating various chapters of the draft of the Constitution (out of which, the most important is the Reflection paper prepared by the Convention Secretariat and approved by the Presidium, *The Functioning of the Institutions*, CONV 477/03, 10 January 2003, which became known as the ABC proposal²³⁸ and which generated the configuration of two fierce fronts inside the Convention), for undertaking political initiatives and for mediating between the Convention's various members.

The failure to reach an actual and sustainable settlement in the area regarding the institutional articles and the arrears resulted from this equivocal accord, can be explained by the fact that the functions of the Praesidium were fundamentally incompatible to each other.

The right of political initiative and the elaboration of various chapters of the preliminary draft of the Constitution are in complete incongruity with mediating between different members of the Convention and different political groups.

Precisely, the right of political initiative expressed, for instance, by the Presidium through the Convention Secretariat of the ABC-proposal, produced an opposition front of small and medium Member State which combatively stood against this initiative of large Member States regarding the permanent presidency of the European Council.

Under these circumstances, the mediator of this dispute between the two fronts inside the Convention was the Presidium. The responsibility for mediating and settling this conflict was laid upon the Presidium itself, i.e. under one of the entities that provoked the friction in the first place.

²³⁸ European Convention, The Secretariat , Reflection paper prepared by the Convention Secretariat and approved by the Presidium, *The Functioning of the Institutions*, CONV 477/03, 10 January 2003, <http://european-convention.europa.eu/pdf/reg/en/03/cv00/cv00477.en03.pdf>. Last access: 18 August 2014.

In fact, the new method of treaty revision, the great transformation announced and expected by the entire continent had never actually happened. After the initial flashing enthusiasm, the Convention had become a typical negotiation space characterized by power asymmetries where the belligerent parties made use of all the necessary strategies in order to force the outcomes.

Conclusion

The solution for the perpetual EU convalescence must rise from the lucid acknowledgment of the necessity of unbiased conflict resolution at all levels of the multiple structure of the EU. Although Europe is acting like a block in which all 27 Member States (EU-27) discuss the issues and make unanimous decisions, behind the scenes, only the large Member States, with more resources take the lead: France, Germany, and United Kingdom (EU-3).

Rescuing can be only the clear option of rebalancing the interests of all Member States through institution building. It is evident that the increasing number of crisis is a direct result of the fact that EU policies are still mostly in the hands of member governments and heads of state.

For a more efficient management of asymmetric interdependencies and to respond operatively to the proliferation of internal crisis it is necessary to establish *a permanent internal mediation platform* at EU level which should cover the crisis occurring inside the EU if those have an internal dimension.

In the absence of a strong, unbiased common institution, i.e. of a mediation space which will act as a “transition area” for harmonization and adjustment of competing interests, the policies of the EU will continue to be determined by the constant struggles over power between Member States.

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EUROSCEPTICISM AS A RESPONSE TO EU POLICIES: PERSPECTIVES AFTER 2014²³⁹

Lavinia-Ioana Opris

PhD student

Faculty of European Studies

Babeş-Bolyai University Cluj-Napoca

lavi_opris@yahoo.com

Abstract: *By virtue of its many definitions, Euroscepticism has become an extremely broad concept encompassing a staggering variety of meanings. It is our contention that, while the temptation to classify the EU-Euroscepticism link along the lines of simplistic dualities such as friend and foe, good and bad is indeed justifiable, the reality is far more nuanced and intriguing. In order to illustrate this perspective, our paper aims to tackle a few important mental landmarks in order to construct a believable explanation: Firstly, we offer a review of the current literature on Euroscepticism so as to come up with a realistic interpretation of the concept that will be applied throughout the article. Secondly, we address some recent events such as the hotly debated anti-crisis measures, the 2014 May elections and the Ukrainian crisis in order to determine how they may have swayed the formation of Eurosceptic opinions. Thirdly, we analyse a few scenarios concerning possible evolutions of Euroscepticism starting from the current context and tracing the potential of such views for becoming fully antagonistic and overly simple on the one hand, or valid, argument-backed concerns on the other hand. Last but not least, we argue that the more nuanced and moderate view of Euroscepticism advocated throughout this article may prove itself an undeniable source of benefits, as the Union can gain the potential to engage its critics in fruitful dialogue instead of hateful and counter-productive mutual ignorance.*

Keywords: Euroscepticism, discourse, parties, citizens, scenarios

Introduction

As an especially popular concept in academia, politics, the media and the everyday world, Euroscepticism encompasses a staggering number of different meanings, which have steadily gained ground by virtue of the fluid way in which the concept itself has been

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defined up to this point in time. By uttering this apparently benign word, one may refer to any type of behaviour from outright rejection of European integration to simple opposition to certain EU policies by otherwise Europhile elements; furthermore, one may also characterize political parties, public opinion segments, individuals or even civil society organisations as 'Eurosceptic' without having misappropriated the term itself; last but not least, so-called 'Eurosceptic' attitudes can stem from very different sources and have a whole range of targets hiding under the vast umbrella of European integration. For these reasons, it does not come as a surprise that our current topic has stirred much debate and even unresolved controversy, thus further entrenching itself as an issue that needs to be addressed, even if it is only to deconstruct its mantle of threatening obscurity.

