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## SECURITY ASPECTS OF REGIONAL COOPERATION IN CENTRAL EUROPE: VISEGRÁD GROUP, BUCHAREST NINE, AND THE THREE SEAS INITIATIVE

**Agnieszka ORZELSKA-STACZEK, PhD**

Institute of Political Studies, Polish Academy of Sciences, Poland

[aorzel@isppan.waw.pl](mailto:aorzel@isppan.waw.pl)

**Piotr BAJDA, PhD**

Institute of the Political Science and Administration Studies, Poland

[p.bajda@uksw.edu.pl](mailto:p.bajda@uksw.edu.pl)

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**Abstract:** *This article investigates the role of security in the development of regional cooperation in Central Europe. The main research question concerns the correlation between the security environment and the development of regional cooperation. We argue that the numerous forms of regional cooperation were created to consolidate states in narrow or wider constellations, so as to better protect their security interests. Regional cooperation has a significant, albeit complementary, place in the European security architecture, which is based on the transatlantic community. Empirically, the paper delves into the Visegrád Group (V4), the Three Seas Initiative (3SI) and the Bucharest Nine (Bucharest format, B9). Its theoretical and methodological approach is based on the transition paradigm, which in its security dimension still sets the framework for research on post-communist countries and gives a good insight into the development of regional cooperation in Central Europe. We also refer to the cooperation patterns of small states, taking into consideration the geopolitical restraints caused by their location between great powers. Our research is predominantly based on realist theory. Therefore, we emphasize the significance of threats, state interests, and changes in the international order. We use qualitative research methods, in particular content analysis of documents and the results of a project based on data collection techniques through interviews with diplomats from 3SI states.*

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**Keywords:** Security, Regional cooperation, Central-Eastern Europe, Three Seas Initiative, Bucharest Nine, Visegrád Group, New regionalism, Transition paradigm, Transformation.

### Introduction

During two waves of new regionalism in Central Europe—the first at the beginning of the 1990s, the second after 2014—many loose forms of cooperation were set up. The dynamic



development of regional cooperation was accompanied by profound changes in the security environment.

This article investigates the security aspects of cooperation between Central European states. The main research question concerns the correlation between changes in the security environment and the development of regional cooperation. We argue that the numerous forms of regional cooperation were created to consolidate states in narrow or wider constellations, so as to better protect their security interests. Regional cooperation has played a significant role in shaping the European security architecture. This role, however, is complementary, since Central European state security is based on the transatlantic community, with NATO and the EU constituting the uncontested pillars.

Regional cooperation in Central Europe has gained increasing scholarly attention in recent studies. Scholars mostly focus on the political, economic, and infrastructural dimensions of cooperation, marginalizing its security aspects. This study contributes to filling the research gap.

We define the concept of security according to realist theories, which emphasize the preservation of a state's territorial integrity and the physical safety of its inhabitants.<sup>1</sup> We stress the importance of military security, but we also consider energy security, economic security, and cybersecurity. When examining regional cooperation, we focus on loose forms of groupings set up in Central Europe since the end of the Cold War. These do not function on the basis of an international agreement; they were created functionally during the process of organizing cooperation, which makes them less transparent. Empirically, the paper delves into the Visegrád Group, the Three Seas Initiative (3SI), and the Bucharest Nine (Bucharest format, B9). These were selected as relevant examples to illustrate specific features of regional cooperation and their correlation with security.

Our theoretical and methodological approach is based on the transition paradigm, which in its security dimension still sets the framework for research on post-communist countries and gives a good insight into the development of regional cooperation in Central Europe. Many scholars have investigated the transition paradigm, focusing on interior policy and economic and social transition (Grzyski, 2016; Kollmorgen, 2013; Staniszkis, 1999; Fedorowicz, 2017). In contrast,

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<sup>1</sup> Stephen M. Walt (2010) notes that "A state is thought to be secure if it can defend against or deter a hostile attack and prevent other states from compelling it to adjust its behavior in significant ways or to sacrifice core political values."

this article is based on the foreign and security policy dimension of the transition paradigm. This is a new approach to regional cooperation among Central European states.

Following the classical realist approach, we treat Central European states as the primary actors, which participate in regional cooperation to pursue their national interests. We argue that security was a significant motivator for them to cooperate in the face of new threats, including military threats. Using the assumptions of neorealist theory, we stress the significance of global changes for the behavior of this group of mostly small states, particularly at the beginning of the transition period. Therefore, we also refer to small states' cooperation patterns and take into consideration the geopolitical restraints caused by their location between great powers (Bajda, 2018). Central European states are divided by many unresolved historical issues, and in many areas they are prone to compete rather than cooperating. Referring to contingent realism, we agree that "structural realism properly understood predicts that, under a wide range of conditions, adversaries can best achieve their security goals through cooperative policies" (Glaser, 1994). We use qualitative research methods, particularly content analysis of documents and the results of a project based on data collection techniques through interviews with diplomats from 3SI states.<sup>2</sup>

The first section of the article investigates regional cooperation in the transition paradigm. This is followed by two empirical sections, concerning the first wave of new regionalism in Central Europe in the early 1990s and the second wave after 2014. In both sections we elaborate on the main findings of the article by discussing security aspects of the V4, 3SI, and B9. Finally, we present our conclusions and possible avenues for further research.

### ***Regional cooperation in the transition paradigm***

The period of transition from communism to democracy in Central Europe began in 1989. After the dissolution of the Soviet bloc, Central European states strove to become part of the West through joining the EU and NATO. In this narrow sense, the transition period ended with the enlargement of the EU and NATO. This, however, did not remove the deep divisions between eastern and western parts of Europe. The perception of Central European states as less developed and less democratic than those in Western Europe remains valid. Despite profound changes at the

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<sup>2</sup> The project was carried out at the Institute of Political Studies, Polish Academy of Sciences in 2019–2020. The results of the research, as well as complete interviews with ambassadors from 3SI states and the head of the Polish President's Office, have been published (Orzelska-Stączek & Ukielski, 2020).

international level that have been underway for more than a decade since the EU and NATO's biggest enlargement, the dichotomy is still used between the "fully European" part of the EU and the "insufficiently European" part; the latter embracing "new" European states, especially Poland and Hungary, which need "Europeanization". The European Union remains divided between Western Europe and a peripheral part called Central or Central-Eastern Europe (Kowal & Orzelska-Stączek, 2019).

The transition paradigm in the field of the foreign and security policy of Central European states is based on two core assumptions.<sup>3</sup> The first stresses their striving for consolidation with the West; the second focuses on their resilience to Russian pressure. While Central European states were moving away from dictatorial rule toward democracy, they also deeply reoriented their foreign and security policies after a few decades of Soviet domination in the region. They treated the USSR and its successor Russia as an influential actor and as a source of threat for the region, although they differed in their perceptions of the scale of the threat. Regardless of differences, this mosaic group of mostly small powers decided to strengthen ties with a strong transatlantic community, with special roles for NATO and EU and an active presence in Europe for the USA as the foremost world power. This option was accepted as their best security guarantee.

The transition paradigm in the field of foreign and security policy retains its explanatory power, showing that Central European states are still following their characteristic behavior patterns from the first years of transition. The threat posed by Russia remains a major security concern in the region, although states differ in their approach to Russia. Undoubtedly, they still consider NATO to be the main guarantor of their security. Their priority is to be fully integrated into the West, not only in legal terms, but also in the political and economic spheres. At present, although they have the legal status of NATO and EU members, in many ways they are perceived not as part of the West, but rather the East of the West.

From the neorealist perspective, the new regionalism in Central Europe played a subsidiary role in achieving the states' foreign and security policy priorities, namely integration with the West. Central European states were located in an unstable area of rivalry between great powers. In face of the new threats, no Central European state had either the potential or the motivation to consolidate the region as an autonomous unit and guarantee its security.

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<sup>3</sup> In a broad approach, Thomas Carothers (2002) notes that "Five core assumptions define the transition paradigm. The first, which is an umbrella for all the others, is that any country moving away from dictatorial rule can be considered a country in transition toward democracy."

The first and second waves of new regionalism in Central Europe each followed the same pattern: states set up loose forms of cooperation. None of the new regional cooperation forms had the status of an international political organization. Nor did the Visegrád Group (set up in 1991), the Three Seas Initiative (2016), or the Bucharest Nine (2015), have statutes, secretariats or permanent structures.<sup>4</sup> In a sense, they were flexible substitutes for organizations, based on non-legally-binding declarations and described vaguely as “a cooperation forum,” “a political lobby group,” “an informal grouping,” “a cooperation structure,” or “an informal regional forum for the cooperation of countries.”

To be precise, the B9 defined itself as an “open platform of consultations and dialogue” (Bucharest Nine, 2015). The main declared purpose of the B9 was to strengthen transatlantic security through strengthening NATO’s eastern flank. It was not specified how exactly this aim would be achieved. In its first declaration adopted in Dubrovnik, the 3SI presented itself as “an informal platform for securing political support and decisive action on specific cross-border and macro-regional projects of strategic importance to the States involved” (Three Seas Initiative, 2016). In practice, it was an example of summit diplomacy, based on annual summits of the heads of states. The Visegrád Group has certain narrow institutional frames (e.g., a presidency, the V4 plus format) but it does not have statutes, a headquarters, a secretariat, or formal accession criteria (Orzelska-Stączek, 2019, p.118).

We should note that Yugoslavia was a communist state, but after the 1948 Yugoslavia–Soviet split it was not a part of the Soviet Bloc. Austria is also exceptional among 3SI states: it remained under joint occupation by the Western Allies and the Soviet Union until 1955, did not belong to the Soviet Bloc, was not a communist state and did not go through transition. While the transition paradigm explains well the behavior of the post-communist countries, it does not apply to Austria.

### ***First wave of new regionalism: the 1991 Visegrád Group and its security aspects***

Poland, Hungary, and Czechoslovakia (until 1993, when it split into the Czech and Slovak Republics) entered the process of rapid transformation at the end of 1989. The collapse of the Soviet Bloc and, consequently, the changing situation in the international arena resulted in a huge

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<sup>4</sup> The Visegrád Fund and the Three Seas Initiative Investment Fund both exist, but they are separate financial institutions.



challenge in the area of security, mobilizing the first non-communist leaders in Central Europe to seek new regional arrangements. The weakness of the Soviet Union allowed Warsaw, Prague, and Budapest to regain sovereignty, defined in terms of classical realism as independence from the power of other international players and equality of states under international law (Czaputowicz, 2018, p. 183). This did not, however, mean immediately cutting all ties with Moscow (for example, at the beginning of 1990, the Warsaw Pact was officially still in existence); still less obtaining an offer of immediate integration into Western European structures. Central European states found themselves in a security gray zone. It is worth recalling that one scenario considered at that time was Henry Kissinger's plan for Central European post-communist states to declare neutrality, which was to be guaranteed jointly by NATO and Russia.<sup>5</sup> At the same time, the Federal Republic of Germany, which had traditionally been active in the region, was preoccupied with obtaining the great powers' consent for the project of German unification.

In this atmosphere of uncertainty, Central European states themselves had to seek instruments to strengthen their international position, and above all, their security. In November 1989, the Quadragonale was created in Budapest between Hungary, Yugoslavia, Italy, and Austria. After the Velvet Revolution in Czechoslovakia in November 1989 and the appointment of the playwright and former oppositionist Václav Havel to the office of president, Prague sought to take the initiative in the region. A conference organized by Havel in April 1990 discussed the idea of extending Central European cooperation. The result was the admission of Czechoslovakia to the Quadragonale, creating the Pentagonale.<sup>6</sup> A curious facet of these decisions was an attempt to leave Poland on the sidelines in consolidating the region. Havel (1990), for example, proposed to assign Poland the role of a Northern European country, whose interests should be focused around the Baltic Sea basin.

However, the low involvement of Vienna and Rome and, above all, the break-up of Yugoslavia forced the region's leaders to seek new, more local solutions. As a result of diplomatic consultations, the Visegrád Group (since the division of Czechoslovakia in 1993, the Visegrád Four or V4) was established in February 1991. It remains the most recognizable symbol of cooperation between Central European states. The V4 was a regional arrangement of a new type.

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<sup>5</sup> For more on Kissinger's proposal, see Riekhoff (2004, p. 56).

<sup>6</sup> The Pentagonale format has gradually expanded; today it is the Central European Initiative with its own budget and a secretariat executive in Trieste. For details, see <https://www.cei.int/secretariat>.

The title of its founding document, *Declaration on Cooperation between the Czech and Slovak Federal Republic, the Republic of Poland and the Republic of Hungary in Striving for European Integration*, emphasized that the main goal of the project was external; its motto was “the return to Europe”. The second characteristic feature of the V4 group, which also fitted in with the new regionalism, was the assumed lack of institutionalization of the new initiative, designed to avoid even the appearance of competing with the organizations the V4 states sought to join. In this context, the Visegrád Group was to be a regional arrangement whose priority was to strengthen the political position of individual Central European states in their efforts to obtain membership of the European Union and NATO. Thus, from the very beginning, the V4 played a subsidiary role in relation to the strategic goals of firm consolidation of Central Europe into Euro-Atlantic institutions.

The V4 group is a pragmatic instrument. It has tried to animate political and economic cooperation,<sup>7</sup> but has also touched security issues. This dimension has been largely ignored by researchers, who have focused on political cooperation, the dynamics and durability of which to a large extent depend on bilateral relations between the four countries. However, the presence of security in most of the V4's strategic documents, as well as in the programs of individual presidencies, proves that the security dimension has been a significant part of V4 activity. Security was mentioned in the Visegrád Declaration (1991); it was to be achieved through full integration with Western political institutions, complemented by close cooperation among the signatories.<sup>8</sup> Since 1999, the defense ministers of all four countries have regularly met in the V4 format, along with the presidents and heads of government. The first consultations of this kind took place in Przemyśl in November 1999. They concerned, firstly, the principles of consultation and cooperation after Czech, Hungarian, and Polish accession into NATO; and secondly, an action plan to support Slovakia's efforts to be invited to join NATO. Defense cooperation was also emphasized in the second of the most important Visegrád documents, summing up the meeting of the V4 prime ministers on May 12, 2004 in Kroměříž—that is, a few days after the great enlargement of the European Union. The final declaration indicated defense as one of the main

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<sup>7</sup> An expression of this pragmatism was the establishment of the Central European Free Trade Agreement (CEFTA) in December 1992, aiming to boost trade in the region, but also to prepare for EU membership. To this day, CEFTA is an organization of countries aspiring to EU membership: <https://cefta.int/>.

<sup>8</sup> “The signatories of the Declaration shall jointly undertake the following practical steps: in accordance with the interests of the particular countries they shall harmonize their activities to shape cooperation and close contacts with European institutions and shall hold regular consultations on the matters of their security” (Visegrád Group, 1991).

pillars of Visegrád cooperation, in three dimensions: coordination within the V4, cooperation within the multilateral structures of NATO and the EU, and promotion of NATO expansion to include other Central European countries in order to expand the security area (Visegrád Group, 2004).

An important *modus operandi* of the V4 states involves attempting to work out common positions before meetings in the wider multilateral arena, so as to influence decision-making processes. As a result, numerous consultations of V4 foreign and defense ministers have taken place before NATO summits. April 2012 saw the adoption of the V4 declaration “Responsibility for a Strong NATO,” which expressed support for admitting new members and stressed that capability development in NATO and the EU must be mutually supportive in order to avoid duplication (Visegrád Group, 2012a). A month later, the Joint Communiqué of the Ministers of Defense of the Visegrád Group highlighted the V4’s contribution to building security architecture by creating the Visegrád Group European Union Battlegroup; it also pointed to a whole range of joint undertakings for European operations (Visegrád Group, 2012b). These were organized ahead of the NATO summit in Chicago.

The Visegrád Group’s activities so far have focused most clearly on political cooperation; first on accelerating the integration processes with the EU and NATO, and later on strengthening the Group’s position in the European forum. While the V4 itself has a supportive role in achieving these strategic goals, cooperation in the field of security has a more intra-regional character. Worth emphasizing here are the actions aimed at supporting Slovakia’s aspirations on the path to NATO membership.<sup>9</sup>

### **The second wave of new regionalism as a response to a deterioration in the security environment**

In 2014, the European security architecture fundamentally changed. Russia effectively carried out an aggressive policy, below the threshold of a classic war, which led to the annexation of Crimea without declaring war on Ukraine. Soldiers participated in the military operation without

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<sup>9</sup> For reasons of internal policy, Slovakia was excluded from the first group of Central European countries invited into the EU and NATO in 1994–1998. As a result, Bratislava became a member of the North Atlantic Alliance only in the second wave of enlargement in 2004. For more information, see Bajda (2013).

being identified as such, and in the information chaos it was difficult to discern what was happening. This type of conflict, called hybrid warfare,<sup>10</sup> eludes classical definitions of war. The swift and victorious campaign took the world by surprise and appeared especially impressive as it stood in contrast to the failures of past Russian military interventions (Renz, 2016; Orzelska-Stączek, 2015). The strategic factor of surprise was important in enabling Russian success not only in Crimea, but also in destabilizing Ukraine. The West's weak response to Russia's aggressive policy for domination over ex-Soviet territories overlapped with a multifaceted crisis in the Western world.

The deteriorating security environment in Central Europe since 2014 is not only a product of Russian revisionism. Other challenges have concerned tensions in transatlantic relations and a crisis of the European integration project. The EU struggled with an economic and migration crisis and was weakened by Brexit, initiated by referendum in 2016. Whether defined as “soft,” “normative” or “transformative” power, the EU's power was declining (Dimitrova et al., 2016; Webber, 2016). The deterioration in the security environment was a direct incentive for Central European states to undertake diplomatic efforts to initiate new forms of regional cooperation.

The correlation between the security architecture changes in 2014 and the emergence of new forms of cooperation was most explicitly illustrated by the Bucharest Nine (Bucharest format, B9). The joint declaration “Allied Solidarity and Shared Responsibility,” which is regarded as the B9's founding document, was adopted in the Romanian capital in November 2015. The representatives of nine countries<sup>11</sup> of NATO's eastern flank took this step in order to improve their security cooperation within the Alliance. The three-page declaration refers 14 times to “security” and 7 times to “threat”. In contrast, the Three Seas Initiative annual summit declarations have not mentioned security matters, apart from references to energy security.<sup>12</sup> But as 3SI cooperation has developed, the scope of its security interests has increased.

There have been other regional cooperation initiatives that are outside the scope of our research. It is worth mentioning the Lublin Triangle founding declaration, adopted in 2020 by Poland, Lithuania, and Ukraine, almost entirely focused on security issues in the context of Russian

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<sup>10</sup> The concept of “hybrid warfare” is gaining popularity, but there is also a rich literature critical of the concept. See Renz (2016).

<sup>11</sup> The Presidents of Bulgaria, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, and the Slovak Republic, and the President of the Chamber of Deputies of the Parliament of the Czech Republic.

<sup>12</sup> The Three Seas Initiative annual summit declarations from 2016 to 2020: <https://3seas.eu/about/past-summits>. See also Orzelska-Stączek (2020).

aggression. Security also appeared in the Slavkov declaration, adopted on January 29, 2015, by the heads of government of the Czech Republic, the Republic of Austria, and the Slovak Republic, which gave rise to the Slavkov Triangle (the Austerlitz format). This short document focused on fostering growth and employment, but also addressed the situation in Eastern Ukraine and the external challenges faced by EU members, including the fight against terrorism (Austerlitz Declaration, 2015).

### **The Visegrád Group after 2014**

Steps towards closer defense cooperation among the V4 had already been taken in 2008 after the NATO summit in Bucharest and Russian aggression against Georgia. This trend accelerated after the Russian annexation of Crimea in March 2014. In response to questioning of the existing security architecture, the V4 defense ministers drew up two documents on strengthening their cooperation: the Long Term Vision of the Visegrád Countries on Deepening Their Defense Cooperation and the Framework for an Enhanced Visegrád Defense Planning Cooperation. Both documents emphasized the need for in-depth cooperation between V4 countries in NATO and the EU in the area of security. The V4 Planning Group, with designated State Secretaries supported by expert groups, was also created (Visegrád Group, 2014). In a meeting the following year, the V4 defense ministers appealed to the Long Term Vision of the Visegrád Countries on Deepening Their Defense Cooperation, indicating the country that now posed the greatest threat: “Russia’s aggressive actions against Ukraine as well as provocative activities along the eastern border of NATO have profoundly challenged the security architecture in our region” (Visegrád Group, 2015). Although the Czech Republic, Slovakia, and Hungary declared that they were not interested in hosting NATO soldiers under the enhanced Forward Presence program, they fully supported the Polish position on the need to strengthen the eastern flank. The communiqué from the V4 Defense Ministers’ meeting of 2017 stated, “We stressed that the recent deployment of the US Armored Brigade Combat Team to Poland is of importance for ensuring the security of the entire region and the strength of the transatlantic link” (Visegrád Group, 2017). Two years later, a decision was made to further tighten cooperation by establishing the Joint Logistic Support Group Headquarters V4 (Visegrád Group, 2019).

There is controversy surrounding the functioning of the V4, with some accusing Central European countries of breaking EU solidarity in the face of the migration crisis (Zachova et al.,



2018). Despite such criticism, the V4 has become a symbol of the revived Central Europe concept and a commonly used collective name for the four countries involved, as indicated for example by the titles of works by J. Fitzmaurice (1998) or E.J. Kirchner (1999). The Visegrád Group consistently focuses some of its attention on activities broadly related to security and tries to make a positive contribution, for example by establishing the V4 Battlegroup (first combat duty January–June 2016), and coordinating positions before the meetings of wider multilateral forums (the EU and NATO). No less important, it is an advocate and the main promoter of the alliance's open-door policy for Central European countries. The V4 has reacted flexibly to threats to security in the region.

The Visegrád Group was originally intended to become an element of the new security architecture in the region, establishing political cooperation without the great powers engagement. It contributed to the acceleration of the dissolution of the Warsaw Pact. However, a more important result was the creation of a regional arrangement, which over the years has acquired a specific identity, gained the ability to influence its immediate environment, and above all, revived the concept of Central Europe in the political debate. The Visegrád Group, with its activity and initiatives, has become part of the new regionalism, the activities of which are subsidiary to global processes (Hettne & Söderbaum, 2000).