Bearing these considerations in mind, the current article does not pretend to offer the assiduously sought after conceptual key to Euroscepticism, nor does it intend to add yet another layer of confusion by proposing an alternative approach to or classification of our subject matter. Our main research interest lies in the fact that the answer which is offered to the steps taken towards the widening and deepening of the European Union is crucial to the future development of the integration project itself. Therefore, our main goals are to analyse how the potential scenarios for the evolution of this loosely defined phenomenon relate to the matter of European integration and, at the same time, to propose a more moderate course of action for dealing with Euroscepticism.

In order to achieve what we have set out to do, this article is structured in five main parts, each representing an essential building block of our case for a nuanced and more tolerant perception of Euroscepticism. The first section of this paper provides a brief account of the controversies surrounding our key concept, while the next section moves on towards delineating the framework that will be used to understand Euroscepticism throughout the article. The third part focuses on a set of empirical data describing the current conditions affecting potentially Eurosceptic views, which are then included in a more organised scheme describing the context from which the two scenarios analysed in the fifth section are likely to evolve; the paper ends with a conclusion arguing for the usefulness and logic of a multi-faceted perception of Euroscepticism.

Euroscepticism: a controversial concept

In the introduction of this paper, we have virtually done our best to emphasise the fact that there is no carefully constructed mould which confines the notion of Euroscepticism while providing a number of noteworthy characteristics that can be used to offer a simple description of the concept. However, despite the fact that an unchallenged understanding seems a very distant dream when talking about Euroscepticism, it is no less true that we cannot operate in a mental vacuum when discussing such a noteworthy facet of European integration. This is why we have selected a simple and often cited definition provided by Paul Taggart relatively early in the context of the collapse of the so-called ‘permissive consensus’ that had described European dynamics until the turmoil which rose to the surface in the 1990s. For him, “Euroscepticism expresses the idea of contingent or qualified opposition, as well as incorporating outright and unqualified opposition to the process of European integration” (Taggart, 1998, p. 366). Undoubtedly, Taggart referred to party-based Euroscepticism, but for our current purposes, this definition is sufficiently broad so as to allow the formation of a few mental landmarks that can be safely employed across the board when approaching this concept. An even simpler understanding would place Euroscepticism as a concept that “expresses doubt or disbelief in Europe and European integration in general” (Hooghe, Marks, 2007, p. 120).

Despite the respectably wide range of attitudes, sources and targets suggested by such definitions, the origin of the concept can be traced back to a much narrower context: coined with a great amount of contribution from the media, the term first emerged at a time when Britain’s Margaret Thatcher was in a particularly shaky relationship with the European Commission and was a reference to the so-called ‘anti-Marketeters’, who rejected British membership in the European Economic Community (EEC) (Spiering, 2004, pp. 128-129). Given this particular situation, it may be precisely because Euroscepticism is perceived as too broad a concept that criticism or even proposals to scratch the term altogether and come up with alternative conceptualisations have emerged in the literature.

For instance, Crespy and Verschueren (Crespy, Verschueren, 2009) do not agree with the idea of a permissive consensus that turned sour after Maastricht, thus enabling Euroscepticism to flourish as a mostly contemporary phenomenon; in their view, the idea

of opposing the European project needs to be seen through a historically untainted lens. Thus, they come up with the concept of resistances defined as “hostility towards one (or several) aspect(s) of European integration perceived as a threat with respect to one’s values”; they also argue that the idea of “resistances” is more inclusive and open to an interdisciplinary portrayal of various integration struggles, which are ultimately described as the construction of assorted “models and counter-models of Europe”, taking place at various points in time.

Yet another point of contention that can be identified is that Euroscepticism itself has different sources, with some authors focusing on political parties, some on public opinion and yet others proposing the addition of civil society to the mix (Fitzgibbon, 2013, p. 105). Moreover, attitudes for or against Europe as a project, as well as their target objects can also be dissected and prove themselves multi-dimensional, an aspect which will be expanded upon in the following section.

Other authors come up with their own typologies, which introduce new concepts to the stage: for example, Kopecký and Mudde (Kopecký, Mudde, 2002) include Euroscepticism as only one element in a broader typology, consisting of four categories constructed through the combination of two distinct dimensions, namely support for European integration and support for the European Union: Europhiles, Eurosceptics, Europragmatists and Eurorejects. Another instructive example would be that of Krouwel and Abts (Krouwel, Abts, 2007), who imagine a scale of political attitudes towards European integration and the EU with five key indicators illustrating degrees of reflexivity among European citizens: trust, scepticism, political distrust, cynicism and alienation. Without a shadow of doubt, such classifications carry well-reasoned explanations behind them, but it is regrettably beyond the scope of this article to explore them. By providing this open invitation towards further exploration of the aforementioned typologies, we have merely attempted to prove that a ‘permissive consensus’ regarding the exact role, position, scope and desirability of the concept of Euroscepticism has not been coagulated as of yet.