The V4 is not a popular topic in global scientific literature. When it is mentioned at all, it is in texts on the issues of political cooperation or the functioning of Central European states within the European Union. The lack of recognition of the security dimension in the activities of the Visegrád Group may be due to the fact that it is primarily of an internal nature. At present the most visible effect is the V4 EU Battlegroup, which was on duty January–June 2016. The functioning of the V4 EU Battlegroup may, in future, draw the attention of more researchers to this dimension of cooperation between Central European countries. The intra-regional character of V4 defense cooperation also includes joint exercises and organization of training centers.

*The Bucharest Format and the Three Seas Initiative* have the potential to significantly complement the European security architecture. Among numerous Central European regional arrangements, B9 is the only format specifically set up to improve security cooperation. It comprises 9 of the 29 NATO members (Poland, Romania, Estonia, Lithuania, Latvia, Slovakia, the Czech Republic, Hungary, and Bulgaria), including all the Visegrád states, and focuses on

military consultation within NATO. All B9 participants also take part in the Three Seas Initiative, which consists of 12 of the 27 EU member states. The 3SI mainly supports pragmatic cooperation in the development of transport, energy infrastructure, and technology. It is important to note that the Three Seas Initiative also includes Austria, which stands out from the rest of the group as is neither a part of B9, nor a NATO member and is traditionally associated with Western Europe.

The main threats indicated in the B9 founding declaration concerned the volatility of the global security situation and aggressive Russian military activities, which were undermining the European security architecture (Bucharest Nine, 2020; Rogozińska, 2019). Some of the B9 states (Poland, Romania, Lithuania, Latvia, Estonia) perceived Russia as a military threat; the others (Czechia, Slovakia, Hungary, Bulgaria) took a different view, but they all acknowledged NATO as a pillar of European security and sought common positions that would strengthen the role of Central Europe during the NATO adaptation process (Pieńkowski, Raś, Ogrodnik, Terlikowski, & Józwiak, 2018). The USA declared support for B9 and the 3SI; this support enhanced the security contextualization of these forms of regional cooperation.<sup>13</sup>

The loose formula of the V4, 3SI, and B9 was chosen by the participating states as optimal. In spite of certain drawbacks, it had the benefits of flexibility, without creating legal obligations or permanent structures. Most importantly, it evaded criticism of alleged attempts to build organizations in Central Europe that would rival or split the EU. Such a narrative would be against the security interests of Central European states and their efforts to reinforce the region only within the Euro-Atlantic framework.

The B9 has significant potential to shape the NATO agenda. Most of the B9 states are firmly committed to taking on an increased burden in NATO by increasing their defense expenditures. Their declared priorities are to contribute to common security, maintain cohesion, and build the credibility of Allied defense and deterrence. Their increasing role in NATO burden sharing shows that they are also trying to change how they are perceived, from security consumers to security generators. The most important constraints on the B9 concern differing national threat perceptions, uneven commitments to investment in defense capabilities, and the potential volatility of military modernizations (Pieńkowski et al., 2018).

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<sup>13</sup> The Estonian ambassador to Poland, Martin Roger, said in 2018: "The USA is a catalyst for the 3SI and has given further political impetus to the format. The US administration has been very positive about the 3SI. The USA's increased presence in the region is good for security" (Orzelska-Stączek & Ukielski, 2020).

While the B9 is clearly focused on security, the security relevance of the 3SI is more complex. This form of cooperation is closely related to the economic and infrastructural development of Central European states. However, there are various approaches to its political and security implications. We argue that the 3SI's significance for security is increasing as the cooperation develops. The first declaration of the 3SI stated in general terms that "by expanding the existing cooperation in energy, transportation, digital communication and economic sectors, Central and Eastern Europe will become more secure [and] safe" (Three Seas Initiative, 2016). The Bucharest 3SI declaration referred to energy security and building a more prosperous, united, and secure European Union. In the Ljubljana declaration (Three Seas Initiative, 2019), we read that the 3SI contributes to security and that energy, infrastructure, and digitalization, as well as the crosscutting topics of security, innovation, and the environment, are essential to the future of the region. The 3SI Joint Statement adopted in Tallin (Three Seas Initiative, 2020) notes that regional economic development will increase the social cohesion and resilience of the European Union, contributing to the strengthening of Central European regional security. The aims of the 3SI, as formulated by Estonia as the host of the 2020 summit, put a stronger emphasis on security; the list includes "economic growth, security and a stronger and more cohesive Europe."<sup>14</sup> According to its official website, the 3SI is not only intended to boost energy security: in terms of geopolitics, strong economic development will help to more effectively defend current geopolitical interests.

The security aspect was also present in interviews conducted in 2019 with 3SI states' ambassadors to Poland. Most of the ambassadors referred in general terms to aspects of security, energy security, and cybersecurity (Orzelska-Stączek & Ukielski, 2020).<sup>15</sup> For example, the Romanian Ambassador noted that the "3SI aims to contribute to enhancing economic resilience in Central and Eastern Europe, a goal with strategic relevance as well, while turning the region into a focal point for NATO and EU strategic convergence and a strategic contributor to the collective defense and prosperity of the Euro-Atlantic community." In his opinion, 3SI and B9 are flexible formats of cooperation among European countries from a certain geographic area with similar security perceptions and common economic interests and challenges. These similarities, stressed by many respondents, may be well explained by the transition paradigm.

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<sup>14</sup> See <https://3seas.eu/about/objectives>.

<sup>15</sup> There was no reference to security in the interviews with the ambassadors from Austria and Slovenia.

One of the main achievements of the 3SI is the development of a list of priority multilateral projects. With the support of the 3SI Fund, these are the key instrument to implement its ambitious ideas. The flagship 3SI investment is the Via Carpathia, which along with other infrastructure investments is to be a “Tri-Sea transport spine-pillar.” Such transport investments are also important for military mobility. For example, the Rail-2-Sea: “Modernization and development of railway line Gdansk(PL)–Constanța (RO)” is presented as a civil-military dual-use project (Three Seas Initiative, 2018). Many other 3SI projects have similar potential, although they are not explicitly described as such. Minister K. Szczerski from the Cabinet of the President of Poland has pointed out that military mobility is a common EU and NATO priority; transport infrastructure appeared as essential for military mobility in the context of the Three Seas Initiative after the NATO summit in Warsaw in 2016 (Orzelska-Stączek & Ukielski, 2020).

The implementation of 3SI infrastructure projects will have a significant impact on the security environment of the region. There are several aspects to this. Firstly, 3SI cooperation concerns energy security. The diversification of gas supply may be an effective response to the construction of the gas pipeline Nord Stream 2, which is a clear example of conflicting interests in the region. Most Central European states remain heavily dependent on Russian gas. The security implications of Nord Stream 2 relate not only to energy; they also challenge Central European states’ gas market development, planned gas prices, their transit roles, and their security in general (Łoskot-Strachota, Bajczuk, & Kardaś, 2018; Jakóbiak, 2018; Ruszel, 2018; Kardaś, 2018; Congressional Research Service, 2020). Secondly, the planned infrastructure investments aim to facilitate military mobility in the region. Thirdly, the development of digital infrastructure should strengthen European capabilities in the field of cybersecurity. From a broader perspective, the 3SI aims at strengthening links with the USA, therefore consolidating the transatlantic community and its security. Some diplomats even wish the 3SI to serve as a bridge linking the USA and Europe. However, there is some controversy over this issue, which overlaps other challenges in transatlantic relations. Also unresolved is the issue of the impact of the 3SI on the EU. Initially, the EU and German approaches towards the 3SI were unclear. In 2017, the United States and Germany gained the status of 3SI partner states, and the EU of a partner institution, which gave a new impetus to the development of cooperation. Despite this, some uncertainty remains over EU and German attitudes to the 3SI.

## **Conclusions**

Initially, regional cooperation in Central Europe consisted mainly of attempts to coordinate political and economic positions, aiming at integration with the European Union. Consolidation of the states in the region was of crucial importance on their way to the EU and NATO, which constituted the states' security policy priority. The global changes of the security architecture have been recognized as a challenge for Central Europe, particularly at the beginning of the transition period in the 1990s and then in the face of the Russian annexation of Crimea and the destabilization in Ukraine in 2014. The latter set of events led to the second wave of regional self-organization in the form of new regional arrangements, including the Bucharest Nine and the Three Seas Initiative, the latter of which has featured projects with dual civil-military applications. There has been a significant correlation between changes in the security environment and the development of regional cooperation in Central Europe.

Our research into the various forms of cooperation between Central European states indicates that they were launched as a result of decisions made by the region's leaders in the face of a changing geopolitical situation. Therefore, neorealist theory is most useful for investigating these developments. However, the theory itself does not explain the specificity of the new regionalism in Central Europe, which is characterized by limited forms of institutionalization. The key to understanding these processes is the transition paradigm, which has allowed us to explore the issue. The usefulness of this paradigm reveals its exploratory possibilities, helping us to understand the specific characteristics of Central Europe and its methods of self-organization after 1989. This study should therefore be treated as an introduction to further studies on the transition paradigm, as a tool for understanding international relations in Central Europe.

## **Disclosure statement**

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## POLITICAL CHANGES IN CENTRAL AND EASTERN EUROPE IN THE CONTEXT OF THE GLOBAL REGRESSION OF DEMOCRACY

Krzysztof JASIECKI, PhD

Warsaw School of Economics, Poland

[k.jasiecki@uw.edu.pl](mailto:k.jasiecki@uw.edu.pl)

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**Abstract:** *The article describes political changes in the countries of Central and Eastern Europe that are members of the European Union against the background of the global condition of democracy. The frame of reference are selected results of the Economist Democracy Index 2020 report examining the impact of the coronavirus pandemic on political changes in the world, considering some conclusions from the previous publications of the ranking. The theoretical premises and methodology of the Democracy Index are presented, including the typology of political systems as a tool for classifying the countries covered by the study into one of the four types of the systems compared: full democracy, flawed democracy, hybrid regime and authoritarian regime. The strengths and weaknesses of the Democracy Index have characterized as well as the symptoms of the global decline of democracy. Changes in the values of the Index indicators in the countries of Central and Eastern Europe between 2006 and 2020 are analysed. The summary shows the ambivalence of the directions of political changes in the region.*

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**Keywords:** Global crisis of democracy, European Union countries, Political changes in the countries of Central and Eastern Europe, Strengths and weaknesses of the Economist Democracy Index 2020.

### Introductory remarks

The paper aim is to describe the political situation in the countries of Central and Eastern Europe against the background of the global condition of democracy. The starting point and frame of reference in this regard are selected results of The Economist Democracy Index 2020 report, which examines the impact of the coronavirus pandemic on political changes in various countries and regions of the world. Some findings from earlier publications of this Index are also taken into account. It is prepared by The Economist Intelligence Unit, which belongs to the corporation that owns The Economist – the prestigious, liberal British weekly. Due to its long-term, recurrent and

multidimensional nature, the Democracy Index allows, among other things, present a ranking of states and a comparative analysis of the trends under consideration in a way that is conducive to the formulation or verification of various theses and opinions about the state of contemporary political systems.

The first part of the paper describes the theoretical premises and methodology of the Index of Democracies. The following fragments present the typology of political systems used in the Index as a tool for the global positioning of countries in 2020 and discuss its strengths and weaknesses. Then, emerging from the Index, the main manifestations of the global decline of democracy are presented. Against this background, political changes in individual countries of Central and Eastern Europe are described, with a different pace and scope towards “faulty democracies”. The paper closes with conclusions.

### **Democracy Index: theoretical background and methodology**

The Democracy Index was first developed in 2006. Until 2010, it was published every two years, and then it began to appear annually. The latest, 13th edition of the survey covered 165 countries and two dependent territories, including Hong Kong. The authors correctly point out that there is no single, universally accepted definition of democracy. The concept of democracy has various meanings and connotations. The democratic system – like all political systems – has a multidimensional character, and, among other things, it is conditioned by election procedures, the quality of institutions, and the patterns of civic activity. In addition, each of these dimensions is gradual and is also specifically related to the historical and economic context, which makes it difficult to develop a universal definition of democracy and creates interpretation controversies. Similar problems also exist in terms of the criteria for distinguishing and measuring methods of other political systems (Crouch 2020; Inglehart, Norris 2019; Held 2006; Saward 2003; Dahl 1989; Sartori 1987). In such circumstances, the authors of the Index, as part of the conceptualization of research assumptions, presumed that democracy is a set of practices and principles that institutionalize the protection of freedom. In line with the theories prevailing in the political science and sociological literature on the subject, this collection includes five analytically distinguished categories of issues. They were operationalized by means of a questionnaire consisting of 60 questions on the key dimensions of the political system (their number regarding the dimensions is indicated in parentheses). The questions include the electoral process and

pluralism (12 questions), the functioning of the government (15), political participation (9), political culture (9), and civil liberties (17). Altogether, high indications in these dimensions constitute the sine qua non of all definitions of democracy, and their deficits are a manifestation of systemic limitations or qualitative differences, e.g., characteristic of authoritarian regimes<sup>1</sup>.

The results of the Democracy Index allow to create a global ranking of states based on the weighted average value of responses to all the questions, each of which has two or three possible answers to choose from. The answers are coded as 0, 1, or (if there are three possible alternatives) also as 0.5. In several cases, giving a zero-point answer to one question results in an automatic receiving of 0 points in answer to another question. The points obtained are summed up in each category, multiplied by ten, and divided by the total number of questions. Modification of the results for a given category takes place in the case of no answer 1 in the following areas considered crucial for democracy: freedom and fairness of elections, voter safety, the influence of foreign powers on the government, and the ability of the state administration to enforce legal regulations. If the answers to the first three questions are 0 or 0.5, 1 or 0.5 points are subtracted from the result in the relevant category (“the election process and pluralism” or “the functioning of the government”).

If the answer to the fourth question is 0, 1 point is subtracted from the result of the category “the functioning of the government”. The vast majority of responses result from expert judgment. However, some are obtained in a different way, for example, on the basis of public opinion polls such as the World Values Survey, the Gallup Institute, Eurobarometer, or national surveys. In the case of countries for which such surveys are not available, the results of opinion polls from similar countries are used to obtain answers. In some matters, official data are also referenced, e.g., n voter turnout. The country average is calculated from the total number of points obtained in the five categories. This indicator, rounded to two decimal places, determines the final classification in the Democracy Index.

### **Typology of political systems**

Based on the final results obtained in accordance with the above methodology, all the countries included in the Index are broken down into “full democracies”, “flawed democracies”,

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<sup>1</sup> The assumptions and methodology of the *Democracy Index 2020* are characterized by *Appendix*, pp. 54-68.

“hybrid regimes”, and “authoritarian regimes”. Such a classification, constituting a set of ideal types used to describe the state of democracy in the world based on indicators for their operationalization, distinguishes the most important features of the compared political systems. They are characterized as follows:

- **“Full democracies”** (countries with 8 to 10 points): countries where fundamental civil liberties and political freedoms are respected and strengthened by political culture standards conducive to the development of democracy. The functioning of the authorities is satisfactory, the media are pluralistically diverse and independent from the government, there are effective mechanisms to ensure the maintenance of political balance, the judiciary is independent, and its judgments are enforced. Problems with democracy in these countries are limited.
- **“Flawed democracies”** (6 to 7.9 points): countries where elections are conducted in a fair and accessible manner and where fundamental civil liberties are respected despite problems such as violations of media freedom. Such democracies, however, have their significant weaknesses, such as lowered governance standards (e.g., with regard to the system of checks and balances or violations of the rule of law), poorly developed political culture, or a low level of citizens’ participation in decisions of state authorities.
- **“Hybrid regimes”** (4 to 5.9 points): countries with significant irregularities often result in government elections not being both free and fair. In such countries, governments often pressure, political opposition, there is persecution and pressure on journalists, the judiciary is not independent, corruption is widespread, and civil society is weak and inactive. Political culture, the functioning of the government, and the level of participation in political life are at a lower level than in the case of flawed democracies.
- **“Authoritarian regimes”** (below 4 points): countries where political pluralism does not exist or is severely limited, violations of civil liberties are widespread, elections to the governing bodies – if they are held – are not free or fair, and the judiciary is not independent. They may have conventional democratic institutions, such as parliaments, but they are of little or no significance. In such countries, the media is usually state-owned or controlled by government-related interest groups. Censorship is pervasive, and criticism of the government is stifled.

The typology presented is used to locate countries within the resulting systemic characteristics described in the period covered by the study.

### **Strengths and weaknesses of the Democracy Index**

The Index's strength reinforces the presence in the international public debate of democracy against the background of changes taking place in countries with different political systems. The global reach of "The Economist" gives this weekly publication a high media impact, also stimulating political discussions and scientific reflection. In this aspect, the Democracy Index can be compared to other frequently discussed sources of system or problem comparative studies, such as the Freedom House (FH) reports on the state of democracy in the world, or the Corruption Perceptions Index (CPI) launched by the Transparency International (TI). The Economist has created a new variant of the multidimensional analysis of political systems, allowing for typologically distinguishing their types, as well as trend observations based on a number of complex indicators and expert views. It is a type of dynamic cross-sectional research planned to characterize and describe the same phenomenon over a long period (longitudinal studies). The continuity of data collected in the course of the Democracy Index is useful in studying changes at selected points in time. It provides an opportunity for cross-national comparisons and selected trends in various countries and regions worldwide.

However, compared to other cross-national comparative studies, the Index also has significant limitations and weaknesses. Some of them may also arouse significant ideological controversies, such as the institutional affiliation of the research company – The Economist Intelligence Unit. Due to close links with "The Economist", the company is associated with the views of the liberal circles gathered around the magazine (although for people with a similar approach to politics, this may be an advantage of the Democracy Index). This orientation, regardless of the use of social science methodology, is clearly reflected in the theoretical assumptions and methodology of the Index. It refers to Robert Dahl's concept of polyarchy basing the state system on the characteristics of representative democracy and Ronald Inglehart's theory of modernization, according to which in advanced industrial societies, people begin to attach increasing importance to the quality of life, individual autonomy, free expression, environmental protection and direct participation in making political decisions. In Dahl's concept, the distinguishing features of democracy include primarily the exercise of constitutional control over the government, free elections, equal political rights, the freedom to create independent



organizations and associations, and unlimited access to information<sup>2</sup>. A methodological manifestation of this orientation is the adoption of the largest number of questions in the study (17) regarding the protection of civil liberties, access to the Internet, independence of the judiciary, equality before the law, and individual rights and human rights.

The Democracy Index goes slightly beyond Dahl's concept by formulating questions also relating to participation and political culture. However, it does not go significantly beyond the liberal tradition of "electoral democracy" mainstream. It leaves out left-wing inspirations, for example, in the field of guarantees of social rights or participation in the workplace ("workers' democracy"), influential in the Nordic countries and the EU "core" countries, with Germany at the forefront. In turn, against the radical right, the Index upholds a positive assessment of religious tolerance and the separation of the church and the state. At the same time, its authors emphasize the fundamental difficulties in defining, selecting, comparing, and evaluating qualitatively different indicators. Many of them are strongly historically conditioned, which raises doubts whether using the same questions in different socio-cultural contexts leads to obtaining indicators of the same attitude.

Public opinion researchers have long recognized the deeply rooted cultural and regional differences among different countries regarding the perception of key issues such as power, freedom, justice, and corruption. Their occurrence causes fundamental difficulties in applying standards and measures to other societies developed in the Anglo-Saxon Protestant tradition (Noelle-Neumann 2004, pp. 264-267). The Democracy Index can be classified as a descriptive study in which states are the subjects of analysis. Some of them, however, are very heterogeneous, and their internal administrative units could be an analytical equivalent of other countries (for instance, can a country the size and population of China be fully comparable to the small countries of the Western Balkans? Can an internally heterogeneous India, or Belgium, be treated as a coherent whole?)<sup>3</sup>.

In countries of great social contrasts, difficulties in assessing the equivalence of indicators for inhabitants of small villages and those of large cities may be much greater than in the case of comparisons between nations (Słomczyński 1995, p. 36). In research, country names frequently

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<sup>2</sup> *Democracy Index 2020*, p. 55.

<sup>3</sup> Additionally, in some countries the credibility of public opinion polls is problematic, as exemplified by India during the rule of Prime Minister Narendra Modi. *The Economist*, *The Modi blues*, June 19, 2021.

function as data set descriptors that ignore these issues. The Democracy Index confirms this phenomenon. It describes important phenomena and trends but does not undertake any deeper attempts to explain their premises, limiting the possibility of formulating theoretically significant conclusions. In this respect, the Index is closer to cross-sectional photographs of various phenomena than to cause and effect explanations of the state of democracy. It blurs the specificity of changes in individual countries (and regions of the world) due to the unification of national cases and depriving them of individual and collective contexts, e.g., cultural and religious. It creates the risk of excessive generalization of research results and simplified interpretations of the observed issues.

Some doubts are also raised by the indicators used in the Democracy Index taken from the World Values Survey. The effects of the Covid-19 pandemic (similarly to the consequences of the financial crisis of 2008-2010) in many countries may negatively verify Ronald Inglehart's thesis on the rise of post-materialistic values in modernizing societies, rooted in the belief about economic growth, improvement of living conditions and secularization<sup>4</sup>; especially that the Index does not contain information on the selection of experts from the countries where the research was carried out or on the introduction of a set of contextual indicators, which would increase the chance of an appropriate (e.g., "understanding") interpretation of questions well-rooted in local conditions of changes in social behaviour and institutional changes<sup>5</sup>. This situation also raises doubts about the adequacy of verbal equivalents, which affect the value of the final results. Thus, comparisons between nations are often questionable in such circumstances, as are rankings of countries, especially those belonging to significantly different cultures and political traditions, or those at different levels of economic development<sup>6</sup>.

As a result, the Democracy Index is mainly arbitrary, reflecting primarily the theoretical perspective and criteria for assessing political systems considered in the interpretation of the

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<sup>4</sup> For example, with regard to the European Union countries, the increase in the influence of religion on voters is analysed by F. Foret, E. Mondo (2019).

<sup>5</sup> People's way of thinking is culturally determined. However, researchers are also a mental product of their culture, which influences, inter alia, to formulate the issues and questions considered important. The standard solution used in the comparative research of different cultures is decentration, i.e. the involvement of researchers from other cultures. Hofstede, Hofstede, and Minko (2005) discuss the methods used in intercultural research more broadly. The institution of independent external experts sometimes provides the only viable method of obtaining the answers.

<sup>6</sup> Makowski (2008, pp. 34-66 and others) conducted a critical analysis of rankings and public opinion polls based on expert assessments and surveys. According to the author, their fundamental weakness is also the fact that they are based on functionalist theories while ignoring the perspectives of the conflict theory.