In light of these arguably pertinent objections and lines of inquiry, is Euroscepticism still to be taken as a prime coagulating point for discussion on European matters? The answer provided by this article is affirmative, and the reasons for doing so are

strongly tied to the notion of political discourse, which is ultimately the way in which politics ‘expresses’ itself. Concretely, it is our contention that Euroscepticism has gained strength as a signifier, which means its presence in political discourse taking place on the European stage is a reality that we have to contend with, in spite of any theoretical misgivings. To construct our argument, we may emphasise “the responsive nature of Euroscepticism as polity contestation that correlates with ongoing integration and the initiation of a process of democratic legitimation of the EU” (De Wilde, Trenz, 2012, p. 538). In other words, Euroscepticism has taken over the idea of opposition to European integration or the European Union in the realm of political discourse, which is why we need to aim towards the deconstruction of any simplistic dual ‘us versus them’ interpretations and offer a productive conceptualization of this elusive notion.

Having cleared this point, the explanatory dividends yielded by discourse theory do not stop here; following the thread provided by its rich methodology, we come across the notions of empty and floating signifiers. Specifically, European integration itself does not in fact have a stand-alone pre-fabricated significance, but is infused with a set of characteristics through discourse; consequently, it is a concept that can essentially “...have different meanings and can thereby serve to unite disparate social movements” (Crăciun, 2008, p. 40). More strongly stated, empty signs such as the one addressed here “mean almost nothing by themselves until, through chains of equivalence, they are combined with other signs that fill them with meaning” (Jørgensen, Phillips, 2002, p. 50).

If we were to attach the notions of federation and political institutions to the European Union, then we would have a whole different project than if we stuck strictly to ideas such as free trade, economic and monetary union and intergovernmental cooperation. Ultimately, it remains a question of the rules by which we choose to judge the European project and not of clearly defined normative expectations. While in his article Giandomenico Majone referred to the democratic deficit of Europe, his observations have not lost their salience and extended scope: the standards that we set for ourselves when talking about European integration will eventually decide how the successes and failures in this regard are judged and which benchmarks need to be set (Majone, 1998).

In light of this approach, it is obvious that Euroscepticism, which is directly tied to European integration as an attitude to an on-going process, is devoid of an independent meaning, thus becoming a floating signifier which "...can assimilate different meanings depending on the nature or topic of the discourse" (Crăciun, 2008, p. 41). As a result, the definition that we choose to give to European integration will directly impact the meaning of Euroscepticism as a concept and the boundaries that describe acceptable criticism to the European project. This being said, it is imperative to keep these observations in mind, as they will re-emerge as a focal point in the discussion concerning possible scenarios for the evolution of Euroscepticism.

Having dealt with different controversies regarding Euroscepticism and having reaffirmed our intentions to tackle this concept, we now turn towards the construction of a framework that will be essential in understanding not only our approach towards Euroscepticism, but also the central argument of this article.

Euroscepticism – a framework for analysis

Considering the tone taken by our article up to this point, it is clear that we cannot come up with absolutes that would give us a smooth, perfectly refined framework; nonetheless, a few talking points can be provided, so as to have an inclusive and equidistant point of departure for our analysis.

Although broadly criticised, the distinction provided by Taggart and Szczerbiak between hard and soft party-based Euroscepticism is still considered a breakthrough in the field and it is widely referred to by students of this elusive concept. Indeed, in the context of our paper it triggers the highly necessary doubts regarding the wisdom of lumping together all Eurosceptics in one incredibly heterogeneous category. Concretely,

"Hard Euroscepticism is where there is a principled opposition to the EU and European integration and therefore can be seen in parties who think that their countries should withdraw from membership, or whose policies towards the EU are tantamount to being opposed to the whole project of European integration as it is currently conceived" (Taggart, Szczerbiak, 2008, p. 7).

According to the two authors, a quick way to determine whether a party can be placed in this category is to assess whether it was constructed around the single core issue of opposition to its country's membership in the EU and whether its language paints the EU as being at odds with the national trajectory (by being too "capitalist/socialist/neo-liberal/bureaucratic"), thus calling for a reassessment of that country's membership (Taggart, Szczerbiak, 2008, pp. 7-8). The bottom line is that this type of party sees European integration as something harmful, to be rejected on principle, thus adopting a stance of firm opposition to the idea itself or to the EU as its current materialization.

In contrast, soft Eurosceptics have a milder attitude and are not opposed to European integration in principle, but are critical of steps taken by the EU in certain policy areas or of its evolution at certain moments in time. In the much more competent words of Taggart and Szczerbiak,

"**Soft Euroscepticism** is where there is not a principled objection to European integration or EU membership but where concerns on one (or a number) of policy areas lead to the expression of qualified opposition to the EU, or where there is a sense that 'national interest' is currently at odds with the EU's trajectory" (Taggart, Szczerbiak, 2008, p. 8).