Anglo-Saxon liberal-democratic mainstream. The listing of its strengths and weaknesses does not, however, disqualify the significance of the results discussed. However, what it shows are the limitations and consequences of adopting a specific theoretical and methodological concept in the Index, which should be considered in its interpretation<sup>7</sup>. Its political importance is increased by the change of the president of the United States. The new administration of Joe Biden, which took power at the beginning of 2021, emphasizes (unlike the administration of the previous President, Donald Trump) support for democratic values, the rule of law, freedom of the media, and for minority rights, which is close to the theoretical assumptions and methodology of the Democracy Index.

### **Global regression of democracy**

According to the 2020 Democracy Index, the average global result of the indicator (5.37) has dropped to the lowest level since its first publication. As many as 116 out of 167 countries (nearly 70%) recorded a decrease in the value of the Index compared to 2019. This result confirms the view of Samuel P. Huntington that the third wave of democratization initiated by the “carnation revolution” in Portugal in 1974, which culminated in the collapse of the communist system in Central and Eastern Europe and the Soviet Union, can be stopped and even partially reversed. The abandonment of democracy in the world is not a new historical tendency. Its well-known manifestations were totalitarian regimes (led by Bolshevik Russia and Nazi Germany), authoritarian rule after World War I, the creation of “people’s democracy” states ruled by communist parties after 1945, as well as dictatorial systems emerging in many countries post-colonial Third World in the 1960s<sup>8</sup>.

The financial crisis initiated in the United States in 2008, spread into the European Union and other regions of the world through capital connections, became a new catalyst for similar trends. The most recent deterioration of the state of democracy was brought about, primarily but not exclusively, by the introduction by governments of constraints related to counteracting the coronavirus pandemic. Among them were, among other things, an unprecedented restriction of

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<sup>7</sup> The awareness of the existence of ideological aspects enriches the theory and practice of the methodology of social sciences. Many research techniques have been devised to balance or control our human limitations, especially those we are unaware of. For more see Babbie (2001).

<sup>8</sup> Regarding the premises of a possible departure from democracy and transition to various forms of authoritarianism, S.P. Huntington (1991, chapter 6).

civil rights and freedoms, the most substantial since World War II. In some countries, especially those under authoritarian and populist governance, the successive waves of Covid-19 have provided a pretext for capturing the state, increasing control over the society, and repressing dissidents and opposition groups. According to the findings of the 2020 Democracy Index, such a situation occurred to the greatest extent in sub-Saharan Africa, in the Middle East, and North Africa. The “Arab Spring” launched in 2010 was unsuccessful, and the countries of the region – except for Israel and Tunisia – are still included in the category of authoritarian regimes.

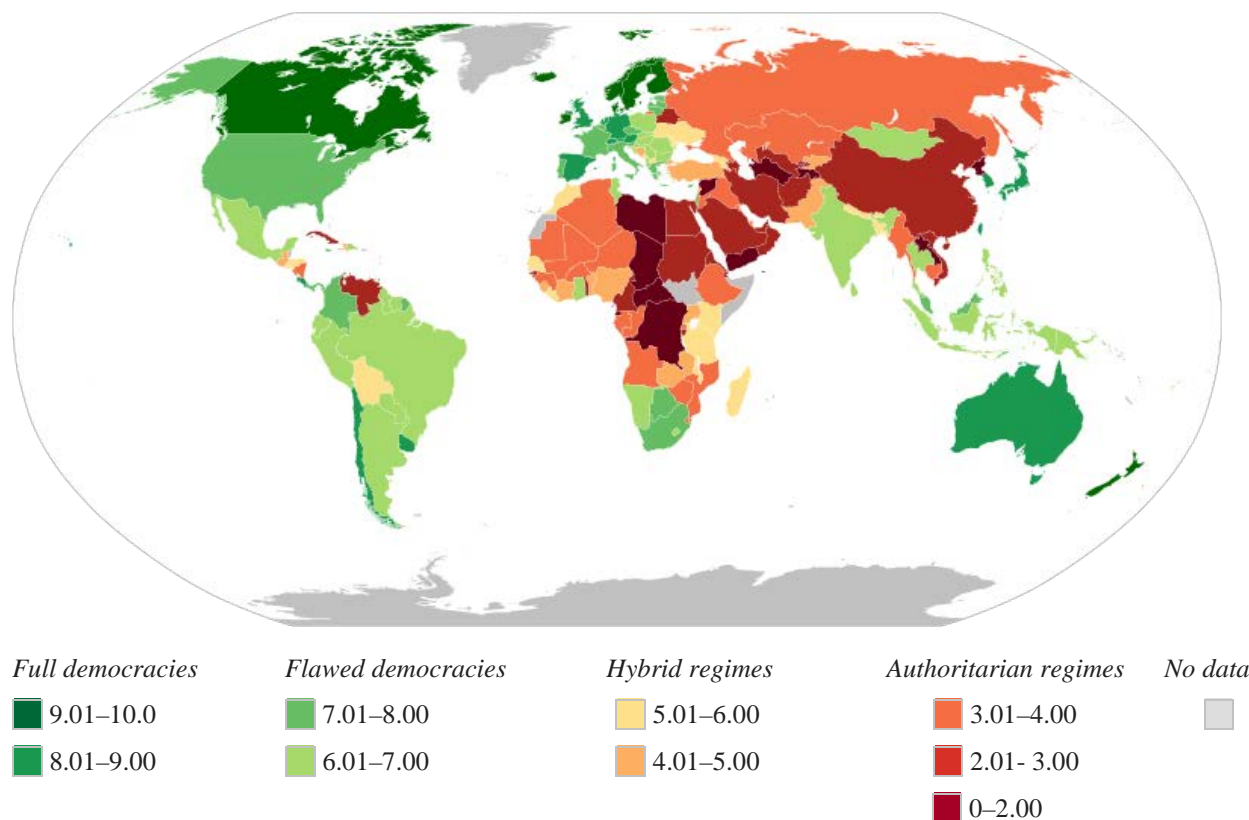
The deterioration of democratic standards also affects (although to different extents) many countries located in Europe as well as those in the EU, Asia, South America, and North America. Due to the goals and governing style of President Donald Trump, in 2020 the United States was classified as a “flawed democracy”. Among the reasons for this categorization, the Index indicated extremely low trust in institutions, high dysfunctionality of state authorities’ actions in the fight against the coronavirus pandemic and its radical politicization, increasing polarization, political conflicts, and decreasing social cohesion. Examples of such tendencies were mass protests against police violence after George Floyd’s death, racial injustice, and the rise of the Black Lives Matter movement. On the other hand, the right-wing circles questioned the foundations of the American system, attacked the freedom of expression, the independence of the judiciary, and even questioned the results of the presidential election. The spectacular culmination of such political tendencies was January 6, 2021, attack by Donald Trump’s supporters on the Capitol in Washington to prevent the Electoral College from voting and the legal taking power by Joe Biden.

According to the latest Democracy Index, 11 states in the world have changed their place in the typology of political systems: seven of them negatively and four positively. Three Asian countries have moved from the category of “flawed democracies” to “full democracies” (Japan, South Korea, and Taiwan). In the Balkans, Albania has shifted from a group of “hybrid regimes” to “flawed democracies”. In turn, in the EU, France, and Portugal, due to their governments’ methods of fighting the pandemic and restrictions on civil rights, lost the status of “full democracies”, which they had in 2019 and were classified as “flawed democracies”. El Salvador and Hong Kong have been moved to “hybrid regimes.” According to the Democracy Index, slightly less than half of the world’s population lives in “full” or “flawed” democracies. The analysis of states according to the systemic classification leads to the following summary of the most important results of the ranking:

- The “full democracies” (23) include all the Nordic countries, most of Western Europe and Anglo-Saxon countries, as well as Taiwan, Japan and South Korea in Asia, Costa Rica, Uruguay and Chile in Latin America and Mauritius in Africa (inhabitants of this group of countries together constitute only 8.4% of the world’s population).
- The category of “flawed democracies” (52) this time included certain countries considered in 2019 as “full democracies” – France, the United States, and Portugal, as well as a large group of countries previously included in this group, such as Italy, Israel, Belgium, South Africa, Argentina, Brazil, Mexico, Thailand, and Singapore, including all the EU countries of Central and Eastern Europe (41% of the global population live in this group of countries, relatively the largest part of the world population).
- The ‘hybrid regimes’ (35) include, among others, Bangladesh, Ukraine, Hong Kong, Tanzania, Kenya, Turkey, Pakistan, and Nigeria (15% of the world’s population).
- The category of “authoritarian regimes” (57) includes Kuwait, Algeria, Angola, Iraq, Nicaragua, Mozambique, Russia, Qatar, Cambodia, Vietnam, Egypt, Afghanistan, Cuba, Venezuela, the United Arab Emirates, Belarus, China, Iran, Saudi Arabia and Iraq (35.6% of the world’s population in total).

According to the results of the Index, in 2020, only 38 countries inhabited by 22.6% of the world’s population improved in total, and in 13 the state of democracy was stagnant. The most favorable change was recorded in Taiwan, where the course of the presidential and parliamentary elections in high turnout and significant mobilization of the young generation confirmed that democracy is well-rooted in society and that state institutions are highly trusted by the public. Mass protests in Hong Kong also had a significant impact on this result. They were caused by the announcement by the authorities of the People’s Republic of China (PRC) of draft legislation violating the civil liberties and status of this Special Autonomous Region, which, according to the agreement with the United Kingdom, was to be in force until 2047. These events consolidated Taiwan’s society, threatened by increasing political pressure from the PRC. The visualization reflecting the systemic differences in the world, following the adopted typology, is presented in the Chart below.

**Chart 1. Democracy Index 2020, global map by regime type**



Source: Democracy Index 2020, p. 4

African states find themselves at the opposite extreme of political change. In Mali, the military seized power in August 2019, and part of the country is under the control of Islamic fundamentalists. Togo and Burkina Faso are in a similar position, where jihadists have incited armed uprisings against the state authorities, which resulted in these three countries being classified as “authoritarian regimes”.

### **“Flawed Democracies” in Central and Eastern Europe**

The Democracy Index lists a total of 28 countries considered as Eastern Europe. Other geographic regions highlighted in the report are Asia and Austral Asia, Latin America, North America, the Middle East, North Africa, Sub-Saharan Africa, and Western Europe. Such a categorization of the broadly understood Eastern Europe brings together countries that are very diverse in many respects: from the countries of Central Asia, through the Caucasian countries, the Russian Federation, the Baltic republics, the countries of Central Europe, to the countries of the Balkan Peninsula. The region’s heterogeneity is also reflected in the classification of the region’s



countries into three different types of political systems in line with the Index typology - “flawed democracies” (13), “hybrid regimes” (8), and “authoritarian regimes” (7). However, the direction of changes in the political situation in the region is vividly evidenced by the fact that, since 2014, none of the countries in the region has been included in the category of “full democracies”. In order to reduce some of the weaknesses of the Index methodology characterized earlier (e.g., resulting from the difficulty of comparing very different countries), this part of the analysis was limited to 11 countries of Central and Eastern Europe.<sup>9</sup>

Their systemic common denominator is their EU membership, which creates the general institutional framework of a democratic political system and strengthens the processes of macroeconomic convergence to the level of economic development of more developed countries. According to the 2020 Democracy Index score, the following states have been analyzed: Estonia, the Czech Republic, Slovenia, Latvia, Lithuania, Slovakia, Poland, Bulgaria, Hungary, Croatia, and Romania. All of these countries are categorized as “flawed democracies”. The results are partially inferior to Latin America, where Uruguay, Costa Rica, and Chile have been labelled “full democracies.”<sup>10</sup> These countries can be interpreted as a further confirmation of the backsliding thesis – the erosion of democracy in Central and Eastern Europe – and of regressing in this respect in relation to the previously achieved positions. Due to the direction of political changes, higher standards are still expected of these countries, which are articulated both by a significant part of their citizens and by other democratic countries, including EU member states and EU institutions (Sadurski 2019).

Such tendencies update the views emphasizing, since the 1990s, the heterogeneity and contradictions in the development of the countries of the region, which undermined the expectations of a one-way transformation of the political system – from the authoritarian system to the democratic one. The results of the 2020 Democracy Index, therefore indicate the need to develop more precise characteristics of democratic systems, as well as to develop research on specific forms of “non-democracy”, such as “illiberal democracy”, “clientelist democracy”,

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<sup>9</sup> The researchers of economic changes, who distinguish this group of countries in regional comparisons, behave in a similar way, see Rapacki (2019).

<sup>10</sup> At the same time, it is worth noting a greater typological diversity of political systems than in 11 countries of Central and Eastern Europe, which is illustrated by the fact that the three Latin American and Caribbean countries, Nicaragua, Venezuela and Cuba, are included in the 2020 Democracy Index as “authoritarian regimes”.

“authoritarian democracy” etc. (Balik, Holzer 2007). The diversified development of political systems in Central and Eastern Europe confirms that classifying them into one category of “flawed democracies” does not fully reflect the complexity of their systemic changes. Estonia, the Czech Republic, and Slovenia are relatively closest to the criteria of “full democracies”. Latvia and Lithuania place themselves directly behind them. Other countries in the region are separated by a greater distance from the leaders in this ranking. Slovakia, Poland, and Bulgaria are in the middle, while Hungary, Croatia, and Romania occupy the lowest positions.

The coronavirus pandemic has, to varying degrees, amplified the long-standing trends and problems of this region of Europe. The most important of them include the relatively low quality of institutions, including the functioning of the government, the increase in the popularity of strong leaders, weaknesses in participation and political culture, lower support for democracy, and disappointment with the inferior position in the EU of those countries which are mainly capitalized by populist, right-wing and nationalist parties (Krastev, Holmes 2019). Previously, some countries in the region had departed from the rule of law and negated liberal values that weakened the foundations of democracy. Hungary, and later Poland<sup>11</sup>, were mentioned as the most significant examples of states pursuing such a policy through the dismantling of democratic institutions, including the system of checks and balances, legislative and administrative changes limiting civil rights and judicial independence, and taking control of public (as well as of private) media. In this area, compared to the 2019 Index, the state of democracy deteriorated in most countries in the region – with the partial exception of Slovenia, Poland, and Bulgaria in terms of political participation. In recent years, this state of affairs has been particularly affected by the consequences of introducing radical measures against the coronavirus pandemic, such as a lockdown, social distances, and restriction of civil rights, e.g., in the form of a ban on public gatherings, limiting the movement of people national and internationally and introducing a curfew in several countries. The extraordinary circumstances of the pandemic create structural grounds for abuse of power in line with the proverb that “opportunity makes a thief” and “the fish spoils from the head”. Documentation of the use of the coronavirus pandemic for such purposes in EU countries is provided, inter alia, by reports from non-governmental organizations. They highlight the

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<sup>11</sup> *Democracy Index 2019*, pp. 30-31. Regarding the impact of the political ideas of V. Orban’s government on the concept of PiS exercising power in Poland see Dąbrowska, Buzgany, Varga (2019); Chapman (2017).

significant deterioration of the situation (in many Member States) in the judiciary, corruption, freedom of expression, and access to public information, separation of powers, the rule of law and the defense of human rights<sup>12</sup>. Before the coronavirus pandemic (mainly in the context of the rule of law), this issue became the subject of the positions of the EU bodies along with the announcements of an action plan in this area<sup>13</sup>. The extraordinary measures taken by governments during a pandemic crisis are also used to increase political influence uncontrollably and obtain undue economic benefits. In many countries, the pandemic has become a pretext to change the rules and scheduling of elections (presidential, parliamentary, and local) to obtain unwarranted political benefits<sup>14</sup> such as concentration of the executive power, media partyisation, limiting the transparency of law-making and social consultations, abusing the ban on assemblies and movement, and political control over the judiciary.

In addition, large packages stimulating the economy create opportunities for abuse, for trading in influence, for nepotism, unfair favouritism of certain regions, social groups, or economic entities, especially those related to the ruling politicians or constituting their electoral support<sup>15</sup>. Such situations are fostered by a decline in the quality of governance resulting from the fast pace of events and the implementation of regulatory changes, which, due to the circumstances of the pandemic, are not subject to civic debate. Circumstances of this kind occur with particular force in those states which are burdened with the post-authoritarian path of development dependencies, have relatively recently started to create democratic institutions, are characterized by significant political passivity of citizens, and the weakness of civil society just building its economic prosperity (Marczewska-Rytko et al. 2018). In this context, for Central and Eastern Europe, some conclusions emerging from the review of all Democracy Index scores (see Table 2) are of interest.

Firstly, in the entire period under consideration, the leading countries achieving the relatively highest scores stand out. This group consists of the Czech Republic, Estonia and Slovenia,

<sup>12</sup> Civil Liberties Union for Europe. *UE 2020: Demanding on Democracy. Country & Trend Reports on democratic Records by Civil Liberties Organizations Across the European Union*. [https://dq4n3btxm8c9.cloudfront.net/files/AuYJXv/Report\\_Liberties\\_EU2020.pdf](https://dq4n3btxm8c9.cloudfront.net/files/AuYJXv/Report_Liberties_EU2020.pdf) (access date 21 June 2021).

<sup>13</sup> <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52019DC0343&from=EN>, (access date 21 June 2021).

<sup>14</sup> The presidential elections in Poland in 2020 were a symptomatic example of exceeding the competences and abuse of power in the area of legal interpretations, the course and manner of organizing the elections, the lack of transparency and the costs of changing the election date. See: The Supreme Chamber of Control. *Actions of selected entities in connection with the preparation of the general elections for the President of the Republic of Poland ordered on 10 May 2020 with the use of postal voting*. Warsaw. April 23, 2021

<sup>15</sup> OECD. *Public Integrity for and Effective COVID-19. Response and Recovery*. 19 April 2020. <https://www.oecd.org/coronavirus/policy-responses/public-integrity-for-an-effective-covid-19-response-and-recovery-a5c35d8c/>, (access date 22 June 2021).

followed by Latvia and Lithuania. None of these countries fell below 7 points, but only the Czech Republic (the only country in the region) met the “full democracies” criteria in 2006-2013. This circumstance is often explained in terms of the long duration and entrenched democratic experiences correlated with the high level of economic development in Czechoslovakia before World War II when the country was creating the region’s only democratic system (Rothschild 1998).

**Table 2. Democracy Index in Central and Eastern Europe in 2006-2020**

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2008	2006
Estonia	7,90	7,90	7,97	7,79	7,85	7,85	7,74	7,61	7,61	7,61	7,68	7,68	7,74
Czech Republic	7,69	7,69	7,69	7,62	7,82	7,94	7,94	8,06	8,19	8,19	8,19	8,19	8,17
Slovenia	7,54	7,50	7,50	7,50	7,51	7,57	7,57	7,88	7,88	7,76	7,69	7,96	7,96
Latvia	7,24	7,49	7,38	7,25	7,31	7,37	7,48	7,05	7,05	7,05	7,05	7,23	7,37
Lithuania	7,13	7,50	7,50	7,41	7,47	7,54	7,54	7,54	7,24	7,24	7,24	7,36	7,43
Slovakia	6,97	7,17	7,10	7,16	7,29	7,29	7,35	7,35	7,35	7,35	7,35	7,31	7,40
Poland	6,85	6,62	6,67	6,67	6,68	7,09	7,47	7,12	7,12	7,12	7,05	7,30	7,30
Bulgaria	6,71	7,03	7,03	7,03	7,01	7,14	6,73	6,83	6,72	6,78	6,84	7,02	7,10
Hungary	6,56	6,63	6,63	6,64	6,72	6,84	6,90	6,96	6,96	6,04	6,21	7,44	7,53
Croatia	6,50	6,57	6,57	6,63	6,75	6,93	6,93	6,93	6,93	6,73	6,81	7,04	7,04
Romania	6,40	6,49	6,38	6,44	6,62	6,68	6,68	6,54	6,54	6,54	6,60	7,06	7,06
Average*	8,29	8,35	8,35	8,38	8,40	8,42	8,41	8,41	8,44	8,40	8,45	8,61	8,60

\* The concept of the average refers to the index of “full democracies” and is a measure of the distance of 11 Central and Eastern European countries to this category of political systems in subsequent editions of the Index. Source: own study based on Democracy Index 2020, pp. 21-22.

Secondly, there is a downward trend in the Central and Eastern European Democracy Index score. The exception is Estonia which since 2015 has been close to meeting the criteria of “full democracies” (i.e., exceeding 8 points of the Index as the threshold for obtaining such categorization in the typology of political systems). In the latest edition of the Index, only five countries in the region exceed the level of 7 points – Estonia, the Czech Republic, Slovenia, Latvia, and Lithuania. Other countries do not achieve this result. Romania, Croatia, and Hungary recorded similar indicators only in 2006 and 2008. In most countries of the region, initially relatively high indicators of the Democracy Index can be treated as a consequence of changes in the style of governance and accession reforms, the so-called EU effect. (Jasiecki 2008). It is worth noting,

however, that in the entire analyzed period, the average of the indicators achieved globally by the countries of “full democracies” has also gradually decreased.

Thirdly, over time in Central and Eastern Europe, the group of countries falling below their previous results has grown – Hungary since 2013 and Poland, Croatia, and Romania since 2016. Slovakia and Bulgaria joined this group in 2020. In Hungary and Poland, such indicators reflect the general trend of systemic transformation towards “illiberal democracy”, as defined by Viktor Orban.

The Democracy Index rating system enables the analysis of political systems in five dimensions: the electoral process and pluralism, the functioning of the government, political participation, political culture, and civil liberties. Such a list helps to identify. Such a comparison helps identify indicators lowering the quality of democracy in CEE compared to other EU countries. A comparison of these dimensions in the countries of the region shows that the relatively highest indications of the Index are found in the electoral process and pluralism and – to a much lesser extent – in the sphere of civil liberties. On both of these issues, Hungary, and partly also Croatia, have the lowest scores. On the other hand, the functioning of the government, participation, and political culture in the region are significantly below the EU average. The lowest indicators are shown in the area of political culture, with a significant difference between the leading countries in this group of states (the Czech Republic, Estonia), and those from the bottom of the ranking – Romania, Croatia, and Bulgaria (Table 3)<sup>16</sup>.

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<sup>16</sup> An anecdotal, but telling, example of the difference in political culture in the region are the two examples concerning the Czech Republic and Poland. A manager who lives in the Czech Republic told me about the deliberations of the parliament in Prague, during which the previously reported absence of several MPs from the ruling coalition caused the opposition parties to withdraw the same number of MPs so as not to take advantage of their numerical advantage during the vote. I have not encountered similarly consensual behaviour in the Polish parliament. In turn, Polish workers working in the Czech Republic recounted with surprise that the workers of the plant where they were employed went on strike and then, after the end of the strike, worked off the lost day's wages on the following Saturday. In Poland I have not come across any information about similar situations.

**Table 3. Eastern Europe, Democracy Index 2020**

	Overall score	Global Rank	Regional Rank	Electoral process and pluralism	Functioning of government	Political participation	Political culture	Civil liberties
Estonia	7.84	27	1	9.58	7.86	6.67	6.88	8.24
Czech Republic	7.67	31	2	9.58	6.07	6.67	7.50	8.53
Slovenia	7.54	35	3	9.58	6.48	7.22	6.25	8.24
Latvia	7.24	38	4	9.58	6.07	6.67	5.63	8.24
Lithuania	7.13	42	5	9.58	6.07	5.56	5.63	8.82
Slovakia	6.97	47	6	9.58	6.43	5.56	5.63	7.65
Poland	6.85	50	7	9.17	5.71	6.67	5.63	7.06
Bulgaria	6.71	52	8	9.17	5.71	7.22	4.38	7.06
Hungary	6.56	55	9	8.33	6.43	5.00	6.25	6.76
Croatia	6.50	59	10	9.17	6.07	6.11	4.38	6.76
Romania	6.40	62	11	9.17	5.36	6.67	3.75	7.06

Source: Democracy Index 2020, p. 33.

The above results lead to the conclusion that among the analyzed five aspects of the 2020 Democracy Index, its weakest distinguishing features in Central and Eastern Europe are the “soft dimensions” of the public sphere, such as political culture and political participation. These are the findings that not only indicate the areas of the most significant deficit of democracy in this region but also show that social attitudes and behaviours are rather poorly rooted in creating the conditions for the stable development of such a political system.

### Summary

The 2020 Democracy Index is a global ranking of political systems. It introduces a typological distinction between “full democracies”, “flawed democracies”, “hybrid regimes”, and “authoritarian regimes”. The compared states are analysed taking into account five key dimensions of the political system: the electoral process and pluralism, the functioning of the government, political participation, political culture, and civil liberties. The index reflects the theoretical



perspective and the criteria for political system analysis prevailing in the Anglo-Saxon liberal-democratic mainstream (as in Dahl's concept of polyarchy and Inglehart's theory of modernization). Its latest edition confirmed the global regression of democracy, which was strengthened by the introduction of unprecedented restrictions against the coronavirus pandemic. According to the Index, the countries of Central and Eastern Europe have been included in the category of "flawed democracies" since 2014 (in the last few years, Estonia is the only country close to "full democracy", and previously only the Czech Republic met the criteria for such a political system).

The period of the coronavirus pandemic significantly accelerated the erosion of democracy in this region of Europe. Following the example of Hungary, some states – especially Poland – are departing from the liberal principles of the rule of law, separation of powers, freedom of the media, and the limitation of civil rights, including women's rights and the rights of minorities. The phenomena and tendencies known before, such as the low quality of institutions and the functioning of the government, the great influence of authoritarian and populist leaders, disappointment with the direction of systemic changes, weak participation, and, low quality of political culture, have intensified in the entire region. The results of the 2020 Democracy Index also confirm the need to develop more precise characteristics of democratic systems and to develop research on new forms of "illiberal democracy", "personalist types of non-democratic regimes", etc. Samuel P. Huntington (1991) in the context of the revolution of 1989-1990, asked whether they were anti-communist democratic movements or anti-Soviet nationalist movements? In the latter case, he saw the possibility of a return of authoritarian nationalist regimes in some countries of the region. The occurrence of such a scenario is characterized by the Freedom House Report, Nations in Transit 2020, which carries the symptomatic subtitle *Dropping the Democratic Façade*. The recommendations of this report attest to the seriousness of the situation. "Given the EU's lack of success to date in addressing autocratization in Hungary and Poland, member states should adopt a simple and uniformly applicable method for making EU funding conditional on respect for democratic values." (Freedom House 2020, p. 18).

The 2020 Democracy Index rating system allows comparisons of different dimensions of the political system. In Central and Eastern Europe, they show that the relatively highest indications of the Index are in the electoral process and pluralism, and – to a much lesser extent – in the sphere

of civil liberties. On the other hand, the functioning of the government, participation, and political culture in the region are clearly below the EU average. However, contrary to expectations that the pandemic period will “freeze” activities in the public sphere, in some countries of the region, there has been an increase in political participation. High political polarization and escalation of the “cultural war” in Poland, Slovenia, Latvia, Croatia, and Bulgaria also dissent from corruption, found expression in the form of participation in mass protests and social demonstrations.

In Poland, for instance, among the manifestations of mobilization of various social circles against the government's policy one may point to protests of farmers, restaurateurs, hoteliers, organizers of recreation and cultural events (theatre performances, concerts, exhibitions, etc.), as well as of protests by nurses and paramedics. The most significant expression of such tendencies became the protests of the All-Poland Women's Strike after the Constitutional Court ruling on 22 October 2020, which radically increased the criminalization of abortion. These protests assumed a mass character on a scale for many years not known in Poland. During one week, approximately a million people in over 400 localities protested against the Court's decision (Hausner 2020, p. 72). In turn, demonstrations by thousands of people were held in Slovenia against the actions of Prime Minister Janez Jansa's government limiting the independence of the media. Like the governments of Hungary and Poland, the Slovenian government exploits the public media taken over by the authorities, creates new right-wing media, and tries to force self-censorship of journalists critical of the government<sup>17</sup>.

In the countries of the region, increasing political participation is a manifestation of the emergence of new forms of civic activism. They promote changes that democratize the exercise of power by popularizing the use of online voting platforms and introducing new rules of accountability for politicians. Criticism of the authorities' actions in counteracting the coronavirus pandemic and other factors causing an increase in political participation erode the legitimacy of governments. They also reinforce the need for new political solutions that take more account of social subjectivity. They are also a manifestation of the transnational struggle for the distribution of goods and value systems going beyond the borders of the nation-state in the EU. The result of

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<sup>17</sup> [https://www.euronews.com/2021/06/04/is-freedom-of-the-press-at-threat-in-slovenia?utm\\_source=newsletter&utm\\_medium=political\\_newsletter&utm\\_campaign=eyJndWlkIjoieNkzZGNhODlmZmRmYmY4MDhkZGM0Y2E0NjJjZjg5YzUifQ%3D%3D](https://www.euronews.com/2021/06/04/is-freedom-of-the-press-at-threat-in-slovenia?utm_source=newsletter&utm_medium=political_newsletter&utm_campaign=eyJndWlkIjoieNkzZGNhODlmZmRmYmY4MDhkZGM0Y2E0NjJjZjg5YzUifQ%3D%3D) (access date 21 June 2021). J. Jansa was the only prime minister of an EU member state to congratulate Donald Trump on his victory in the presidential campaign won by Joe Biden. P. Jendraszczyk. *Europe is waiting calmly for the results from the US. Apart from Slovenia*. “Rzeczpospolita”, 5 November 2020.

this clash is not a foregone conclusion. The increase in civic activism in the world in recent years has often turned out to be a temporary and poorly institutionalized phenomenon. Social movements rarely achieve their goals, which can lead to apathy and political demobilization. It is also difficult to say how politically significant the generational and cultural change will be in the aging European societies. For the first time in history, demographics show a declining share of the younger generation in the population of many countries, making them less likely to be a target group for political parties. Especially in the countries of Central and Eastern Europe, which is distinguished by labour migration that transfers a significant population of active and entrepreneurial citizens to the more developed EU countries. Even if we recognize that new forms of participation are becoming the avant-garde and a “laboratory of change”, it remains an open question to translate their postulates into the activities of the leading actors of politics, among whom, like in Poland, the circles of the “older generation” dominate.

However, the strength of the other pole of social change is clearly growing. Accelerated by the coronavirus pandemic, digitization, and robotization, along with the shift in the capitalism model forced by the low-carbon transformation, is starting (or will soon start) favouring a new generation of political leaders. It is more likely that they will be recruited from social and cultural environments that are carriers of values and competences more functional in the face of new civilization challenges than politicians from the earlier period of post-communist transformation (leaders of the former democratic opposition, officials, and youth activists of the “old regime” etc.) The dynamics of the influences of these competitive tendencies already determine the shape of the future, and political participation is its significant herald.

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## EUROPEANNESS AND LATE MODERNITY REVISITING THE CONCEPT OF COSMOPOLITAN EUROPE

Zoltan GRUNHUT, PhD

Centre for Economic and Regional Studies, Hungary

[grunhut@rkk.hu](mailto:grunhut@rkk.hu)

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**Abstract:** *The current paper revisits the concept of cosmopolitan Europe developed by Ulrich Beck and Edgar Grande 15 years ago. The objective of this review is to shed light on the increasing actuality of the authors' argument in our social-political constellation suggests that Europe is in desperate need of progressive reinvention. The paper addresses the concept of cosmopolitan Europe in the social theoretical framework of Late Modernity. This lens helps to better understand the future scenarios ahead of the European Union as well as the interlinked options for individual and institutional responses could be taken adequately in this era of global-local changes.*

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**Keywords:** Europe, Cosmopolitanism, Europeaness, Late Modernity.

### Introduction

Among the prescriptive theories of Europe, like the federalist and confederalist (Burgess, 2007; Saurugger, 2018), and the post-nationalist (Habermas, 1998) concepts, as well as the normative power Europe ideas (Manners, 2008; Whitman, 2011), and the deconstructivist or post-structuralist (anti-colonialist, feminist and non-Eurocentric) interpretations (Kronsell, 2015; Gill, 2000), the conceptualizations of cosmopolitan Europe are specific ones due to certain aspects (cf.: Grunhut, fc.). At first, theorizing cosmopolitan Europe is not about an institutional vision of how to de- and rebuild the European Union (EU) along distinct strategies and actions plans in order to make it more integrated. The key is not to scholarly imagine something great structures for the European citizens, but to encourage them to do this task for themselves. So, cosmopolitan Europe is about the interlinked individual and institutional reflexivity and criticality to construct better ideas of Europe, and according to these perceptions, to create better European structures, as well



as to provide an empowering institutional environment for European citizens (i.e. to support various forms of ideational agencies, to initiate participation, deliberative discursiveness and inclusion, to advance options for direct governance and civil society intervention, etc.) in order to enable civil actorness (Grunhut, 2019). Cosmopolitan Europe is not about the ‘arrival’ to somewhere envisioned, since there is no final destination to reach at. It is rather about the ‘journey’ to continuously strive for something better. It is the state both of individually and institutionally being axiologically yet-to-be (Grunhut, 2020a). A ‘work-in-progress’ that is normatively not predefined as the individual constitutors and also the principal fundamentals of building and rebuilding Europe could pretty much change by time and due to the social attempts to proceed.

So, secondly, cosmopolitan Europe is a specific concept because it is related to a social theory understands the next phase of late modernization as a movement reflexively and critically breaking down the matrix of all sorts of references known from the first (or classic) modernity – be these meanings social grand-narratives (rationality, epistemological nationalism, etc.), cultural patterns (norms, codes, taboos, customs, conventions, etc.), social statuses and roles (gender, men’s and women’s statuses in a society, meaning of family, loveship, marriage, friendship, etc.), hierarchies (class, strata, social position, etc.), established Truths (scientific, religious, or ideological axioms) or formalized structural domains (such as laws, procedures and regularizations) (Beck et al. 1994). According to this theoretical perspective, Europe was already a late modern political project long before it has been started to realize this character of its own self. Actually, the mission to be accomplished is to accept this cosmopolitan shift of Europe, which is the only adequately reflected institutional response to the irreversible global tendencies of Late Modernity.

Among the explicit and implicit concepts of cosmopolitan Europe there are many important theorems proposed by authors with background of sociology (Delanty, 2005; Rumford, 2007; 2008), social theory (Habermas, 2003; 2009; 2013), critical theory and philosophy (Balibar, 2003; Žižek & Horvat, 2014), or even psychoanalysis (Kristeva, 1998; 2000). None of these theorists is an established scholar from the field of European Studies. And this is not a coincidence if we consider what they are claiming for. Namely that Europe is not a project should be envisioned in a top-down elitist sense, i.e. by decision-makers and stakeholders with the helpful contributions of experts (Grunhut, 2020b). Instead, Europe – they stress – should be built by the citizens’

Europeanness from below. Thus, not the project itself needs to be normatively principled, but the fully democratized and decentralized collective actorness to construct, which is an emancipatory competency of all European agents. Ulrich Beck and Edgar Grande (2007a) remarkably developed this argument in their book entitled 'Cosmopolitan Europe.' Although their concept was mostly addressed by criticism, still it should be considered as one of the most progressive theories about the future of Europe. Not because it is precise, super-consistent and well-elaborated without any misleading predication – critics pointed out these flaws rightly (Martell, 2008). On the contrary, Beck and Grande's book is great exactly because it does not strive for strict accuracy and rigid coherency. It purposefully deals with the aspects of *how to construct a better Europe* instead of showing *what to build as a better Europe*. So, this approach already invites to actively take part in the ideational, discursive and gesture-based process of citizens' collaboration for Europe – and, at the same time, this is the main message at the heart of the book, the most crucial aim to be achieved, i.e. to empower people that 'we' need to take this into our hands. Accordingly, Beck and Grande do not try to describe cosmopolitan Europe as a future entity. They rather inquire the conditions lead to cosmopolitanization, to this side effect of European integration opens doors for a real cosmopolitan shift. And this latter opportunity is not just the right reflection on the European constellation, but actually the only progressive response to the emerging age of Late Modernity. Thus, Beck and Grande interpret the *case of Europe* (where we are) in the context of modernization, and by this, they turn their argument into the *case for Europe* (how we should move ahead). The path is not determined as late modern tendencies in the world are not so enormously intense yet. But we are already in the midst of changes, so the desirable shift, the cosmopolitan one, is on the horizon.

Beck and Grande identify Europeanness as a specific form of cosmopolitanism that does not claim universality for itself, since universalism is fixed and exclusively referenced too. Europeanness is rather a cosmopolitan contingency makes people forget the logic of 'either/or' due to the subjective acceptance of 'both/and.' It is the recognition of others' otherness – no assimilation, no differentiation, but acknowledgment. This is the constitutive process of becoming without othering, the state of being without excluded otherness, the recognition that we are both 'self' and 'other' in our subjectivity. This cosmopolitan Europeanness is a self-transcendent orientation towards the future. A shift from the consummated 'me' and 'us' self-portrayed by fixed

references from a socially detached and passive position to the contingent ‘I’ and ‘we’ continuously self-constituted in a reflexive and critical way by active attachment to others.

Beck and Grande’s argument is 15 years old now. But it has more to say today than ever. And as time passes its actuality will increase. Simply because we are approaching an age where late modern tendencies will be more common, so Europe, which is a late modern entity from its foundation, finally has to be reinvented in a late modern sense. The current paper revisits the concept of cosmopolitan Europe with the aim to remind to this.

### **Three scenarios of the future of Europe**

Beck and Grande claim that there are three scenarios ahead of Europe. As they say: “*The decay scenario assumes that the EU is collapsing under its internal and external contradictions. On this scenario, the EU would not succeed in integrating the new Eastern European member countries economically, in advancing the ‘positive,’ market-correcting integration of the Community and in reforming and democratizing the European institutions. The result would be that the neoliberal market logic would hollow out the national welfare states and that the political forces which advocate a renationalization of politics would gain new adherents in both the ‘old’ and the ‘new’ member states.*” (Beck & Grande, 2007a: 414–415) Today, at the end of 2021, this ‘decay scenario’ is a real threat. The EU is after the Brexit; in Eastern Europe – especially in Hungary, Poland, the Czech Republic and Slovenia – nationalistic governments are accusing ‘Brussels’ that it is under the influence of ‘globalist powers’ try to undermine the national, ethnic and cultural homogeneity, the economic stability, as well as the domestic political and social institutions of these societies by supporting (Islam) immigration, LGBTQ+ groups and anti-traditionalist NGOs (feminist, pro-abortion, radical green, etc. organizations), as well as ‘multinational capitalists’ (like the American Jewish philanthropic billionaire George Soros); while in much of the Western European countries emerging EU-skeptic populist political movements are challenging the ‘integration-must-stand’ narrative. The Hungarian Prime Minister, Viktor Orbán, who is the main propagator of the Europe of Nations idea and who is building coalitions among EU-pessimist parties around Europe, proposed his 7-points plan about the future of Europe in the summer of 2021 (Text of Orbán’s speech, 2021). He said: (1) a European superstate is undesirable – even in a confederalist sense; (2) the ‘ever closer Union’ clause should

be erased from all EU treaties; (3) the main reason for Europe-wide collaborations is economic prosperity – this should drive all EU policies; (4) the member states' constitutional sovereignty and national identity should not be challenged by supranational institutions; (5) the European Commission has to be reinvented as an executive but non-political actor under the prime influence of the European Council; (6) the national parliaments have to gain greater roles in EU legislative procedures – EU Parliament members should be delegates from the national chambers; and one plus geopolitical request (7) Serbia has to get full membership as soon as possible. There is no need to add remarks to Prime Minister Orbán's plan – his Europe of Nations idea is basically to unbuild the European integration.

According to Beck and Grande “[T]he stagnation scenario assumes that the EU will succeed in integrating the Eastern European countries into the Community economically and in maintaining a (more or less) functioning internal market. However, the greater heterogeneity in the ranks of the member states will make it impossible to agree on market-correcting policies at the European level. Any further deepening of integration, as well as any extension of the competences of the Community [...] would be blocked by the member states on account of their divergent interests.” (Beck & Grande, 2007a: 416) Actually, this is our reality for some time respective to the EU integration. Since the Eastern Enlargement of 2004 and 2007,<sup>1</sup> first the financial crisis and its ramifications, then the refugee crisis has blocked further steps towards a closer unification, while today the corona pandemic is hampering the supranational cooperation. Although Germany and France – the biggest economies and most powerful political actors of the Community – are unbreakable supporters of the policy to strengthen EU institutions and democratize EU politics, however the veto capacity belongs to each member states is preventing these attempts. Today, it is a more urgent task to preserve the integration than to progress with it. Now the EU is frozen in the condition of a neoliberal free trade zone lacking any farther-reaching political claims and with dubious democratic legitimacy. And to get out from this constellation, it is extremely hard because EU policies, politics and polities are assessed by the various actors, both at supranational and national level, through the misleading lens of ‘either/or,’ i.e. it is either ‘more Europe’ or ‘more nation-states,’ – we cannot have both.

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<sup>1</sup> The accession treaty between the EU and Croatia was signed on the 9th December 2011. Since that no accession has been granted to any associated country.

So, the scenario of the cosmopolitan shift is based on the assumption that the EU has arrived at a turning point at which its basic status needs to be reassessed, and the only viable option for progressive renewal, which can break both the decay scenario's nationalistic vicious circle and the stagnation scenario's functional paralysis, is cosmopolitanization grounded in the citizens' active Europeanness. Beck and Grande (2007a) emphasize that this shift has to be built on four pillars: (1) strengthening European civil society based on universally shared constitutional norms; (2) the transition to a new post-national model of democracy that, instead of incapacitating the European citizens, accords them an active role in the European decision-making process; (3) introducing a new cosmopolitan approach to integration that is no longer geared to 'harmonizing' rules and overcoming (national) differences but to acknowledging them; (4) establishing Europe as the driving force of a global cosmopolitanism. So, what are these pillars in different terms? (1) Europeanness acknowledges otherness at individual level; (2) Europeanness facilitates civil society actorness; (3) Europeanness recognizes otherness at institutional level; and (4) Europeanness opens towards global togetherness. Beck and Grande argues that these are not expectations ('musts') of the European political project, but opportunities proposed by the much broader social and structural changes of Late Modernity. So the aforementioned pillars could be framed only through this modernization perspective.

### **Europeanness and otherness at individual level**

There is no clear caesura between Classic and Late Modernity. Modernization is a continuous, non-linear historical process with often changing progressive and regressive stages. However, tendencies show that after the Second World War and especially since the fall of the bipolar world order in 1990–91 when the Soviet bloc collapsed, Globalization has emerged as an unstoppable process (Beck, 1999). And this perception is due to the experience that in our lifeworld (i.e. in our objectified, natural, and social surroundings) a rapid diffusion of 'flows' is progressing (Giddens, 1999). On the one hand, we are witnessing flows of people (tourists, investors, students, guest workers, migrants, refugees, etc.), products and services, innovative techniques and 'best practices,' automatized and robotized solutions, digitalized information and Big Data, business and financial interventions, as well as cultural and intellectual streams (in the various fields of art, science, fashion, architecture, lifestyle, etc.). On the other hand, global flows of different threats

like ecological and health crises, terrorism, radicalism, state-collapses, financial crises, cyber and international crimes, energy-dependencies, as well as fake news and data corruptions are also observable (Beck, 1992). And this globally interlinked and accelerated lifeworld of ‘flows’ seriously undermines our local structures, so the realm of formal (regularizing and socially hierarchizing) and informal (culturally reproductive) institutions we are living with as particular and traditional frameworks (Rosa, 2013). Globalization facilitates similar tendencies everywhere. These processes persistently trigger local structures and agents to react. While institutional and subjective reactions may differ to some extent, from a global perspective, these dissimilarities have moderate significance. Therefore, an institutional abstraction proceeds in the late modern context (Giddens, 1990).

This should be seen as an interrelated mechanism of causes and impacts. Globalized dynamics of ‘flows’ penetrate the local lifeworld and its structural and cultural domains; the induced institutional responses at the local level are fundamentally similar everywhere; these responses are combining into a globally relevant institutional abstraction (*universalized institutional unification*). At the same time, due to the shaken local lifeworld (the various patterns once framed social interactions are becoming invalid) and because of the uncertainties triggered by these institutional changes, people start to revise their reference-based ideational substances and praxes; they try to rely more on their reflexive competencies and critical agencies to de- and reconstruct individually satisfying understandings and practices for themselves; this explosion of individualization (not egoist individualism but subjective production of the self) facilitates further risks to the social order; so, the continuous de- and rebuilding of local structures and cultures accelerates even more as agents strive for autonomous subjectivity (*universalized individualization*). Accordingly, the main trend of Late Modernity is the interrelation among the processes of Globalization, institutional abstractions, production of risks and individualization (Grunhut, 2019).