This being said, such distinctions are far from uncommon. In fact, this well-known effort by Szczerbiak and Taggart is a refinement of a previous distinction between hard and soft Eurosceptics due to critical voices, with an example in this sense represented by Kopecký and Mudde, who were strong advocates of a clearer differentiation between European integration and the EU as the current manifestation of this process. Therefore, they came up with a distinction between diffuse and specific support for European integration, which, as mentioned previously, constitutes one key dimension of their proposed typology. In their own words, "by *diffuse* support we mean support for the general *ideas* of European integration that underlie the EU. By *specific* support we denote support for the general *practice* of European integration; that is, the EU as it is and as it is developing" (Kopecký, Mudde, 2002, p. 300).

Without too much mental effort, these two notions can be translated into diffuse and specific opposition to European integration, with the former implying a generalized

rejection of the ideas of European integration and the latter suggesting opposition to the practice of European integration represented by the current form and trajectory of the European Union.

While these two types of differentiation refer to political parties, similar distinctions can also be made when discussing the stance of European citizens. In fact, Bernhard Weßels comes up with a complex typology of Euroscepticism in this respect containing nine categories, but he insists the most on the gap between adamant Eurosceptics and critical Europeans, making similar observations to those already discussed above. Specifically, adamant Eurosceptics lack any type of attachment to European integration and want to halt the process or even to abolish it altogether, as they do not identify with it. On the other hand, critical Europeans actually have a solid European identity, but they believe that the European Union could do well with some steps towards improvement (Weßels, 2007, p. 300).

In the end, it is of course a rather nebulous affair to certify the exact point at which a citizen or party breaks with its European identity altogether and becomes a hardened opponent of European integration rather than a moderate contestator of EU policies, but it is nevertheless possible to regard Eurosceptic attitudes as points on a continuum with proactive, informed scepticism and constructive criticism at one end, and rejection of a threatening entity on a deep affective (identity) level at the other end.

The conclusion that we come to is that, when discussing Euroscepticism, we have to contend with differences in degree, which allows us to generalise the observations included up to this point into two broad categories. On the one hand, we have hard/diffuse/adamant/unqualified Euroscepticism, which roughly translates into full-out, principled rejection of European integration, a lack of European identity and the hostile perception of the EU as the current manifestation of the idea of European integration. On the other hand, soft/specific/critical/qualified Euroscepticism signals agreement in principle with the idea of European integration and an attachment to the EU as its expression, combined with a belief that the EU is an imperfect entity with aspects that still need work and could do well by embracing change.

However, the clarification of this issue only means that our work is halfway done. To begin with, we have to be mindful of the fact that Euroscepticism, especially when coagulated within the ranks of public opinion, has three different targets identified in the relevant literature: the authorities (political actors, decision-makers), the regime (political order, institutional structure and performance) and the community (the issue of identity, fellow member states and citizens) (Niedermayer, Westle, 1995; Boomgaarden et. al., 2011; Krouwel, Abts, 2007; Weßels, 2007).

In spite of what such a classification might suggest, these three objects of discontent are strongly linked in practice: for instance, Lauren McLaren argues that those who are attached to their national identities view European integration as a powerful symbolic threat to this seminal aspect of their being; moreover, she claims that the attitudes of citizens towards both national and European institutions impact the way in which individuals relate to the project of European integration (McLaren, 2007). Apart from this, Weßels, using the framework provided by Easton, comes up with two hypotheses that explain how the three levels identified here communicate amongst themselves: firstly, a deeper level of identification with the political community protects against specific discontent at more superficial levels (such as that of the authorities) and, secondly, scepticism cumulates when repeated instances of specific discontent reflect negatively on deeper levels, transferring from the authorities to the regime and taking on a generalized form (Weßels, 2007, p. 290).

On top of all this, Eurosceptic attitudes themselves are not one-dimensional or constructed with the same type of arguments every time; they have different sources, with a useful classification in this respect provided by Boomgaarden, who differentiated between “(1) specific, utilitarian and output-oriented attitudes and (2) diffuse, affective and input-oriented attitudes” (Boomgaarden et. al., 2011, p. 244). In other words, we have a group of attitudes that stem from utilitarian considerations and cost-benefit analyses, connecting intimately with the matter of performance and another group of attitudes which stem from diffuse sentiments towards the object itself (in this case the European Union as an entity representing the idea of European integration) and consider affective matters such as identity.

After covering all of these theoretical nuances, the next section firmly moves on to the empirical universe, providing an account of a few recent events that may influence Eurosceptic responses to varying degrees in the coming years.

Where do we stand?

While this section does not lay a claim towards constituting an exhaustive list of influential cases that will help define Euroscepticism after 2014, it does set out to demonstrate how influential and high-profile events on the European stage unavoidably sway potentially Eurosceptic views. For this purpose, three widely discussed examples have been chosen, with a view towards highlighting their impact on our subject matter even if, in some instances, this is merely an afterthought in widely publicized political debates that take on a very different slant.

First of all, the waves made by the recent economic crisis have yet to die down, with the sovereign debt crisis having exposed significant cracks in EU solidarity. While some countries (such as Greece, Ireland or Portugal) found themselves under a sustained siege from various financial ailments, others have had to help in order to maintain their thinly stretched viability, which was not easily accepted by their taxpayer publics (Hartleb, 2012, p. 45). Moreover, the issue may also be discussed in terms of the single currency itself: according to Matthias Kaelberer (Kaelberer, 2004), the Euro was not exclusively designed as a single-minded tool for economic and trade efficiency, but also as a political means to coagulate European identity, with an imagery of the new bills and coins designed with this exact goal in mind. In addition to this, a certain level of pre-existing European identity was also needed for the project of a single currency to be enacted and to maintain its functionality; for these reasons, it is not a particularly impressive leap of logic to associate trust in the Euro with trust in the European Union as a whole, with the somewhat obvious conclusion that a negative attitude towards money as a symbol would translate into a more reserved attitude towards the entity it is meant to bolster.

In light of these observations, the most concerning fact is that, in spite of the primarily financial characteristics of the crisis, it is not economic issues that constitute the foundation for the ensuing rise in Eurosceptic attitudes; there is evidence that matters of

identity still set the tone in this matter (Serricchio, Tsakatika, Quaglia, 2013), which means that the integration project suffers on a deep, affective level; thus we can find confirmation of the uncomfortable fact that negative attitudes towards the European institutions who failed to come up with better solutions translated into dissatisfaction with the community as a whole, which is inherently more difficult to dislocate. On the other hand, this can also be interpreted as a sign that authorities in their role as decision-makers need to be more mindful of citizen/civil society input, so as to avoid this exact type of results yielded by what can be classified as single-mindedness in policy-making.

If we were to discuss strictly the 2014 moment, we would easily come across the hotly debated May European Parliament elections, which were expected to herald a renewed surge of negative attitudes towards European integration and the EU embodied by the rising success and expected good results of Eurosceptic parties. In fact, prior to the elections there were talks of a potential new Eurosceptic group in the European Parliament; the aforementioned discussions were spearheaded by the French National Front, headed by Marine Le Pen, and the Dutch Party for Freedom, led by Geert Wilders (Piedrafita, Renman, 2014). However, the initiative launched after the elections failed to meet the required criteria for a new EP political group (25 members from at least one quarter of the member states²⁴⁰), which signals that Eurosceptic voices are much more disjointed than fearful expectations and evaluations of EP politics might suggest. Indeed, Euroscepticism is not a homogeneous attitude and fails to coagulate around a common project that could arguably present a united front in the European Parliament; furthermore, the roots of Euroscepticism cannot be traced to a single ideological origin, as this type of attitude can be encountered in left or right-wing parties and in populist/extremist or mainstream parties (Hartleb, 2012).

One situation that can nevertheless work in the favour of Eurosceptics of all colours is that voter turnout at EP elections has declined from 62% in 1979 to 43% in 2009 (Duff,

²⁴⁰ European Parliament, *Political groups*, available online at <http://www.europarl.europa.eu/aboutparliament/en/007f2537e0/Political-groups.html>, accessed on 24 November 2014.

2013, p. 147), with a similar number in 2014 (42,54%²⁴¹). This can be used to argue that European ideals are suffering since they fail to stir the interest of the electorate but it is more likely the case, as we shall see, that European elections do not offer an appropriate climate for contestation on actual EU matters, which can account for the low turnouts by suggesting that it is citizen interest in EU matters which is misrepresented.

All things considered, careful observation reveals that, in spite of concerning trends in the most recent elections, Euroscepticism fails to be a monolithic force which sets out to undermine past, present and future efforts towards European construction. While the votes received by parties who share an animosity towards the European Union may be a cause for concern in Brussels, it must be understood that their voices create a dissonance, rather than a smooth collective discourse of opposition.

One other event that does not automatically lead to considerations regarding Euroscepticism is represented by the Ukraine crisis, specifically the annexation of Crimea by Vladimir Putin's Russia. While the juxtaposition between this event and our subject matter may seem counter-intuitive at first, the link becomes more easily understandable if we refer to the idea of national sovereignty: concretely, far right Eurosceptic representatives such as Marine Le Pen share a certain affinity with the Russian president precisely because of their mutual attachment to this very idea and to conservative cultural values (Polyakova, 2014). This way, Eurosceptics can place the blame for the Ukraine situation at Brussels' feet, by arguing that the EU is a staunch believer in flawed policies such as the expansion that led to Russian retaliation in the first place. It is the mission of the following sections of this paper to suggest what can be done to prevent such simplistic expositions from gaining ground and supporters in an EU that is still arguably in search of its own defining values.

This being said, it is to be expected that the future of Euroscepticism may be strongly influenced by such events which suggest an immediate cause for concern and

²⁴¹ European Parliament, *Results of the 2014 European Elections*, 2014, available online at [<http://www.europarl.europa.eu/elections2014-results/en/election-results-2014.html>], accessed on 20 October 2014.

agitation, while also carrying within them the potential for the tempering and dilution of their Eurosceptic fuel. The following section assumes a more organized character, as it outlines the current European context which forms the background for the evolution of Euroscepticism as predicted by the two diverging scenarios developed in the last part of our article.