As it was already said in the introduction, the structural tendencies of Late Modernity generate a shift to the individual subjects’ way of thinking and doing things. Their ontological knowledge (routinized set of epistemic rationale frames ideas and drives praxes) is moving from the ‘either/or’ to the ‘both/and’ logic (Beck & Grande, 2007a). This is the dynamic trend of individualization. The classic modern ‘either/or’ imposes on the agents an ontological knowledge

based on dualities. Through this lens everything is reducible to oppositional binaries, and it is up to the subjects to gather enough information in order to rationally identify the more favorable alternative for them. Although this form of rationality seems to allow individually justified ideas and praxes to compete, however, from a more comprehensive perspective, all of these framings and practices are underpinned by one distinguished generative mechanism – preventing the agents to be able to constitute their unique subjectivity (Grunhut, 2020a). The classic modern ‘either/or’ logic tolerates the pluralism of ideas and praxes because already at an ontological level it tries to paralyze the subjects’ act of (self-)identification.<sup>2</sup> Due to the ‘either/or’ logic the attempt to ‘identify with’ is always shadowed by the negativity of ‘differentiate from’ (Brons, 2015). So, the agents constitute themselves not inside-out (for something) but outside-in (compare to or against something). They cannot identify any object, natural entity, or human being, just as they cannot address themselves, without a parallel act of differentiation (negative judgment). There is no confirmation without negation. The attraction of something implies the estrangement of others. This is how agents are giving rationalized meanings in the age of Classic Modernity. The act of becoming entails othering, the narrative-performative presentation of being (self-constitution) necessitates that something has to be othered (Grunhut, 2019).

In contrast, the late modern ‘both/and’ logic encourages subjects to turn away from the useless and invalid references. It questions all binaries and dualities. Late Modernity instead motivates agents to embrace the otherness of others (Beck, 2006). There are no objective and truthful ‘codebooks’ of patterns or semantics to apply for the act of judging others and their ways of thinking and doing things. Individualization is not only a structurally facilitated social expectation the self needs to cope with. It immanently contains also a precondition to recognize others’ similar attempts. The subject could be subjective only in relation to others’ acknowledged subjectivity. So, the late modern individualization is a process of endless becoming not against the Other but in mutual embracement with it. This stance of (self-)identification stirs subjects to leave behind the ideational and praxes-related routine of differentiation. It is the end of becoming by othering, i.e. to contrast the self and its being to the Other and its otherness. This is not an ethical shift but an ontological revision of one’s epistemic prism (cf. Honneth, 1995). Every self is an

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<sup>2</sup> In this paper the term ‘(self-)identification’ is used for the individual act to subjectively understand the world-out-there with all its events, artificial and natural objects, links, social relations, etc. In this sense, understandings of the world-out-there are also framings about the self who propose these ideas. Therefore, identification has two sides – how the subject understands something, it is immanently the subject itself.



Other for others. This constellation is eternally given irrespective to any context. However, in the classic modern era, due to the 'either/or' logic, agents could comfort themselves by the perception that 'me' as part of the collective 'us' (in the name of sameness) is protected from the Other and its dangerous otherness by keeping a proper distance. In the late modern era, agents have to change their stance from 'me' to 'I' because there are no references would tell them in compare to whom and according to what aspects they are the same with similar ones (i.e. they could feel 'me' among 'us'). The 'I' is the reflexive and critical self who is ready to revisit the grand-narratives and cultural patterns of its lifeworld; who realizes that there are no 'me' and 'us', only 'we', i.e. similar people with dissimilar perspectives.

So, in this individual constellation Europeanness means that citizens of the EU reflexively and critically de- and reconstruct a contingent subjectivity for themselves (Grunhut, fc). Since guiding references, like particular social patterns and traditional cultural semantics, continuously become void, therefore subjects start to rely more on their fluid and multilayered unique selfhood. The late modern 'both/and' logic encourages them to establish combining local, regional, national and European attachments, intersectional political and non-political civil affiliations, as well as blending artistic and lifestyle affections, without any need for differentiation from others' other kinds of bonds. The more permissive subjects are with their own selves in this process of endless becoming, the more tolerant they are with others' otherness. It is because they repeatedly need to encounter with their own inner-otherness. So, in simple terms, Europeanness could be framed as an embracement of otherness which is both inside and outside of the self.

### **Europeanness, civil society actorness, and otherness at institutional level**

As it was said, Late Modernity challenges the social and individual *self-portrait of unequivocalness* once was unshakable in the classic modern era. The emerging new *self-portrait of ambiguity* triggers subjects to use their actorness. If agents are not consummated, if they cannot be completed in their self-constitution as there are no valid references would assure them to feel and experience being fulfilled and accomplished, then subjects have to live a life of active – narrative and performative – engagement (Grunhut 2019). In the multilevel institutional complexity of the EU this engagement means to interact not only with sameness but also with otherness; it is being involved in both tried and untried situations; it urges for the subjective

construction of relatedness to familiar and unfamiliar social problematizations. The EU could facilitate this cosmopolitan shift of Europeanness at individual level and respective to civil society actorness because it is a late modern entity. It already opens door for reflexively and critically multilayered self-constitution and social-political engagement in many ways. However, the EU's institutional capacities would be appropriate to extend these opportunities to a much wider spectrum.

Beck and Grande argues that “*civil society is by far the weakest actor in European politics. To date, a European public sphere has developed in at best a rudimentary form; European parties currently exist only as loose federations of national parties, and even the interest groups which have developed in great numbers in Europe count as mainly weak and ineffective.*” (Beck – Grande, 2007a: 290) They claim that while this is contradictory to the late modern tendencies, it perfectly fits into the Westphalian (nation state-based) world-order of the classic modern era tries to keep the European integration on a neoliberal, free market-oriented, neorealist path. Citizens justifiably feel apathy and distrust towards the EU due to its non-transparent, bureaucratized, too complex and unaccountable policies, politics and polities suffer from democratic deficits (cf. Plottka & Müller, 2020). Yet isolationist and protectionist reactions do not work either because of the late modern impacts. So, first the EU has to be stimulated from bellow by impulses of civil agents' Europeanness as individual subjects already experience in their everyday lives that the ‘national container’ is too tight and closed to reflect on global issues and changes. However, this social catalyst cannot remain unsupported for long; it requires progressive institutional responses both from national and supranational agencies. Therefore, a new cosmopolitan alliance between civil society, state and supranational actors must supersede the coalition of neoliberal business and political elites and EU technocrats which has been dominant until now in the process of European integration (Beck & Grande, 2007a). This latter coalition is not necessarily anti-EU, but they are interested in neoliberal objectives, i.e. in the negative integration of breaking down ‘walls,’ especially those ones hamper the establishment of a full-fledged self-propelling free market (liberated from welfare state interventions, protectionism, redistribution mechanisms, etc.). This elitist coalition envisions a prospering, post-national, efficiently functional technocratic superstate. And these efforts vitalize neonational (i.e. nationalistic, populist, isolationist and disintegrative)

responses from the member states. It is because both of these approaches are paralyzed with the classic modern logic of ‘either/or.’

The cosmopolitan shift urges for a political reconceptualization of the notions of sovereignty and autonomy. The ability to contribute to the solution of global problems should be the new focus of these notions. And the adjective ‘cosmopolitan’ designates the extension of both supranational and national capacities for action – internally and externally as well. Why and how? It is because the aforementioned ‘flows’ of Late Modernity are globally/locally interrelated as well as dynamically changing and evolving (Beck, 1999). Thus, these issues need to be addressed in a glocalized sense, i.e. in a diversely adequate institutional way at all – local, regional, national, supranational and global – level. Cosmopolitan policies, politics and polities of the EU based on Europeanness and legitimized by civil society actorness is the only alternative could sustainably integrate these glocalized – autonomous and sovereign, but also multilaterally reciprocal – reflections into something reflexively and critically progressive agency of societies – at least on a European scale. So, the decisive problem to be addressed in the case of sovereignty and autonomy is not gaining or renunciation, like it would be a zero-sum game between the EU and its member states. It is rather the transformation of social-political perceptions of effective capacities for action (Beck, 2006). The nation state-based international actorness has serious limits against the challenges of our time and in the face of late modern tendencies. In light of this, of course, the EU would be similarly wrong to strive for a superstate status. It needs to integrate diversity not harmonized uniformity.

Beck and Grande argues that “[T]he form of Europeanization pursued to date not only weakened the parliaments but also simultaneously strengthened the executives, both at the national and at the European level. The executives are the major beneficiaries of the transfer of power within Europe, and they occupy the control center for institutional reforms. Hence, a democratization of the EU along the established path of treaty revision would presuppose something highly improbable, namely, the voluntary self-disempowerment of the various executives.” (Beck – Grande, 2007a: 423) As regards to the democratization of the EU, Beck and Grande stress that first it has to be seen clearly what needs to be democratized and the question of how is relevant just after that. In Europe, they continue, there is a fundamental asymmetry of power. Europe is not congruent with the EU or even with the EU and its various state and non-

state partners. There are all sorts of memberships and partnerships inside Europe. Therefore, an asymmetry of rights and competencies is the core feature of Europe. This is a difference in powers, and this difference should be kept. If Europe is not aiming for a superstate status, and it should not, then integration of institutional diversities has to characterize the Community. Yet, differences could be integrated only if a shared cosmopolitan Europeanness holds together these distinct institutional frameworks. Proposed solutions for policies, politics and polities could be vary, both vertically and horizontally, as long as these institutional responses are driven by the 'both/and' logic of Late Modernity. And exactly this is why not the executive but the legislative powers, which aim to include civil society actorness, should be strengthened inside Europe. The executive branch of power is often aiming for an exclusively representative mode of functionality, in which stakeholders could be respected contributors but not responsible decision-makers. In the case of legislative institutions, it is much easier to install communicative-discursive, deliberative, associative, participatory and consociational set-ups and designs, in which elected representatives and civil society actors could and should cooperate based on constitutional norms. In light of this, Beck and Grande are in favor of the extension of (1) civil intervention options (referendums, public forums, civil steering committees, stakeholder advisory boards, etc.); (2) civil inclusion strategies involve both EU and non-EU citizens from Europe; (3) non-majoritarian decision-models acknowledge otherness (such as veto rights, consensual deliberations, etc.); (4) civil control and monitoring. The authors are aware of the criticism that all of these proposed institutional reforms could end up being dysfunctional. They admit that without a shared Europeanness, should be initiated by the late modern context, reflexive and critical institutional progressivity is impossible. Therefore, the cosmopolitan turn of Europe must start from bellow, by the citizens. Yet people cannot be left unheard for long. So, Beck and Grande consider referendums as particularly important European institutions to develop. They argue that referendums must be genuinely European ones and not a series of uncoordinated national referendums. In this way, the danger that referendums will be misused for national purposes, or even for renationalizing politics, can be minimized. The issues to be decided upon in European referendums should not be restricted. It should be possible to hold them on any issue proposed by a qualified number of European citizens (referendums should be initiated by the citizens as a general rule, not by supranational institutions). Not only of a minimum number of citizens but also of citizens from a sufficient number of states should participate in European referendums. The results of these referendums should be binding

for the supranational institutions (citizens should not appear as mere petitioners). And finally, referendums should not merely be blocking mechanisms. They have to have the potential to initiate political negotiations, decisions. So, Beck and Grande stress that the supranational support for civil society actorness and active political engagement should start by redesigned European referendums.

### **Europeanness as an initiation for global cosmopolitanism and togetherness**

Beck and Grande admit that “[A]t first sight, applying the concept of cosmopolitanism to Europe seems to represent a vain attempt to join two things that do not belong together, and indeed cannot coexist, namely the idea of ‘world citizenship’, on the one hand, and the idea of a continent-wide, but nevertheless territorially limited political order, on the other.” (Beck and Grande, 2007b: 70) The authors emphasize that the reinvented idea of cosmopolitanism should reject not just this binary lens and its coordinates, but also the false exclusivity attached to both particularism and universalism. A true cosmopolitan – in their interpretation – aims the prosperity and greatness of its own people (in-group members of sameness) just as much as it wishes the same to other people (out-group members of otherness). Cosmopolitanism suggests that “[D]ifferences should neither be arranged hierarchically nor should they be replaced by common norms, values and standards; rather, they should be accepted as such and even have a positive value placed on them. In a cosmopolitan perspective, it is vital to perceive others as different and as the same – something that is ruled out by both hierarchical ordering and universal equality. Whatever is strange should be regarded and evaluated not as a threat, as something that brings disintegration and fragmentation in its train, but as enriching in the first place.” (ibid: 71) So, cosmopolitanism claims that if people reflexively and critically transform their ontological knowledge (i.e. their routinized set of epistemic rationale frames subjective ideas and drives individual praxes), which is urged but not determined by the emerging tendencies of Late Modernity, then it is possible to achieve both the recognition of individual and of collective otherness. So, this is a transformative meta-change leaves untouched the individual, collective and institutional diversities, but de- and reconstructs the substantial meanings of these differences. Beck and Grande stress that “...on this reading, the concept of cosmopolitanism is not defined in spatial terms. It is not tied to the ‘cosmos’ or the ‘globe;’ it makes no attempt to include ‘everything.’ The basic principle of cosmopolitanism

*may be discovered and applied everywhere, at every level, and in every sphere of social and political activity.*” (ibid: 72) So, there is no ‘EU-centrism’ or ‘Europeanism’ (superiority of European civilization), nor any sort of universalism in the idea of cosmopolitan Europe. It is rather a multidimensional transformative cooperation could be launched on the institutional background of the EU. Again, transformative means that the participant entities of the cooperation (from individual actors through various groups, communities and societies, to public and private agencies) are all aware of the condition that they do not engage in a one-time collaboration happens in fixed structural circumstances and attempts to achieve pre-clarified targets. On the contrary, they are part of a “*master plan of not having a master plan.*” (Beck – Grande, 2007a: 69) In cosmopolitan Europe actors and agencies are reflexively and critically changing by cooperative interactions, and they continuously alter their institutional frameworks in the same progressive way. “*The longer the ‘shadow of the future,’ the greater are the incentives for the actors involved to cooperate and the greater is the probability that the preferences of the actors, and ultimately the actors themselves, will undergo change as a result.*” (ibid: 150) As it was already discussed above, Late Modernity deprives us from the reference-based pre-conceptions and visions of the future told in social grand-narratives. Nothing is predestined or prewritten – it teaches; only people have the constitutive competencies and capacities to construct themselves and a future for themselves. Europeanness is this actorness to construct a future Europe could go much beyond what we consider ‘Europe’ today.

In order to assure that this Europeanness would not strive to create something collective identity founded on a ‘superior European civilization’ and an ‘exceptionally unique European modernization,’ agents have to keep in mind three cosmopolitan principles: (1) *pan-relationalism* (everything is related in our lifeworld – subjects, objects, natural entities, everything is linked together); (2) *anti-representationalism* (nothing represents itself, every meaning is presented, i.e. subjectively constructed); (3) *anti-essentialism* (since all meanings are outcomes of constructions, therefore nothing has the status of Truth; there are only subjective justifications) (cf. Rorty, 1989). If these principles are recognized and respected among European citizens, then they would not consider themselves as part of a civilization with a special mission for modernization. A perception like that, in contradiction with the ‘both/and’ logic of cosmopolitanism, (a) negates the relatedness with cultural otherness, (b) tries to frame meanings in a normatively hierarchical sense, and (c)

essentializes differences. Beck and Grande warns that the “[S]ensitivity to collectively shared difference is being awakened, first, by the decreasing importance of nation-states, second, by the increasing importance of religion as a focus of identity. In contrast with national or ethnic identities which can be combined and merged, religious identities are mutually exclusive. But it is precisely this that is at the root of the new importance attached to the quasi-essentialistic civilizations conceived as ultimately resistant to any historical, political and social change.” (Beck – Grande, 2007a: 241) Europeanness does not have anything in common with the idea of a ‘superior European civilization’ which is “*certainly connected with the dialectic between the dismantling of internal borders and the construction of a fortress against the outside.*” (ibid: 242) The idea of a ‘European fortress’ against cultural others is inspired and motivated by ‘either/or’ kinds of rationales. Those who believe in this idea, especially on the political right, they suggest that “*civilization, which is no longer defined exclusively or primarily in religious terms but distinguishes between different historical routes to modernity [...] promises to be fruitful for the social analysis of Europe*” as well as for the reinvention of the EU (ibid: 243). The cosmopolitan Europeanness rejects these framings based on superior-inferior civilizations due to one simple reason – “today’s others are tomorrow’s European ‘We’.” So, it can be said that “[T]he cosmopolitan outlook forces us to view Europe with the eyes of others too and hence to confront and overcome the provincialization of Europe simultaneously.” (ibid: 214) Accordingly, it has to be noted that ‘European universalism’ based on civilizational or modernization superiority is a classic modern provincial interpretation. The late modern Europeanness “*begins where notions of the ‘one world,’ in which everything could have its proper place, at least in principle and in theory, have been forever shattered.*” (ibid: 224)

## Conclusions

There are many ideologically legitimate, subjectively justified visions about the future of Europe. Of course, there are fundamental contradictions among these ideas. Yet, there is only one distinguished feature which really points to the core dynamic of these framings of Europe. Namely, if they are based on the ‘either/or’ or the ‘both/and’ logic. Today it is pretty common to discuss the ‘finality’ of Europe – if it is progressing towards something loose integration respects national sovereignties and autonomies or if it is striving for a federal integration of a superstate. Although



these oppositions seem to be the absolute different ends of a European future, yet if we look at them more closely, they are both motivated by the very same ‘either/or’ logic. The nationalistic, populist, EU-skeptic approach of the ‘Europe of Nations’ stresses that we are at a turning point where nations are threatened by the ‘hegemonic superpower of Brussels’ and the ‘deep-state masters’ behind the EU project. In the meantime, the federalist, integration-oriented, pro-EU platform claims that autocratic leaders and their ‘oligarchs’ try to destroy Europe in the name of national pride, while, in fact, they just aim to stabilize their corrupt, nepotistic, antidemocratic regimes. So, both sides emphasize, it is either nationalism or Europe.

There is only one voice outside of this dualism – the concept of cosmopolitan Europe, which, on the one hand, accepts the ‘both/and’ logic of Late Modernity, and on the other hand, strives to put into perspective the European integration as a late modern endeavor. It does not have an idea of ‘European finality;’ who knows what the people, i.e. the citizens of Europe will build for themselves? The focus should be instead that Europe has to be built by a cosmopolitan – reflexive and critical – Europeanness recognizes otherness at individual, collective and institutional level. Not because cosmopolitanism represents something normatively higher value in compare to Europeanism or nationalism, but because it is the only viable reflection on the late modern tendencies and on the global challenges we are living with – in a more and more complicated sense.

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## CHANGES OF PRODUCTIVITY IN THE TOURISM SECTOR OF THE EU BEFORE THE PANDEMIC- IMPLICATIONS FOR POLICIES AFTER COVID-19

**Roman LACKO, PhD**

University of Economics in Bratislava, Slovakia

[roman.lacko@euba.sk](mailto:roman.lacko@euba.sk)

**Zuzana HAJDUOVÁ, PhD**

University of Economics in Bratislava, Slovakia

[zuzana.hajduova@euba.sk](mailto:zuzana.hajduova@euba.sk)

**František SEBESTYÉN, Ph.D. student**

University of Economics in Bratislava, Slovakia

[frantisek.sebestyén@euba.sk](mailto:frantisek.sebestyén@euba.sk)

**Pavol ANDREJOVSKÝ, PhD**

University of Economics in Bratislava, Slovakia

[pavol.andrejovsky@euba.sk](mailto:pavol.andrejovsky@euba.sk)

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**Abstract:** *The constraints caused by the fight against COVID-19 have hit the tourism sector the hardest of all. The tourism industry's backbone services, such as accommodation and catering, but also the services partially related to transport, arts and entertainment have declined by tens of percent year-on-year. The business environment plays an important role in achieving economic growth. Tourism is also a key sector contributing to economic growth. We can conclude that tourism is one of the worst affected areas. Under various restrictive measures introduced by governments and national authorities, the number of foreign and domestic tourists has fallen. Using descriptive and sampling statistical methods, we will assess the significance of pandemic-related changes at EU country level. Based on these findings and an evaluation of measures against the spread of the coronavirus, we apply regression modelling to identify the impact of these decisions on the performance of tourism indicators. We decided to quantify the efficiency of investments and subsidies to rescue and revitalize tourism entities. Based on the results, we reached conclusions that contribute to the prosperity of tourism in the European countries. EU countries should invest primarily in infrastructure. Country leaders should promote the idea of sustainable 'green' tourism on the basis of improving the conditions for doing business in this area.*

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**Keywords:** productivity, tourism, Malmquist index, the European Union.

## 1. Introduction

The tourism sector is one of the most affected by the COVID-19 pandemic. Many authors examine the negative effects of the pandemic on tourism and try to find possible connections that would help to restore and minimize extreme losses (Kinnuen et al., 2021; Žak & Garncarz, 2020). As such a pandemic has not occurred in recent history, it is very difficult to predict future developments. Therefore, we should learn from other crises and adopt specific acts that have helped to resolve crises in the past. One of the possibilities to evaluate the development in the post-crisis years is also the measurement of productivity, which can also be applied to the field of tourism. Such an approach has proved to be an effective tool for policy implementation in the past. The authors (Sun et al., 2015) have been researching the causes of changes in productivity for many years. These can be caused, for example, by technological changes (Oláh et al., 2019 Koraus et al., 2017a), economic changes, innovation (Piątkowski, 2020; Korshenkov, Ignatyev, 2020; Chenghu et al., 2021;), but also by managerial resp. political decisions. EU subsidy programmes play an essential role in the process (Halasi et al., 2019; Androniceanu, 2020; Marišová et al., 2021). According to (Barros and Alves, 2004; Corne and Peypoch, 2020; Peypoch and Solonandrasana, 2008; Mariš, 2019), measuring productivity using efficiency measurement methods is an effective tool for evaluating various impacts. Such measurements can be performed on many types of entities, such as hotels, countries, etc. (Cho and Wang, 2018; Mavi and Mavi, 2019; Marčeková et al., 2021). These entities cooperate in many in different areas, for example in clusters (Havierníková et al., 2017; Mura and Kajzar, 2018; Prokopenko and Omelyanenko, 2020). Many studies suggest that the increase in efficiency and productivity was evident after the crisis in 2009 (Bampatsou et al., 2020; Rudminas & Baležentis, 2020). However, there are still significant differences between the countries (Soysal-Kurt, 2017; Dobrovic et al., 2018; Androniceanu and Marton, 2021). Especially nowadays, however, the importance of research in the field of efficiency and productivity of tourism is growing worldwide. Countries are looking for competitive advantages that they can use to apply after the pandemic (Prokopenko et al. 2020; Radjenovic et al., 2020; Skare, Kukurin, 2020). About the development of ecological and social entrepreneurship write Prokopenko et al., 2020; Bilan et al., 2017; Csikósová et al., 2020. Options to increase tourism productivity might be state intervention or private innovation, as well as combination of both (Zhang et al., 2021; Mura 2020; Koraus et al., 2017b). The EU Green deal initiated the approval of the Envirostrategy 2030, which aims at decreasing recycling and

landfilling rate by 2030 (Valenčíková and Marišová, 2021). Based on this, we decided in this study, which was the main reason for the enormous productivity growth in EU countries in the years before the COVID-19 pandemic (Duro et al., 2021; Zopiatis et al., 2021). This paper focuses to assess the causes of growth in the tourism sector in the period after the financial crisis in 2009 and before the pandemic crisis that began in 2019. Based on this, it will be possible to propose the direction sources to renovate the tourism sector.