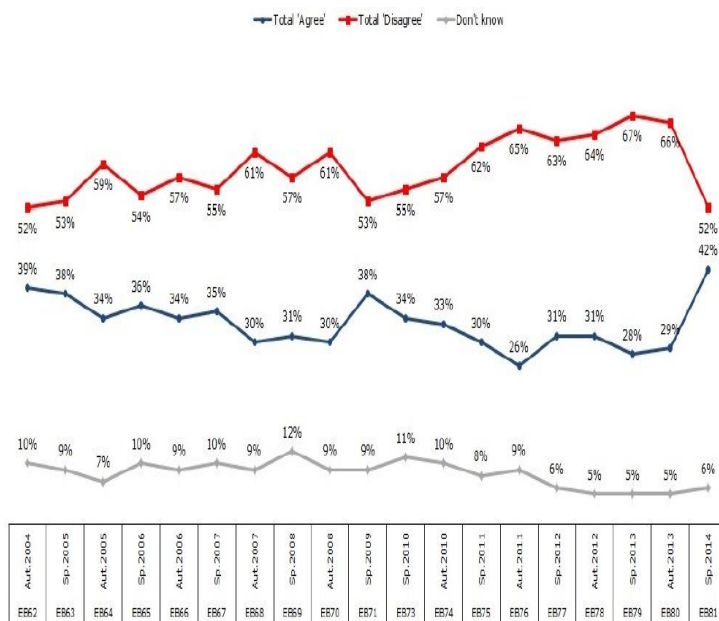
Scenarios for the evolution of Euroscepticism – context

After the predominantly empirical character of the previous section, the following exposition aims at painting a broader and more carefully structured picture of the background political elements which have a strong potential to sway Eurosceptic positions after the 2014 moment.

The first aspect which immediately claims our attention is represented by an observation made by van der Eijk and Franklin around a decade ago, which has yet to lose its salience: national elections are mostly dominated by national matters and the left-right cleavage, which leaves very little room for actual competition and debate based on EU matters to take place. Taking this into consideration, the two authors argue that, while divisions along the line of EU issues are prominent among the European electorates, there is still little chance for this dimension to actually find an expression in usual party politics; for this reason, the great unexploited potential for electoral contestation on European matters may be characterized as a “sleeping giant”, a fact which suggests the enormous political capital and momentum to be gained by capitalizing on European affairs (van der Eijk, Franklin, 2004). On top of this, at EP elections we find ourselves once again on the familiar grounds of national games dominating the competition, as it is national political parties “who select (and ditch) the candidates, finance the campaign and draft the electoral programmes” (Duff, 2013, p. 149).

In other words, what this situation suggests is that there is a strong need for a reliable outlet which may be used to express opinions and attitudes regarding European matters (be they friendly or critical), an outlet which is severely lacking at present. Thus, we need to ask ourselves whether this status-quo is not harmful in terms of qualified, specific criticism turning itself into unqualified and diffuse rejection if it cannot access the

system at a point in time when the input it provides might actually be well-informed and productive. Similarly, we need to take into account the fact that a continued lack of debate can also prove especially discouraging for enthusiasts who are likely to want to take part in the march towards further integration, but might become frustrated by their inability to do so.



Source: European Commission, Eurobarometer surveys, available online at http://ec.europa.eu/citizenship/pdf/spring_eurobarometer_july_2014.pdf, accessed on 20 October 2014

A practical reflection of these observations can be found in the Eurobarometer surveys, specifically when tackling the trend regarding the following statement: “My voice counts in the EU”. As can easily be seen, there is a positive shift in election years, when citizens tend to agree with this assertion in larger numbers, as indicated by the upwards surge in the “Agree” category for 2004, 2009 and 2014. Once again, this can be interpreted as proof that a great

appetite for discussion on EU matters exists and takes advantage of any potential channel for expression; the concerning side of this discussion suggests that an important number of voices is not heard, which means that the “sleeping giant” state of affairs presented above becomes even more noteworthy in the sense that its resolution will have a strong direct impact on the evolution of EU-related attitudes: will the EU become an entity citizens can relate with or a closed-off system in dire need of more transparency and input?

Remaining within the realm of citizen mobilization, we can find further confirmation for these remarks by including the civil society dimension in our explanation. Concretely, Civil Society Organisations (CSOs) are considered by EU bodies such as the Parliament or the Commission in capacities that suggest a top-down approach; namely,

they are perceived mostly as information suppliers, knowledge and expertise sources, partners in EU-directed projects and legitimacy providers meant to represent an answer to accusations of democratic deficit directed at the Union (Rodekamp, 2014, pp. 59-63). As a result, the potential of CSOs as much needed outlets for contestation on EU issues is diminished when they are cast in the role of obvious supporters of a European project whose characteristics are a foregone conclusion, instead of being assigned the part of forums where different versions of 'Europe' can compete for consideration in mainstream political debates.

With regard to Eurosceptic parties, the observations which can be made are highly likely to alleviate fears concerning their transformative potential on the European political stage. Firstly, as pointed out previously, they are incapable of presenting a united front capable of articulating the various anti-EU and anti-integration positions into a coherent, powerful block capable of radically reshaping European politics.

In addition to this, Szczerbiak and Taggart point out in a comprehensive study regarding Eurosceptic parties as part of government that, when these parties do manage to reach such a privileged position, they generally (not always) tone down their Eurosceptic stance, in substance if not in rhetoric, in a bid to move towards the centre of the ideological spectrum and become more desirable as coalition partners (Taggart, Szczerbiak, 2013). Therefore, even though they may insert a Eurosceptic slant into politics, the danger is not as categorical as one might initially believe, as these parties have a strongly limited potential to 'contaminate' the political environment with their 'harmful' views.

Last but not least, we pre-face our backtracking towards the notion of discourse in the next section by drawing attention to the fact that Euroscepticism can also be used as a political label by parties who need a weapon to differentiate themselves from adversaries; by calling your rival Eurosceptic you can disqualify or marginalize him and consolidate your own position. Similarly, by normatively adhering to the European track you can afford to criticize the EU without automatically being accused of scepticism (Neumayer, 2008). This way, 'Europhile' and 'Eurosceptic' run the risk of becoming superficial designations employed in a nebulous political battle for votes with blurred lines instead of signifiers which describe an actual position on European matters.

To conclude, the underlying context of our scenarios can be summarized as follows: while European issues are a consistent source of political attitudes, there are insufficient outlets so that citizens may express their sentiments regarding integration as embodied by the EU in a productive manner. Apart from this, while the presence and proliferation of so-called Eurosceptic parties is a reality, the threat represented by them is often overstated, not to mention the fact that, at times, Euroscepticism can become a label strategically employed against rival parties.

Euroscepticism – scenarios for evolution

After becoming more familiar with the theoretical and empirical context that describes the background upon which Euroscepticism takes shape, we are now faced with the task of anticipating the exact coordinates and colours of this still undefined and constantly evolving discursive construct. However, since “no discursive formation is a sutured totality” (Laclau, Mouffe, 2001, p. 106) our only recourse is to analyse the possible scenarios that are most likely to develop while Euroscepticism retains the defining elements outlined in the beginning sections.

The first potential track relies heavily on the notion of antagonism, as conceptualised by Ernesto Laclau and Chantal Mouffe (Laclau, Mouffe, 2001, pp. 122-127). In this scenario, Eurosceptics become the “other”, who does not allow the fervent adepts of European integration to have a fully rounded identity; rather, the existence of the “other” cannot be assimilated into the discursive system as a moment²⁴², but remains nevertheless as a limit which constantly subverts the formation of an objective reality with universally accepted and reified characteristics known as Europe/The European Union. The logical question stemming from this vision is how exactly such a bleak scenario can materialize, given the current state of the EU as a self-proclaimed vanguard for the ‘unity in diversity’ ideal.

²⁴² A moment is a “differential position” “articulated within a discourse”, while an element is a “difference that is not discursively articulated” (Laclau, Mouffe, 2001, p. 105).

In order to provide a sufficiently satisfying answer, we may once again return to the question of standards, pointing to the fact that the way in which we define the European Union and European integration needs to be closely scrutinised so that we may adequately understand criticism directed at them (Kaniok, 2012, pp. 30-31). Consequently, if we continue to adhere to the elusive idea of an ‘ever closer Union’ understood as a federation with institutions similar to the nation state whose development in this respect is a foregone conclusion, then it is highly unlikely for scepticism of any kind (even soft, specific and qualified) to penetrate: any further political battle becomes a meaningless squabble between reactionary elements which detracts from the sustained march towards the logical way forward.

As post-structuralist discourse theorists might point out, this understanding of the EU is a sign of hegemonic articulation which, combined with the aforementioned notion of antagonism results in the creation of a “threatening Otherness that stabilizes the discursive system while, at the same time, preventing its ultimate closure” (Torfing, 2005, p. 15). Simply put, once a firm integration project embodied by an increasingly supranational EU is in place, Euroscepticism becomes both the unsavoury element which needs to be distanced and the limit which does not allow this project to become a static, sutured structure.

As pointed out in the previous section, there is great untapped potential for mobilization and contestation on EU matters among European citizens, while Eurosceptic parties themselves remain a fragmented and only mildly influential voice. It is our contention that, should such a state of affairs continue to be ignored and should all critical voices become lumped together irrespective of degree as part of a chain of equivalence which emphasises their sameness and threatening character (Torfing, 2005, pp. 15-16), this would result in the radicalization described above.

In other words, if outlets for much needed debate on the future of the Union are not provided, then there is a tangible risk of those that only display soft Euroscepticism and have genuine unaddressed concerns being pushed towards the ‘hard’ category by repeated disappointments and dead-ends. Also, as emphasised in the second section, persistent disillusionment at the more superficial levels of the authorities and the regime may well

turn negative utilitarian considerations into affective ones, targeted at the EU as the flagship coagulant of European identity. It is rather obvious that the fastest way to create this brand of persistent disappointment is indiscriminately ignoring critical opinions on a regular basis, thus fostering feelings of being disenfranchised from an unresponsive polity.