## 2. Materials and methods

In this section, we provide a brief description of the methods and materials used in this study.

### 2.1 Productivity measurement

There are various measures of productivity in the modern economy and contemporary business (Makiela, Wojciechowski & Wach, 2021). The Malmquist Productivity Index (MPI) measures changes in productivity along with changes in time and can be broken down into changes in efficiency and changes in technology using a non-parametric DEA approach. The MPI can be expressed by the distance function (E) as equation

(1) and equation (2) by observations at time  $t$  and  $t + 1$ .

$$MPI_I^t = \frac{E_I^t(x^{t+1}, y^{t+1})}{E_I^t(x^t, y^t)} \quad (1)$$

$$MPI_I^{t+1} = \frac{E_I^{t+1}(x^{t+1}, y^{t+1})}{E_I^{t+1}(x^t, y^t)} \quad (2)$$

where  $x$  is the input vector,  $y$  is the output vector and „I“ denote the model orientation (Input). The geometric mean of MPI from equations (1) and (2) can be calculated as shown in equation (3).

$$MPI_I^G = (MPI_I^t \cdot MPI_I^{t+1})^{1/2} = \left[ \left( \frac{E_I^t(x^{t+1}, y^{t+1})}{E_I^t(x^t, y^t)} \right) \cdot \left( \frac{E_I^{t+1}(x^{t+1}, y^{t+1})}{E_I^{t+1}(x^t, y^t)} \right) \right]^{1/2} \quad (3)$$

The geometric mean can be divided into so-called technological change (TECHCH) - change in technological efficiency (TE) and change in efficiency (EFFCH) - change in managerial efficiency (ME); see equation (4).

$$\begin{aligned} MPI_I^G &= (EFFCH_I \cdot TECHCH_I^G)^{1/2} = \\ &= \left( \frac{E_I^{t+1}(x^{t+1}, y^{t+1})}{E_I^t(x^t, y^t)} \right) \cdot \left[ \left( \frac{E_I^t(x^t, y^t)}{E_I^{t+1}(x^t, y^t)} \right) \cdot \left( \frac{E_I^t(x^{t+1}, y^{t+1})}{E_I^{t+1}(x^{t+1}, y^{t+1})} \right) \right]^{1/2} \end{aligned} \quad (4)$$

Technological change is caused by changes in technology (investments in new machines, buildings). The change of efficiency is caused by managerial decisions. If the value of the indicator is greater than 1, it means that there has been an increase in efficiency (productivity). If the value is less than 1, it means that there has been a decrease in efficiency (productivity) (Färe et al., 1994).

## 2.2. Research object

The study is addressing the countries of the European Union (EU 27). The research was conducted during the inter-crisis period, between 2010 and 2018, the countries were analyzed using the Malmquist productivity index. The reason for choosing the research subject is the integrity of EU policies and directions, as well as the interconnectedness of the EU countries.

## 2.3. Data

Based on a literature review, we have identified several variables that are often used to measure efficiency and productivity in the tourism industry. The indicators we used in this study are listed in Table 1.

Table 1 Variables used in calculation of MPI in tourism

	Variable	Units
Inputs	Number of employees in HORECA sector	Thousand persons
	Number of employees in travel agencies, reservation systems, and other	Thousand persons
	Number of beds in accommodation facilities	Number
	Protected natural areas – Natura 2000	km <sup>2</sup>
Outputs	The net occupancy rate of beds	%
	Gross domestic product from tourism in current prices	mil. €

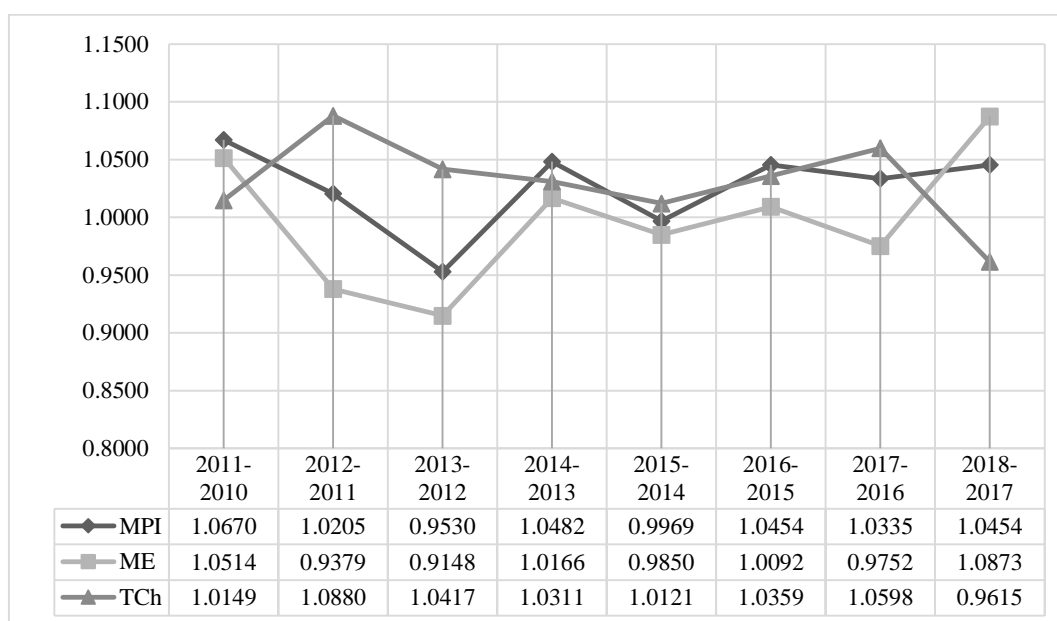
The first two input variables relate to the production factor of labour and capture the number of employees in accommodation establishments and travel agencies (Huang, 2018; Martín et al., 2017). The number of beds in accommodation facilities indicates the capital capacity in tourism, the term is widely used in the available scientific literature (Niavis and Tsiotas, 2019, 2019). The area of protected areas according to Natura 2000 methodology is also an input that concerns production factors, specifically land area. It is assumed that a country with a higher proportion of



protected areas should also attract more tourists (Benito et al., 2014). As outputs of our MPI model, we chose Bed Occupancy (Corne, 2015; Qiu et al., 2017), which tells about how the country uses its capacities. Finally, we chose GDP generated by tourism as an output related to the economic impacts of tourism (Chaabouni, 2019; Ilić and Petrevska, 2018; Maris et al., 2019). Data in this study were obtained from databases of Eurostat and the World Bank. (Eurostat, 2021; The World Bank, 2021)

### 3. Results

Graph 1 shows the geometric mean of MPI values, changes in managerial efficiency and technological change for the tourism sector.



Graph 1 Development of changes in productivity in the case of tourism efficiency - geometric average

Source: own calculation.

The productivity of countries in terms of tourism efficiency varied in the EU countries during the period under review. The value of MPI increased significantly when comparing the obtained data from 2011 and 2010, specifically by 6.7%. Productivity decreased slightly during the period 2013/2012 and the period 2015/2014. The trend in the change of managerial and technological efficiency was significantly fluctuating. In the periods 2011/2010 and 2018/2017, the positive impact of managerial changes prevailed over technological changes, but in all the remaining

periods it was the opposite. Table 2 shows the results of measuring productivity changes for each EU country.

Table 2 Results of the Malmquist productivity index analysis for tourism efficiency

Country	2011-2010			2015-2014			2018-2017		
	MPI	ME	TE	MPI	ME	TE	MPI	ME	TE
Belgium	1.043	1.023	1.019	0.999	1.058	0.944	1.005	0.968	1.038
Bulgary	1.173	1.029	1.140	1.246	1.131	1.102	1.346	1.535	0.877
Cyprus	1.369	1.397	0.980	1.072	1.099	0.976	1.315	1.622	0.811
Czechia	1.100	1.112	0.989	1.081	1.215	0.890	1.026	1.117	0.919
Denmark	0.982	1.000	0.982	0.967	1.000	0.967	1.091	1.000	1.091
Estonia	0.977	0.989	0.988	1.036	1.072	0.966	0.952	1.023	0.930
Finland	1.125	1.079	1.043	0.892	0.789	1.129	1.016	1.071	0.949
France	1.043	1.000	1.043	1.110	1.000	1.110	1.009	1.011	0.999
Greece	1.034	0.961	1.076	1.030	1.029	1.002	1.446	1.534	0.943
Netherlands	1.023	1.000	1.023	1.026	0.969	1.058	1.029	0.986	1.044
Croatia	1.671	1.347	1.241	1.095	0.967	1.133	0.892	0.949	0.939
Ireland	1.012	1.016	0.996	1.496	1.475	1.014	1.248	1.199	1.041
Lithuania	0.907	0.927	0.979	1.055	1.232	0.857	0.965	0.966	0.999
Latvia	1.010	1.033	0.979	1.150	1.263	0.910	0.987	0.988	0.999
Luxembourg	0.874	1.000	0.874	0.888	1.000	0.888	0.892	1.000	0.892
Hungary	0.988	0.984	1.004	1.235	1.174	1.051	1.382	1.446	0.956
Malta	0.991	1.000	0.991	1.057	1.000	1.057	0.927	1.000	0.927
Germany	1.050	1.035	1.015	1.025	1.066	0.962	1.037	1.025	1.012
Poland	0.999	1.034	0.965	1.114	1.120	0.995	1.049	0.981	1.070
Portugal	1.294	1.241	1.042	1.015	0.972	1.045	0.816	0.851	0.958
Austria	1.122	1.140	0.984	1.059	1.197	0.885	1.059	1.154	0.917
Romania	1.100	1.077	1.021	1.037	1.066	0.972	1.244	1.335	0.932
Slovakia	1.003	0.989	1.014	1.062	1.068	0.995	0.915	0.914	1.001
Slovenia	1.016	1.149	0.885	1.777	2.180	0.815	1.115	1.394	0.800
Spain	1.031	0.954	1.081	0.908	0.813	1.117	0.885	0.912	0.970
Sweden	1.126	1.012	1.113	1.097	1.000	1.097	0.977	1.000	0.977
Italy	1.000	1.000	1.000	0.968	1.000	0.968	0.920	0.883	1.042

Source: own calculation.

Between 2011 and 2010, the highest increase in MPI values occurred in the case of Cyprus (36.9%) and Croatia (67.1%). Between 2015 and 2014, a high increase in MPI was recorded in Ireland (49.6%) and Slovenia (77.7%). Between 2018 and 2017, high growth was recorded for Bulgaria (34.6%) and Greece (44.6%). A slight increase has been detected in some of the EU countries. Slovakia recorded a slight increase in 2011/2010 (0.3%) and 2015/2014 (6.2%),

followed by a decrease in MPI by 8.5% between 2018 and 2017. The most significant increase in productivity was detected in Hungary in the V4 group. Table 3 shows the comparison of changes in productivity between 2010 and 2018. The disadvantage is therefore that such a recalculation does not capture the development in the middle of the period considered.

Table 3 Comparison of changes in productivity between years 2010 and 2018

Country	2018-2010		
	MPI	ME	TE
Belgium	1.298	0.901	1.440
Bulgary	1.600	1.408	1.137
Cyprus	1.586	1.397	1.135
Czechia	1.317	1.081	1.218
Denmark	1.221	1.000	1.221
Estonia	1.039	0.964	1.078
Finland	1.123	0.924	1.215
France	1.046	0.914	1.144
Greece	0.886	0.789	1.123
Netherlands	1.145	0.821	1.396
Croatia	0.792	0.665	1.191
Ireland	2.291	1.819	1.259
Lithuania	0.977	0.980	0.997
Latvia	1.374	1.319	1.042
Luxembourg	0.944	1.000	0.944
Hungary	1.513	1.260	1.201
Malta	1.349	1.000	1.349
Germany	1.293	1.075	1.202
Poland	1.205	1.018	1.184
Portugal	1.110	0.895	1.240
Austria	1.335	1.110	1.203
Romania	1.349	1.141	1.182
Slovakia	1.098	0.929	1.182
Slovenia	1.049	1.064	0.985
Spain	0.885	0.780	1.134
Sweden	1.291	1.012	1.275
Italy	1.022	0.761	1.343

Source: own calculation.

If we compare the years 2010 and 2018, the highest increase occurred in the case of Ireland, by 129.1%. There was also a significant increase in Bulgaria by 60% and Cyprus by 58.6%. A significant decrease was recorded in Croatia (20.8%). The highest increase among V4 countries was recorded in Hungary (51.3%), the Czech Republic (31.7%), Poland (20.5%) and Slovakia (9.8%). In Slovakia, as the only V4 country, there has been a decline in managerial efficiency.

#### 4. Discussion and conclusions

Based on the results of our study, several findings can be concluded. After 2010, there was significant decline in productivity until 2013. The reason was probably the consequences of the financial crisis and reduced demand for farmers due to lack of funds. It can be argued that tourism is a luxury asset that one does not necessarily need to survive, and perceived as a marginal activity in critical years. However, the crisis has different meaning for a group of people who lack finances and those who are afraid to be infected. Subsequently, there was a gradual revival of tourism after 2013. In EU countries, Technological change has been the main catalyst of recovery in the EU countries. However, this changed in 2018. In 2018, the increase in productivity was due to the greater impact of managerial changes. It can be explained by the fact that policies promoting tourism have outpaced policies to invest in accommodation and services. The following figure shows the regional differences in the growth/decline of productivity in tourism sector of the EU countries.



Graph 2 Regional comparison of changes in productivity between years 2010 and 2018

As we can observe, productivity growth was recorded mainly in countries that were severely affected by the crisis - the Baltic countries, Ireland, Germany etc., as well as in the countries that joined the EU at that time - Bulgaria and Romania. This suggests in particular that growth was due to massive investment in the post-crisis period. On the contrary, the countries

generating high GDP ratio from tourism - the Mediterranean countries – experienced either a decline or small increase in productivity.

The research findings show that investment into tourism infrastructure can result in overall improvement of the sector. One possible solution is green tourism. Investments aimed at improving the business environment and energy uses of buildings is the basis for recovery of the tourism industry. Future research could focus on measuring the impacts of the pandemic on the productivity of selected EU regions.

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## **CORONAVIRUS VS. REAL CAUSE OF THE EUROPEAN ECONOMIC CRISIS – COMPARING SLOVAK AND GERMAN NATIONAL MODEL EXAMPLE**

**Peter ADAMIŠIN, PhD**

Prešov University, Faculty of Management, Prešov, Slovakia

[peter.adamisin@unipo.sk](mailto:peter.adamisin@unipo.sk)

**Ivana BUTORACOVÁ ŠINDLERYOVÁ, PhD**

University of Ss. Cyril and Methodius, Faculty of Social Sciences, Trnava, Slovakia

[ivana.butoracova@ucm.sk](mailto:ivana.butoracova@ucm.sk)

**Andrea ČAJKOVÁ, PhD**

University of Ss. Cyril and Methodius, Faculty of Social Sciences, Trnava, Slovakia

[andrea.cajkova@ucm.sk](mailto:andrea.cajkova@ucm.sk)

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**Abstract:** *The main purpose of this study is to present possible causes of the economic crisis in most European countries considering not only the coronavirus, but mainly the development of economic indicators such as wages and labour productivity in the period of 2000-2019. The authors try to prove, that the economic crisis was clearly predictable in the Slovak Republic (and many other European countries) despite the whole coronavirus issue, and they identify the spectrum of the correlation of these developmental features and predictors, but also point out that the interconnection of the analysed issues cannot always represent direct dependence on the long-term sustainable growth of the economy. The authors focus on the question of the possible sustainability of wage development in the Slovak Republic based on the analysis of the relevant determinants as well as in comparison with the often-discussed German European example. Comparing the development level and wages structure in the period before and after the national accession into the EMU, the authors try to warn about the resulting problem of the country's economy in connection with the current unsustainability of the growth of wages and labour productivity, which in final was not caused, just accelerated by both government and economic limitations related to coronavirus issue.*

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**Keywords:** Wages, analysis, Labour productivity, Comparison, Progress, Sustainability, Pandemic crisis.

## 1 Introduction and Literature Review

The labour market is one of the crucial markets for the efficient functioning of the economy. For households as well as individuals, the market is not only an opportunity to earn money for retirement but also a place to meet non-economic needs such as self-fulfilment, social status, etc. For businesses, the market presents an appropriate place to implement their internal transformation processes (Charaia et al. 2020; Vacok et al., 2020). For the state, the market is significant not only a source of income, but also an important instrument for the implementation of its economic policy. The importance of the labour market is highlighted by some other basic economic contexts. The fact is that in the economy as a whole the labour market is a transfer mechanism between production and consumption processes (Lim 2017). However, as in other markets, it is highly desirable to achieve and sustainably maintain the expected balance so that the aggregate work offer equals to aggregate demand for work.

The economy operates in full employment and in equilibrium with real wages only if the market balance is provided (e.g. Peráček, 2021). Therefore, we might come to a conclusion that the balance in the labour market is strongly determined by the national wage growth. This market balance is affected by three main factors which are the economic prosperity (closely dependant on the increase in labour productivity), wages allocation and labour force adaptability. The authors – national and worldwide (Fehr & Goette 2005; Balcar & Gottvald 2016; Goerree and Lindsay 2016; Dudic et al. 2020; Novosák et al. 2017; etc.) claim that an important role in the market is played by the state itself as a specific market subject by being responsible for a system of interventions that can lead to a “deviation” from equilibrium (by implementation of the direct or indirect actions in order to regulate the workforce. As Hajduová et al. (2021) states, the labour market is rigid, which is due to inflexible prices. Considering the longer period of time, wage rates present an upward trend in the Slovak economy (Kováčiková & Jančovičová, 2017). We take into account the comparison of the Hungarian model and the French one, where the statistical analysis indicates a rapid growth in individual wage inequalities in Hungary unlike in France (Chochia & Kerikmäe, 2018). In the former country, the development of small, private firms paying relatively low wages in contrast with foreign owned firms explains part of this phenomenon (Szeiner et al. 2020; Srebalová & Vojtech, 2021).

A high level of labour market institutionalization leads to an uncompetitive market

environment, the absence of information about both the supply and the demand for the labour market actors as well as their incompleteness usually leads to irrational market decisions and globally causes the market imperfections (Lubyová & Štefánik 2017; Rusnák 2016). According to Žofčinová & Hrabovská, (2019) the rigidity of the labour market is also caused by the heterogeneity of the job offer leading to the mutual incompetence of the professions, without the possibility of mutual substitution. Research on the wages development in the Slovak Republic has been very intensive since the fall of the communism in 1989, as well as in other east European countries, however, we might argue about its relevance and the significance of the presented data. Based on various sources, including national databases and official websites administered by various economic institutions, great attention was paid to the examination of factors influencing the wages development as well as the investigation of the relation of wages to the development of labour productivity (Kajanová et al., 2018). Labour productivity is a key factor in the competitiveness and economic performance of the national economies.

The potential growth in the productivity is particularly important at a time of declining demographic trend that is plaguing the whole European Union. (Čajka & Abrahám, 2019; Novackova & Peracek, 2021). Taking into account the immigration, this is a potential way of replacing the declining workforce. According to various national and worldwide authors (e.g. Martino, 2015; Gault 2018; Terem et al. 2015; Psychogios et al. 2019), the key factors influencing the labour productivity growth include: education, research and development, modern technological solutions of production, digital technologies, working conditions and motivation of employees. Basically, the Solow-Swan growth model (Mucha et al., 2018) is often seen as a building block among various growth-economic theories, though it is not an ideal model to predict behaviour, though it provides a researcher with a useful insight what might be causing growth.

Due to the paper size limitation, the authors briefly present the related literature sources as the main objective of the study is to present the empirical data gained in the research in order to verify the continuity and progress of the wage development in relation to labour productivity, considering the international diversification (Wefersová et al., 2021). The paper is divided into three main parts, including the research methodology description, the analysis description and the summary of the results leading to a constructive discussion followed by relevant and current conclusions.

## 2 Methodology and Research

The macroeconomic data on wages and labour productivity available at public sources and websites of statistical organizations were used for the analytical research (Statistical Office of the Slovak Republic, Statdat, OECD, EUROSTAT, IMF, WB, etc.). For international comparisons, OECD data (datasets) available at <http://stats.oecd.org/> were used. All the average annual wages from the period of 2000 to 2019 are set in current prices, the data from the period of 1999 till 2018 were analysed what represents adjusted data from the period of 2000-2019. Data for international labour productivity comparison were obtained from [www.oecd.org/std/productivity-stats](http://www.oecd.org/std/productivity-stats), representing labour productivity growth based on hours worked for 2000-2019 and expressed as average annual growth rates in percentage points. Data related to wage indicators were converted to the same unit as the labour productivity, i.e. to average annual growth rates in percentage points. The analysed period covered the years 2000-2019. GDP and productivity are the main indicators of the national economies competitiveness. Including the inflation ratio, the productivity expresses the basis in the prediction of wages development progress. The average wages are therefore based on the nominal monthly wages. National comparisons were based on monthly statistical reports, with the following analysed parameters:

- average nominal monthly wage of an employee by economic activity (SK NACE Rev. 2) in EUR,
- labour productivity from revenues for own goods and services by economic activity (OKEC) in EUR, index in the period of 2000-2007,
- labour productivity from revenues for own outputs and goods by category and special groupings of industries in the classification of economic activities (SK NACE Rev. 2) in EUR, index in the period of 2008-2019,
- labour productivity per employee was based on current prices.