On a cautionary note, this type of status-quo is a ripe ground for populist political entrepreneurs, who are prepared to seize the opportunity of gaining political capital through providing critics with a (deceptive) mouthpiece should the mainstream refuse to do so. Furthermore, as Krouwel and Abts point out, populists do not only react to discontent and scepticism, but they actually foster them, thus turning discontent into cynicism and outright rejection of an establishment that has become detached from its citizens (Krouwel, Abts, 2007, pp. 263-267). As a consequence, the desire to minimise critical voices and to exclude them from mainstream political debate might severely backfire by creating an unreasonable critical mass that has lost faith in the polity represented by the European Union.

On the other hand, this scenario is only one possible facet of the future path of Euroscepticism, just as the federalist/supranational discourse on integration is only one of the potential manifestations of the European Union. If the hegemonic articulation were to shift towards the idea of the EU as a ‘work in progress’, then input on the form and characteristics that this entity should assume becomes not only possible, but necessary, thus resulting in a more stable discursive formation which has assimilated soft, contingent criticism as a moment.

In order to more clearly support this point of view, we may once again turn to the ideas of Chantal Mouffe so as to envisage how accepting informed criticism and contestation is actually a pre-condition for moving away from the simplistic “us *versus* them” type of antagonism described as the key landmark of our first scenario. In an article introducing the idea of “agonistic pluralism” (Mouffe, 1999), Mouffe argued against deliberative democracy based on a purely rational consensus, as conflict and power cannot be fully eliminated if we are to have a truly plural democracy. Very simply put, even in democracy the creation of an “us” requires boundaries and presupposes an “other”, but the resulting relation need not be that of enemies (antagonism), but may be that of adversaries

(agonism), who accept each other's legitimacy, adhere to the same values, but disagree on their interpretation.

Just as the meaning and principles of liberal democracy cannot be treated as a foregone conclusion, the meaning and principles behind European integration may be seen, in this second scenario, as equally open to contestation; as a consequence, we would not have discussions on the best technical measures needed to reach a pre-set goal, but on the very essence of that goal. In other words, so-called Eurosceptics become adversaries who may bring to the table their own versions of the European project, with such an action accepted as fully legitimate.

For instance, as Kaniok points out, a more open and minimalist definition of the EU as a political system which can be supported from intergovernmental as well as supranational positions would lead to an understanding of the fact that the system needs input, evaluation and feedback; these aspects are currently lacking or are marginalized by political elites, who are in a hurry to move forward. In his view, the softer version of criticism is actually a manifestation of this necessity, which means that it can and should become 'part of the game' as a natural component of the political system (Kaniok, 2012, pp. 43-46).

In light of this reasoning, the second track for the evolution of Euroscepticism after 2014 could be described as 'acknowledgement of critical views and their constructive mobilization', which would entail widespread recognition of the unique character of the EU as an entity that still needs to be defined through broad-based input. This way, soft/specific/critical/qualified Euroscepticism gets a chance to manifest in a productive manner and to resolve its valid concerns through the political system, not by becoming weary of it. However, in order for this scenario to be achieved, discussion on all European issues (including that of further integration) needs to become more open and channels for expression on EU related matters have to be supplemented in answer to the significant potential for contestation which such problems carry.

By meeting these conditions, any future result of the integration process is likely to be faced with less resistance than at the present time; apart from this, the elements which are designated as 'threatening' would be confined solely to the harsh critics who find

significant principled faults with European integration, thus resulting in a more cohesive discourse in this latter respect.

Conclusion

To sum up, this paper has sketched two potential tracks for the evolution of Euroscepticism after 2014, based on the theoretical framework developed in the first two sections and the context outlined in parts three and four. Our aim was to present and advocate a nuanced and more moderate view of Euroscepticism as an inherent part of the integration process. For this reason, theoretical differences in degree and in kind were identified and potentially influential conditions, events and processes were emphasised.

Our second scenario highlights the fact that a more nuanced approach towards European integration manages to recognise the evolution and input that qualified criticism provides for the political system. If we were to admit that the optimal integration solution has not been found yet, then the idea of Euroscepticism can be approached in a constructive manner and populist anti-establishment arguments can be safely deconstructed, as reasonable concerns would have a legitimate outlet. Moreover, this scenario presents the added benefit of dismantling a simple ‘us versus them’ dichotomy, by proving that integration and Euroscepticism are not static concepts but can be filled with multiple meanings, with such discursive efforts having a direct consequence on the evolution of Eurosceptic views.

All things considered, we launch the following suggestion as both a conclusion and a challenge for further research: a more moderate view of Euroscepticism which recognises the potential benefits of critical input is highly likely to generate consensus and a more inclusive European project which engenders a sense of ownership instead of a feeling of disenfranchisement.

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