Data gained for the comparison at national level were processed on the basis of the Statistical Office of the Slovak Republic. Several partial methods of statistical analysis, including the concept of research methodology of other authors in the field (Šubová et al., 2021; Kajanová et al. 2018; Mucha et al. 2018; Giannone et al. 2008; Rusnak 2016; etc.) were used. For choosing appropriate tests of correlation analysis, the testing of the normal distribution of sample files was used. The authors applied a Kolmogorov-Smirnov test to verify normality. The Kolmogorov-



Smirnov test formula is defined as

$$D = \max_{1 \leq i \leq N} \left( F(Y_i) - \frac{i-1}{N}, \frac{i}{N} - F(Y_i) \right)$$

where:

F is the theoretical cumulative distribution of the distribution being tested which must be a continuous distribution, and it must be fully specified.

The Kolmogorov-Smirnov test is defined by:

H0: The data follow a specified distribution.

H1: The data do not follow the specified distribution.

The hypothesis regarding the distributional form is rejected if the test statistic, D, is greater than the critical value obtained from a table (<https://www.itl.nist.gov>).

We used the SPSS and NCSS statistical software environment for all partial analyses, the outputs of which authorized us to accept or reject the zero hypothesis about the normality of the distribution. This testing was a necessary basis for the methodological acceptance of the parametric tests. The analysis of the context of quantitative phenomena (between wage height and labour productivity) was realized through the Pearson's correlation coefficient.

$$\rho_{X,Y} = \frac{\text{cov}(X,Y)}{\sigma_X \sigma_Y}$$

where:

cov is the covariance,

$\sigma_X$  is the standard deviation of X,

$\sigma_Y$  is the standard deviation of Y,

and

$$\text{cov}(X,Y) = E[(X - \bar{X})(Y - \bar{Y})],$$

where:

$\bar{X}$  is the mean of X,

$\bar{Y}$  is the mean of Y,

E is the expectation,

where we observed the statistical proof of the relationship (expressed by the p-value) and the tightness of the relations (expressed by the value of the correlation coefficient). We also monitored the dynamics of changes in selected parameters in two periods before and after entering the EMU to identify the impact of the change on the potential statistical evidence of the difference in dynamics of the observed parameters development (specifically for labour productivity and specifically for wages). We applied the Independent Samples Test after testing the Leven test for scattering. The Leven test testing is defined as:

$$W = \frac{(N - k)}{(k - 1)} \sum_{i=1}^k \frac{N_i (Z_{i.} - Z_{..})^2}{\sum_{j=1}^{N_i} (Z_{ij} - Z_{i.})^2}$$

where:

k is the number of different groups to which the sampled cases belong,

N<sub>i</sub> is the number of cases in the i-th group,

N is the total number of cases in all groups,

Y<sub>ij</sub> is the value of the measured variable for the j-th case from the i-th group,

$Z_{ij} = \begin{cases} |Y_{ij} - \bar{Y}_{i.}| & \bar{Y}_{i.} \text{ is a mean of the } i\text{-th group} \\ |Y_{ij} - \tilde{Y}_{i.}| & \tilde{Y}_{i.} \text{ is a median of the } i\text{-th group} \end{cases}$

$$Z_{i.} = \frac{1}{N_i} \sum_{j=1}^{N_i} Z_{ij}$$

is the mean of the Z<sub>ij</sub> for group I,

$$Z_{..} = \frac{1}{N} \sum_{i=1}^k \sum_{j=1}^{N_i} Z_{ij}$$

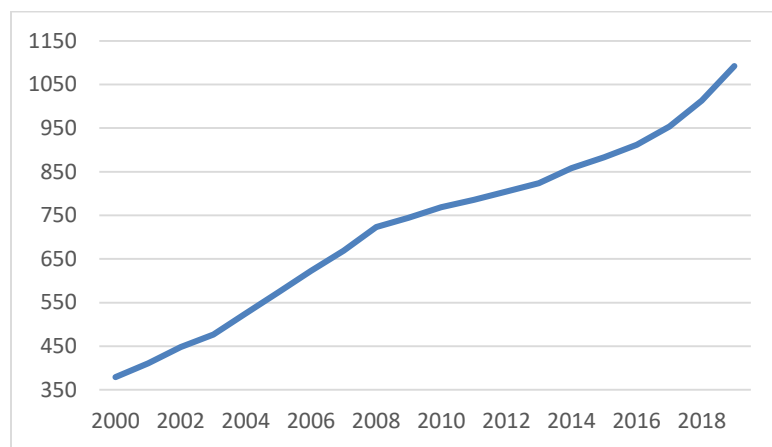
is the mean of all Z<sub>ij</sub>.

The test results for acceptance of the mean values of the two-period sets were based on the p-value of the respective test. The change of the overall indicator in time with the modelling of the possible future development, ceteris paribus, was performed by regression analysis. If the regression model quality (measured by parameters R<sup>2</sup>, F-value, p-value) was statistically proved, we would choose the linear regression model  $y = b_0 + b_1x$  for simplicity of interpretation.

## ***2.1 Analysis of wages development in the Slovak Republic in the period of 2000 – 2019 (compared to Germany)***

The authors do not interpret the wages as a cash payment that the employer is obliged to provide to employees by the law, but they focus on the systematic terminological understanding in the context of the average wage as a statistical indicator calculated by the arithmetic mean of all gross wages of the selected group of individuals, mostly full-time job employees. The searched wage development period is defined by the fall of the Communist regime in 1989 and reconstruction of the national economy in the next decade, with indicated changes and processes being investigated over the period to date. Wage developments in the national economy is described in the figure below; it is clear that the average nominal wage in the national economy shows an annual increase.

Fig. 1 Average nominal monthly wage of an employee in the Slovak Republic in €



*Source:* Own processing based on the data of The Statistical Office of the Slovak Republic.

Continuously, we estimated the wages development in the reference period by the regression model. By linear regression modelling of the development of the nominal wages from the period of 2000-2019, we analysed the average interannual change in wages. In this case, it is the interannual increase in wages by €34.453 (Table 1). The model itself as well as the partial parameters results are statistically significant.

Tab. 1 Regression analysis, modelling of wages development in the Slovak Republic in the period of 2000-2019

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1 (Constant)	361.685	12.698		28.484	.000
Year	34.453	1.060	.992	32.504	.000

Notes: a. Dependent Variable: avg\_wage; based on the formula:  $y^{++}=361.685^{++}+34.453^{++}x$ .

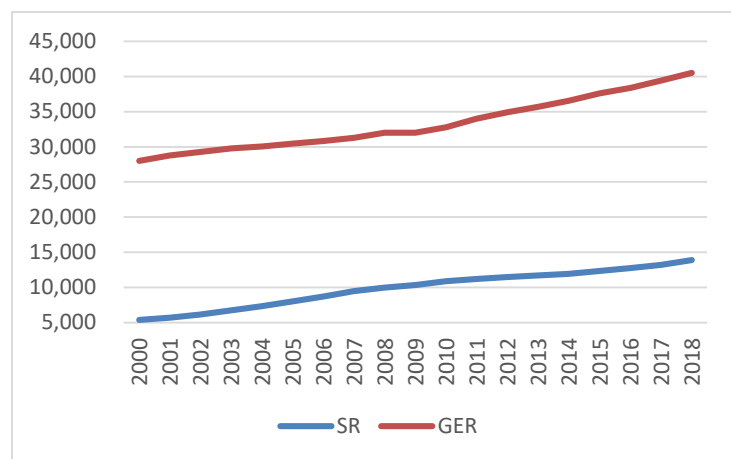
Source: Authors' calculation based on the analysed data.

Thus, the legitimate question arises: *was this trend sustainable? Was this trend in correlation with rising labour productivity?* Of course, from the employee's point of view, it is possible to speak of a definitely positive trend, the position of the employer is already unambiguous even if it is not necessary, especially in terms of growth of wages in relation to the growth or decline in labour productivity. In the context of the continuous increase in wages, it is necessary to be aware of the disparities that characterize the Slovak region in comparison with Europe (Vilčeková et al. 2020; Mihálik et al., 2019). The authors (Balčár & Gottvald, 2016) claim that statistically significant changes in return to particular wage determinants were limited during the crisis in the period 2008-2014. For example, investigation the trade-off between wage and workforce adjustments and the role of industrial relations in firm-level responses to the economic crisis in Germany and the Netherlands offer Tijdens et al. (2014) in their study. The crisis affected mainly the wages demand determinants.

The time inconsistency phenomenon in the national economic policy implementation has been analysed by many authors and leads to a concrete foundation that the discretionary wages policy approach with the possibility of everyday change leads to worse macroeconomic results in the long run though performing a positive result in the current period of time (Sinikáčová & Gavurová, 2017). The wage disparities present a general problem. Comparing average wages in the Slovak economy and for example in Germany, as one of the most important business partners (but also a significant determinant of the performance of the Slovak economy), there are significant differences (Figure 2). The development of wages in the Slovak Republic is, as compared to Germany, positive, growing steadily in the period of 2000-2019, with the regression model, the results of which are shown in the Table 2. Similarly, the development of wages in Germany,

abstracted from the comparison with the Slovak Republic, has a positive trend which can only be supported by a statistically proved regression model (Table 3). The statistical evidence is significant.

Fig. 2 The development of average annual wages in the Slovak Republic and Germany (at current prices in €)



Source: Own processing based on the data of the OECD.

Tab. 2 Regression analysis results, modelling of annual wages development in the Slovak Republic

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1 (Constant)	5181.368	184.700		28.053	.000
Year	467.553	16.199	.990	28.863	.000

Notes: a. Dependent Variable: SR\_OECD; based on the formula:  $y^{++}=5181.368^{++}+467.553^{++}x$ .

Source: Authors' calculation based on the analysed data.

Tab. 3 Regression analysis results, modelling of annual wages development in Germany

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1 (Constant)	26598.000	349.609		76.079	.000
Year	668.116	30.663	.983	21.789	.000

Notes: a. Dependent Variable: GER\_OECD; based on formula:  $y^{++}=26598.000^{++}+668.116^{++}x$ .

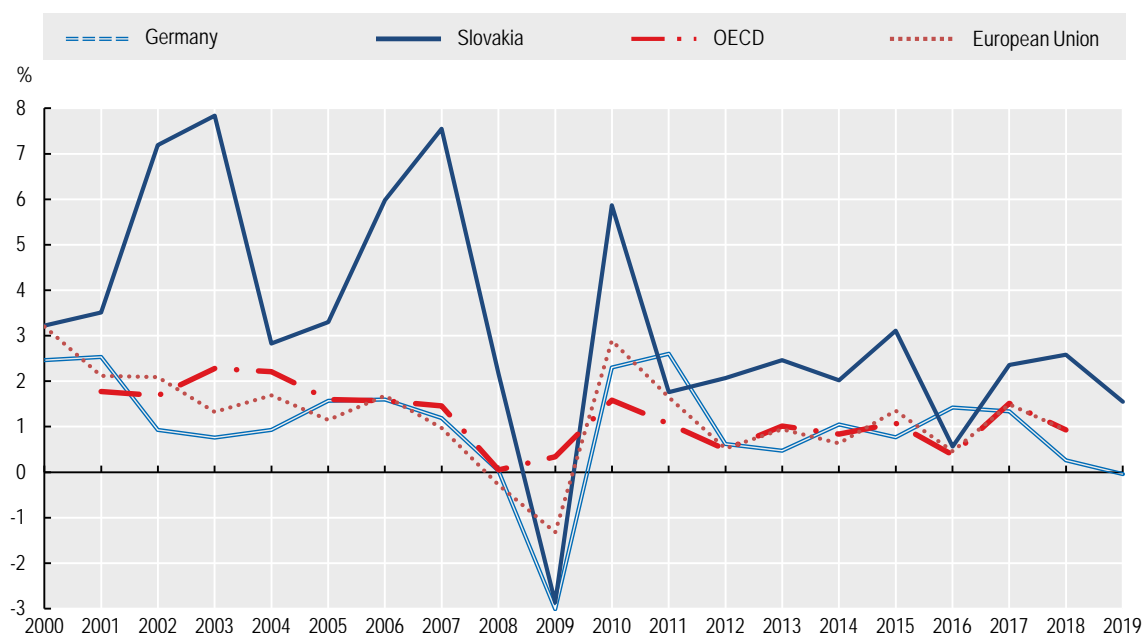
Source: Authors' calculation based on the analysed data.

The model analyses show that the annual wages growth in Germany was approximately €200 higher than in the Slovak Republic in the analysed period (in absolute values). If taking into consideration a significantly different starting situation in the Slovak Republic and Germany, the often-heard question is set: Will there ever be the “German wages” in the Slovak Republic? The answer is unambiguous: Never. Of course, this is a kind of answer that will probably satisfy nobody, not the inhabitants at all. However, we shall keep in mind that it is a model *ceteris paribus* that captures a relatively short period. If this trend continued in both countries for a long period of time without any additional external and internal determinants affecting wages (except those already considered), the Slovak Republic would not be able to reach the current German wages in 30 years. Index analysis could be an alternative analysis for better optimistic prospects. Its advantage is that the different starting bases are not so significant. The average wage growth in Germany during the reference period was 2.08%, up to 5.42% in the Slovak Republic. With the continuation of year-to-year increases for the following periods, Slovak salaries would be offset by German in 2052. Of course, it is debatable whether a high year-to-year increase (dominated by relatively low wage at the beginning of the analysed period) proves relevant Slovak ability to secure it in the next period. The answer could be found in the comparison of wages development with a change in labour productivity.

## ***2.2 Labour productivity in relation to wages development in the period of 2000-2019***

In the comparison of year-to-year changes in labour productivity, the high level of the Slovak Republic is evident. The change in labour productivity on a yearly basis in the Slovak Republic over the period is higher than in other surveyed countries. The fall to negative values was marked, and not only in the Slovak Republic, but for example, in Germany, or the EU as a whole, in 2009, which was linked to the upcoming global economic and financial crisis. A greater continual change might be seen in the Slovak Republic than in Germany (Figure 3). Therefore we decided to test the statistical significance of year-to-year changes in labour productivity in these countries in the period of 2000-2019 (due to the availability of the data sources). The results of the testing are presented in the Table 4.

Fig. 3 Labour productivity development in chosen countries (annual growth rate in percentage)



Note: Updated April 10<sup>th</sup> 2020; the data of 28 countries of the EU and OECD from 2020 are not available.

Source: Own processing based on the data of the OECD.

Tab. 4 Test results, t-tests, analysis of labour productivity changes in the Slovak Republic and Germany

		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence	
									Lower	Upper
work productivity	Equal variances assumed	5.520	.024	3.566	38	.001	2.27350	.63753	.98289	3.56411
	Equal variances not assumed			3.566	27.272	.001	2.27350	.63753	.96601	3.58099

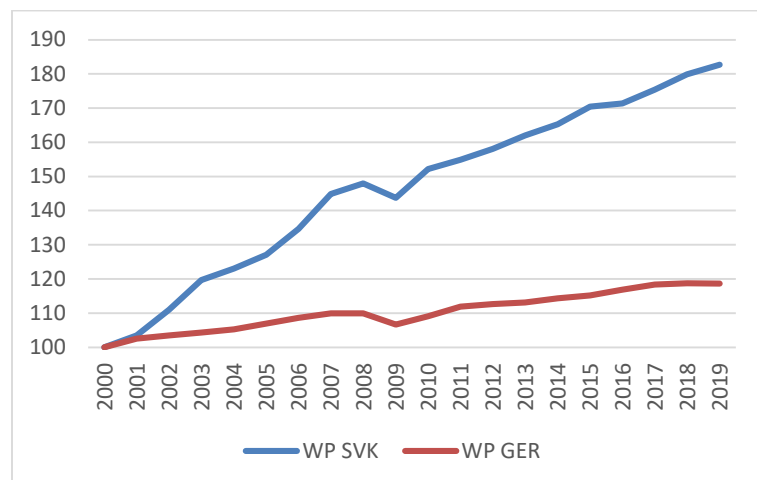
Source: Authors' calculation based on the analysed data.

Based on the results of testing, it is clear that there is a statistically significant difference between the year-to-year change in labour productivity in the Slovak Republic and Germany over the monitored period. The average difference between changes in labour productivity is 2.27% in favour of the Slovak Republic. Higher average annual increase in labour productivity in the Slovak



Republic led to significant cumulative differences over the whole analysed period (labour productivity in Germany grew by 18.7%, while in the Slovak Republic, it grew by 82.7%).

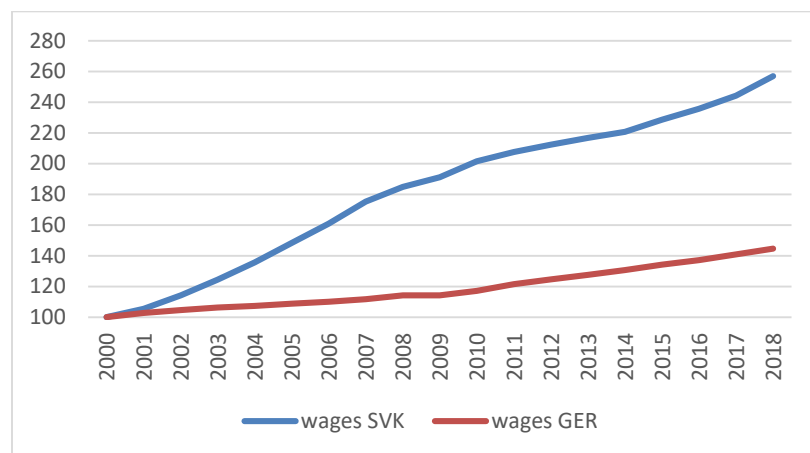
Fig. 4 Cumulative labour productivity change (the year 2000 refers to 100%)



Source: Own processing based on the data of the OECD.

The question is *to what extent has the increase in labour productivity been projected into the rise in wages?* The increase in wages for a comparable period (2000-2019) is even more dramatic - while in Germany the wages grew by 44.8%, the number in the Slovak Republic raised up to 157% (Figure 5). However, in this calculation the authors do not take the data of wages growth in OECD in 2019 into consideration, as these were not available at the time of study finalization.

Fig. 5 Cumulative change of gross wages (the year 2000 refers to 100%)



Source: Own processing based on the data of the OECD.

Here we come to the main point of discussion: *To what extent is this wage increase,*

*especially in the Slovak Republic, sustainable?* The question is not only economic but also other dimensions must be considered: political, legislative, social, ideological, cultural, etc. It is absolutely legitimate to meet the expectations of labour (basically presented by working inhabitants) to try to bring living standards closer to the quality life level of developed countries, especially if there are no significant barriers to stronger interactions between them (Grdinić et al., 2017).

### ***2.3 Correlations and development evaluation – the Slovak and German example in relation to the EMU participation***

However, it is highly desirable to identify to what extent this dramatic wage growth is underpinned by labour productivity growth. We monitored the relationship between the given variables separately in Germany and in the Slovak Republic. As it was not possible to reject the hypotheses about the normality of the distribution of files (Kolmogorov-Smirnov test) within the analysed file of data corresponding to Germany (annual growth in productivity, annual growth in wages), we therefore look at the relationship between wages change and the change in labour productivity in each analysed year separately and, alternatively, with the annual delay in changing of wages to the change record in labour productivity. In the second case, we assume that the change in wages should respond to the change in labour productivity with a certain delay (due to the imperfection of the market), in our case by one year. When we analyse the relationship without an annual shift, we get results that are statistically significant. Thus, we can say that there is a statistically significant relationship between the annual change in labour productivity and the annual change of wages. If we take the correlation coefficient value into consideration, we may speak of a medium strong relationship.

Tab. 5 Correlation analysis results, relationship between annual change in labour productivity and annual change in wages in Germany (2000-2018)

		GER_WP_change	GER_wages_change
GER_WP_change	Pearson Correlation	1	.594**
	Sig. (2-tailed)		.009
	N	18	18
GER_wages_change	Pearson Correlation	.594**	1
	Sig. (2-tailed)	.009	
	N	18	18

Note: \*\* Correlation is significant at the 0.01 level (2-tailed).

*Source:* Authors' calculation based on the analysed data.

When analysing the relationship with an annual delay, we get even less reliable and insignificant results. However, as the data of 2019 related to wages development were not available, we analysed both labour productivity and wages changes in the period of 2000 to 2018 in these partial calculations.

Tab. 6 Correlation analysis results, relationship between annual change in labour productivity and annual change in wages in Germany, the annual shift in wages (2000-2018)

		GER_WP_change	GER_wages_change
GER_WP_change	Pearson Correlation	1	.177
	Sig. (2-tailed)		.497
	N	17	17
GER_wages_change	Pearson Correlation	.177	1
	Sig. (2-tailed)	.497	
	N	17	17

Source: Authors' calculation based on the analysed data.

The analyses show two statistically different reliable results. While we observe a statistically significant correlation in monitoring the relationship between labour productivity and wages in the standard year, we do not see this correlation in the event of a one-year delay in labour productivity wages. On the basis of the partial analyses results, it is much more appropriate to monitor the relationship between the change in labour productivity and the change in wages in the analysed year, not with an annual delay. In the case of the analysis of the correlation between the growth of labour productivity and wages growth in the Slovak Republic, we performed the analysis by parametric methods, as the parameters analysed by the Kolmogorov-Smirnov test of normality did not lead to the rejection of the hypothesis about the normal distribution of variables (Table 7). In the case of an annual change in wage growth including the annual delay in the change in labour productivity, the following results were achieved (Table 8).

Tab. 7 Correlation analysis results, relationship between change in annual labour productivity and annual change in wages in the Slovak Republic (2000-2018)

		SVK_WP_change	SVK_wages_change
SVK_WP_change	Pearson Correlation	1	.693**
	Sig. (2-tailed)		.001
	N	18	18
SVK_wages_change	Pearson Correlation	.693**	1
	Sig. (2-tailed)	.001	
	N	18	18

Note: \*\* Correlation is significant at the 0.01 level (2-tailed).

Source: Authors' calculation based on the analysed data.

Tab. 8 Correlation analysis results, relationship between annual change in labour productivity and annual change in wages in the Slovak Republic, the annual shift in wages (2000-2018)

		SVK_WP_change	SVK_wages_change
SVK_WP_change	Pearson Correlation	1	.443
	Sig. (2-tailed)		.075
	N	17	17
SVK_wages_change	Pearson Correlation	.443	1
	Sig. (2-tailed)	.075	
	N	17	17

Source: Authors' calculation based on the analysed data.

On the basis of the analyses performed, we may state that the wage growth in the Slovak Republic is strongly related to the increase in labour productivity. The deceleration of wage changes in comparison to the changes in labour productivity by one year leads to a significant deterioration of the coherence of evidence. Thus, labour productivity strongly determines wages and all changes in labour productivity affect the changes in wages development. However, we should look at the problem differently, the other question is *what might imply a change in labour productivity, in other words to what extent are we able to quantify labour productivity determinants?* In the literature, we can meet different classifications of labour productivity growth factors (Syverson 2011; Krauszová 2006; and others). Considering the context and the aim of the research, we analyse the most significant questionable determinant – the entrance of the country into the EMU.

Tab. 9 Testing analysis results, t-tests, change in labour productivity analysis in the Slovak Republic taking into account the EMU entrance (2000-2019)

		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence	
WP_change	Equal variances assumed	1.995	.176	3.023	17	.008	3.07727	1.01803	.92942	5.22513
	Equal variances not assumed			2.965	14.121	.010	3.07727	1.01803	.85317	5.30138

Source: Authors' calculation based on the analysed data.

The results show that there are statistically significant differences between annual changes in labour productivity in the pre-accession and post-entry period. However, joining the EMU did not lead to higher labour productivity in the Slovak Republic. In the pre-accession period, labour productivity grew significantly faster by 3.077% (average growth of 5.05% in pre-accession and 1.97% in post-accession periods). This result though might be negated by the consequences of the crisis in 2009, which is actually the year of the Slovak entrance into the EMU. If we analysed the abstracted data from 2009 on, the results would be different (Table 10).

Tab. 10 Testing analysis results, t-test, analysis of changes in labour productivity in the Slovak Republic reflecting the entrance into the EMU (2000-2019) – excluding the data from 2009

		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence	
									Lower	Upper
WP_change	Equal variances assumed	8.556	.010	2.932	16	.010	2.59000	.88331	.71746	4.46254
	Equal variances not assumed			2.710	10.817	.018	2.59000	.93512	.52755	4.65245

Source: Authors' calculation based on the analysed data.

The analysis led to limited values to allow the rejection of the concurrence of the set of variances, therefore we prefer to analyse the average value match of the samples of differing variances. The results indicate the existence of statistically significant differences in the average labour productivity values of pre-accession and post-accession periods. We may see that the higher average labour productivity was achieved in the pre-accession period. The higher value of average labour productivity growth in the pre-accession period was even achieved with the inclusion of the post-crisis year (2010) indicating a high labour productivity increase (after a drop in 2009). Consequently, it is not possible to accept conclusions that are so often popularly presented in public that the Slovak entry into the EMU led to an increase in labour productivity. Rather, we could conclude that it led to a more balanced growth (excluding the 2009 crisis year) by comparing the standard deviations of pre-accession and recession periods (2.337 vs. 1.384). We come to the same

conclusion when analysing the influence of the Slovak Republic's entry into the EMU on the wage dynamics differential (Table 11, Table 12).

Tab. 11 Pair-testing analysis results, t-tests, analysis of changes in wages in the Slovak Republic in the EMU pre-accession and post-accession period (2000-2018)

		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	Df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence	
									Lower	Upper
wages_change	Equal variances assumed	0.705	.413	7.029	16	.000	4.6375	.6598	3.2389	6.0361
	Equal variances not assumed			6.831	13.088	.000	4.6375	.6598	3.1719	6.1031

Source: Authors' calculation based on the analysed data.

Tab. 12 Pair-testing analysis results, t-tests, analysis of changes in wages in the Slovak Republic in the EMU pre-accession and post-accession period (2000-2018) – excluding 2009

		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	Df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence	
									Lower	Upper
wages_change	Equal variances assumed	.328	.575	6.652	15	.000	4.6431	.6980	3.1553	6.1308
	Equal variances not assumed			6.575	13.696	.000	4.6431	.7061	3.1254	6.1607

Source: Authors' calculation based on the analysed data.

There is no significant impact on the results of the analysis if including (or excluding) the crisis year 2009 into it. Similarly, to the average change in labour productivity, even in the change of wages, statistically significant differences can be noted in favour of the pre-accession period (Jenčová et al., 2015). The average annual increase in pre-accession and post-accession periods proves statistically significant differences. In the pre-accession period, the wages grew by about nearly 5% faster than in the post-accession period. Similarly, to the changes in labour productivity, there is a smaller annual variability in the post-accession period after 2009 (standard deviation of

1.573 before the EMU entrance compared to 1.305 after 2009). However, the Slovak economy is very heterogeneous. To evaluate the wages, or the labour productivity, only from a macroeconomic point of view does not have to objectively correspond with the performance of individual industries, with the long-term sustainability of wage policies within the economic area. The development of nominal wages in the economy sectors over the period under review is broadly increasing, but there are significant sectorial disparities over time that might be analysed in further researches.

### **3 Conclusion**

In the research, we focused on the analysis of pre-coronavirus changes in labour productivity and changes in wages (as selected economic criteria) from multiple partial points of view. It is necessary to realize, that over the past decade, the Slovak Republic has witnessed a dramatic increase in wages in the national economy, which may cause doubt about the healthiness of its development. However, in comparison with labour productivity, we can conclude that this increase in wages is of similar trend to that of the increase in labour productivity. Though, during the analysed period, the wages in the Slovak Republic grew cumulatively more than labour productivity, it should be remembered that this analysis was performed on the basis of the year 2000 as a starting point, in which the level of both wages and labour productivity was 100%. Previous years (up to 2000) marked an increase in unemployment and lower wage pressures in the Slovak economy, which could lead to the creation of a certain internal wage reserve, which could have been gradually released in the next years. On the contrary, the significant drop in unemployment in the next period led to a higher demand for an employee, accompanied by an increase in wages. On the basis of the analyses performed, we state that the wages development in the national economy cannot be described as unsustainable. The results of analyses prove the relationship between labour productivity and wages, where the statistical reliability between the growth of labour productivity and the growth of wages with a high degree of tightness of relationships was proved, as well as a gradual decline in wages growth. The tightness of the relationship between these indicators as well as the statistical reliability was quite of similar statistical significance for both the Slovak data file and the German one. However, a relatively short (19 years) comparative period should be kept in mind. Both compared countries experience



a great economic challenge now, probably caused by the coronavirus crisis – however, the question is, due to the research results, *was this crisis not predictable? It the coronavirus issue not just accelerating phenomenon?* The Slovak example clearly presents a warning case-study model.

In both countries (Germany was chosen as an example of dynamic progressive European country), the growth of wages over the analysed period was accompanied by a growth in labour productivity. This relationship is statistically significant as it is shown by the high intensity of the relationship of the given variables. Therefore, over the analysed period it is possible to argue that the recorded wage growth in the Slovak economy is “natural and healthy”, for it may find its economic justification in the growth of labour productivity. Even in the case of the Slovak Republic, even in the case of Germany, the change in wages is the result of a change in labour productivity. This relationship has only been proved if the annual changes in wages and labour productivity have been taken into consideration within the research. If we expand the research analyses of the assumption that wage growth is copying the growth of labour productivity with a certain distance (in the study case referred to one year), the relationship between the change in wages and the change in labour productivity will not be confirmed. This conclusion refers to both Slovak and German study case.

If we analyse the impact of the Slovak Republic's entrance into the EMU on the change in wages or labour productivity (the EMU entrance is viewed as a political act with possible subsequent economic benefits), we did not prove any positive impact on wages or labour productivity in the post-accession period. Of course, it is just a review of the status and development of two periods, not a complex analysis of the impact of the EMU accession. It is possible that a later entry would lead to a lower increase in labour productivity or wages, therefore the partial conclusions on the impact of the Slovak entrance into the EMU in terms of wage changes or labour productivity is a simple evaluation of changes in the performance of the two periods.

But what if the overall process is integrated with an immediate pandemic that brings about a different functioning and even a halt to the economy? Retail stores, hotels, bars and restaurants have been closed or restricted to delivery, a growing group of service providers and retailers are losing their jobs, sports events such as the NBA and the Olympic Games have been suspended and postponed, the pandemic shock is rising. While the first and most important aspect of the epidemic is and always remains the loss of human life, the spread of the virus can also have important

consequences for national or regional economies. Evidence from various studies suggests (e.g. Chakraborty & Maity 2020; Açıkgöz & Günay 2020; Mesa et al. 2020; Zhang et al., 2020) that the epidemic has an impact on the country's economy through several channels, including the health, transport, agriculture and tourism sectors, the economy deteriorates at least because of government health constraints. At the same time, trade with other countries can be affected by safeguard measures, which, in the case of open economies and the interconnection of modern economies, logically implies a negative impact on international supply chains, as factory shutdowns and quarantine measures are spreading worldwide. Moreover, rapid urbanization, increasing international travel and climate change make the outbreak of the epidemic a global phenomenon and not just a local phenomenon, indicating the need to take the necessary measures to combat this threat in all countries.

However, the results of the research show that even in the case of such significant threat as pandemic Covid-19 undoubtedly is, it is in the case of such adjustment of the economy explicitly only accelerated crisis, not an unpredictable state.

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## COMPARATIVE ANALYSIS OF CYBERSECURITY STRATEGIES. EUROPEAN UNION STRATEGY AND POLICIES. POLISH AND SELECTED COUNTRIES STRATEGIES

**Andrzej JACUCH, PhD**

Military University of Technology, Poland

[andrzej.jacuch@wat.edu.pl](mailto:andrzej.jacuch@wat.edu.pl)

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**Abstract:** *The Western democracies: the United Kingdom, the United States, the European Union countries are targeted by hybrid threats predominantly on two fronts – cyberspace and information. This article focuses on cybersecurity. The rapid development of ICT technologies and cyberspace have had a tremendous impact on societies and more general on the international security environment. The EU and its members efficient functioning depends on a coherent and effective system to counter cyber threats at strategic, legal and institutional levels. The objective of this paper is to identify, analyse and assess the adequacy of the Polish National Cyber Security Strategy (Polish NCSS), including the implementation of EU's regulations. The article presents description and analysis of the the EU responses to cyber threats; and the Polish strategy. For comparison, strategic documents of the United Kingdom, the United States, France, Lithuania and Estonia are analysed. It presents the findings of a comparative analysis of the Polish strategy with the five national strategies and present recommendations to enhance cybersecurity.*

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**Keywords:** Cyberspace, Cyber security, National Cyber Security Strategy, EU Cyber Security strategy and policies.

### Introduction

Emerging innovations in cyber technologies - artificial intelligence, encryption, authentication, quantum computing, 5G mobile technology, IT-OT Convergence and others - impact cybersecurity and contribute to changes in the area of national and global security. During the COVID-19 pandemic organisations, public and private at local, national and international levels, have switched to work from home and it may continue in a post-COVID world. A boom in remote working also impacts the future cybersecurity (Bisson, 2020). It is becoming more and more problematic to define the nature and methods of preventing cyber threats. Further increase



in cyber threats using more advanced information and communication technologies may concern ever newer aspects.

A country is exposed to higher cyber threats impacts and damages because: its laws and policies related to cyber security being not sufficient or not implemented effectively; technology and infrastructure inadequacies and lack of knowledge and preparedness against attacks; and lack of training and awareness of users and lack of coordination and cooperation between institutions and organizations (Senol and Karacuha 2020, p. 17).

In 2007, a wide-ranging cyber attack on Estonia paralysed numerous government and corporates sites. The escalation in these kinds of attacks highlighted the need for governments to formulate national cyber strategies (Attatfa et al. 2020, p. 60). Cyber Strategies and regulations on the safety and security of cyberspace enable a safer use of cyberspace. National Cyber Security Strategies (NCSS) improve the security and resilience of national infrastructures and services. A NCSS is “a national plan of action based upon a national vision to achieve a set of objectives that contribute to the security of the cyberspace domain” (Besseling et al. 2013, p. 4).

Cyber security strategic documents of Central European countries, including a comparison with the strategic documents of Estonia and the United Kingdom were discussed in “Cyber security strategic documents analysis”. Its attention is on the history of cyber security in EU and structure of national cyber security strategic documents (Buřita and Halouzka 2019, pp. 6). National Cyber Security Strategies and policies worldwide are analysed in “Creating and Implementing an Effective and Deterrent National Cyber Security Strategy” (Senol and Karacuha 2020, pp. 1-19). It stresses that countries around the world continue to develop and strengthen their national strategies and policies incorporating their cyber defence and offence forces, into their national security. Other authors adopt the framework of securitization theory on both civil and military approaches to cybersecurity and discuss policies of Eastern European countries and the Baltic states (Tomic et al. 2018, pp. 1039-1055).

In the following paragraphs, I seek to analyse the EU’s Cybersecurity Strategy and policies, their implementation in Poland and to compare the Polish NCSS with the strategies of five countries leading in cyber security according to the 2018 ITU Global Cybersecurity Index. The question is how Polish NCSS responds to cyber threats. This requires answering such questions as: How to define cyberspace? What are EU responses to cyber threats? How has Poland implemented the EU Cyber Security Strategy and policies? What are the strengths of the top

national strategies? What needs to be improved concerning cyber security in Poland? The aim of the study is to substantiate the thesis that the Polish NCSS, legislative and institutional tools require continued further work, including fully implementing upcoming EU proposals as well as best practices adopted by the most cyber security advanced countries.

The first section analyses the definitions of cyberspace concluding there has been no unified definition in international and national legal acts agreed upon yet. In the second section the EU approach to cyber security is discussed. The last section compares Polish NCSS with the strategies of the United Kingdom, the United States of America, France, Lithuania and Estonia. It concludes with findings from the above analyses proposing further directions of work on the Polish NCSS.

The research process uses qualitative research methods as well as work experience, synthesis, abstracting, comparison, generalization and implication. The article analyses reference texts and legal acts, the cyber security strategies, directives and regulations. Other sources are monographs, articles referring to the investigated questions, and internet sources.

### **How to define cyberspace?**

The lack of a common definition of cyberspace is an obstacle to the formal and legal regulation of cyber security at both national and international level. The deficit of international regulations is also a problem in relations between states.

“The term ‘cyber’ has been used to describe almost anything that has to do with data networks and computers, especially in the security field. Unfortunately, however, there is no consensus on what ‘cyberspace’ is, let alone what are the implications of conflicts in cyberspace” (Lorents and Ottis 2010, p. 267).

Lan and Inkster (2020, p. 79.) conclude that “cyberspace had its own uniqueness – both a virtual, man-made side, characterized by outstanding technical empowerment and a highly complex operation mechanism, and an integration with the traditional real world, with the boundary between the two becoming ever more blurred and even able to be ignored. In general, conflict and cooperation co-exist in the international governance of cyberspace, exploration and practice are being constantly developed, some basic principles and rules have reached consensus and been put into practice”.

The European Union defines cyber space as “the time-dependent set of tangible and intangible assets, which store and/or transfer electronic information. Cybersecurity comprises all activities necessary to protect cyberspace, its users, and impacted persons from cyber threats” (ENISA 2017, p. 6).

The UK Cyber Security Strategy defines cyberspace as “the interdependent network of information technology infrastructures that includes the Internet, telecommunications networks, computer systems, Internet-connected devices and embedded processors and controllers. It may also refer to the virtual world or domain as an experienced phenomenon, or abstract concept” (HM Government 2016, p. 75). The definition also includes the essential functions of cyberspace, which are to store, modify and transmit information.

The US Department of Defence defines cyberspace as “a global domain within the information environment consisting of the interdependent network of information technology infrastructures and resident data, including the Internet, telecommunications networks, computer systems, and embedded processors and controllers” (US Congressional Research Service 2021).

These definitions put impact on the technical aspect of cyberspace. However, cyberspace is not only the sum of physical components or operations performed by users on networks, but also a new area for human activities that eludes physical measurements. This social aspect is included in the definition adopted by the NATO Cooperative Cyber Defence Centre of Excellence from Lorents and Ottis (2010, p. 267): “cyberspace is a time-dependent set of interconnected information systems and the human users that interact with these systems”.

The concept of cyberspace was introduced into the Polish legal system by the Act of 30 August 2011 (Kancelaria Sejmu RP 2011). The Act, in Article 1, section 2, point. 1b defines cyberspace as an area of "processing and exchange of information created by information and communication systems, ..., together with links between them and relations with users". This definition overlooks the issues of data collection in ICT systems, including their vulnerability to various threats. This data will often be more difficult to recover or restore than to rebuild the cyber infrastructure (Wasilewski 2013, pp. 225-234).

Cyberspace like the physical world, also has military and strategic dimensions and requires countries to work together to defeat cyber opponents. (Attatfa et al. 2020, p. 60). It is important to note that Cyberspace was recognised by NATO as another domain of law enforcement operations (NATO 2016, pars 70-71). In July 2018, NATO decided to establish a Cyberspace Operations

Centre in Belgium to provide situational awareness and coordination of NATO operational activity within cyberspace. NATO members are developing offensive cyber capabilities to provide intelligence, active defences, and retaliatory cyberattacks (Libicki 2019, pp. 12-13). In 2019, France announced its doctrine for offensive cyber operations (Laudrain 2019).

Cyberspace is governed by national and international laws, standards, political agreements, and technical protocols. Cybernorms are not uniform in nature. This diversity requires different legal solutions. The standards for protecting the integrity of databases are a completely different set of issues from those for protecting a company's network or protecting critical infrastructure against a cyber attack. Achieving consistency between national and international standards governing various aspects of cyberspace would improve progress in this area.

### **EU Cyber Security Strategy and Polices**

Cyber attacks can cause disruption not only to companies or states but also to organisations such as the EU. Number of recorded incidents in the EU is continuously growing, resulting in increased cooperation between Member States. The EU has been expanding its international role in foreign and security policy to include cybersecurity, where it plays a vital role. The EU's role as a global cyber-player is better understood through the prism of the global cyber regime complex and the strategies that the EU pursues within this complex, rather than by merely examining the effectiveness of its actions within individual regimes (e.g. cybercrime, stability, human rights) (Pawlak 2019, pp. 167-186). The EU aims to unify regulations for functioning in cyberspace and to increase cooperation between member countries, as well as with NATO and other international organisations.

The 2013 EU cybersecurity strategy clarified roles, responsibilities and activities, like: achieving cyber resilience, reducing cybercrime, developing an EU Cyber Defence Policy and capabilities in the framework of the Common Security and Defence Policy, developing the industrial and technological resources for the Digital Single Market, establishing an international cyberspace policy for the EU (European Commission 2013). The EU has updated its priorities for network and information security policy with the aim to develop a capacity to cope with security challenges within the EU Agency for Network and Information Security (Official Journal of the European Union 2013). The Digital Single Market Strategy from 2015 serves the creation of better access to digital goods and services (European Commission 2015).

Since then, the EU has adopted legislative proposals, secured investment, and fostered cooperation within the EU and with partners, particularly NATO. It adopted a set of measures for cooperation in case of a large-scale cyber incident (European Commission 2016). The adoption of the Directive on security of network and information systems (NIS) is the first EU-wide legislation on cybersecurity across the EU (The European Parliament and the Council of the European Union 2016). It calls for Member States to adopt a national strategy for the security of networks and information systems, defines the structure of the national cybersecurity system<sup>1</sup> and the tasks and responsibilities of the entities comprising that system and the Critical Incident Panel.

In September 2017, the EU published a cybersecurity package including initiatives in three areas: resilience to cyber-attacks and cybersecurity capacity, an effective criminal law and global stability through international cooperation (European Commission 2017a). In 2018, a Network of Cybersecurity Competence Centres and a new European Cybersecurity Industrial, Technology and Research Competence Centre were proposed, having built on the expertise that has already existed in more than 660 cybersecurity centres from all Member States. It is also ensuring cybersecurity of 5G networks and developing measures which can be used to strengthen the EU's response to activities that harm its interests (European Commission 2018). The 2019 Cybersecurity Act has provided a consolidated cybersecurity certification framework (Official Journal of the European Union 2019). It has reformed the ENISA and created a certification framework, which provides support to Member States, EU institutions and businesses, including the implementation of the NIS Directive.

The sanctions system, so called Cyber Diplomacy Toolbox, agreed in May 2019 allows the EU to impose targeted restrictive measures to prevent and respond to cyber attacks (The Council of the European Union 2019). Based on this legislation, in July 2020, the EU for the first time ever imposed sanctions on six people and three entities responsible for various cyber attacks, including an attempted cyber attack on the Organisation for the Prohibition of Chemical Weapons (OPCW) in 2017. Restrictions were imposed on the GRU's Main Centre for Special Technologies, four GRU officials, two Chinese citizens and one Chinese and one North Korean company. The sanctions include a travel ban on EU territory and an assets freeze (CyberDefence24.pl 2020).

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<sup>1</sup> 1) key service providers; 2) digital service providers; 3) three Computer Security Incident Response Teams, sectoral cyber security teams; and public finance sector entities.

Despite the EU's efforts to ensure greater coherence, the legislative framework in the Member States relating to cyber security remains incomplete. The ECSO Digital Europe (2019) present current status of the implementation of the NIS Directive in all member countries. In March 2019, several countries did not have a fully implemented Directive in place. The European Court of Auditors has considered challenges to effective implementation of the EU cybersecurity policy and produced a non-exhaustive list of gaps and uneven transposition in the legislative framework of EU members (European Court Of Auditors 2019, Table 1, p. 34).

The process of shaping the cybersecurity of the EU continues. On 16 December 2020, the EU presented three proposals, the EU's Cybersecurity Strategy for the Digital Decade, the Directive on measures for a high common level of cybersecurity across the Union, called NIS2 Directive (European Commission 2020a), and the Directive on Critical Entities Resilience (CER) (European Commission 2020b).

On 10 June 2021, the European Parliament (EP) adopted a resolution on the EU's Cybersecurity Strategy for the Digital Decade (European Parliament 2021) to make connected products and associated services secure by design, resilient to cyber incidents, and able to be quickly patched if vulnerabilities are discovered (Pingen (2021)). The Strategy aims to ensure a global and open Internet with strong safeguards. Building on the progress made under previous strategy, it makes proposals for the use of three main instruments - regulatory, investment and policy initiatives in three areas: "resilience, technological sovereignty and leadership"; "building operational capacity to prevent, deter and respond"; and "advancing a global and open cyberspace through increased cooperation" (European Commission 2020c). The strategy demonstrates the EU's strong commitment to continuously develop its defensive cyber capabilities and to intensify cooperation between its members and with third countries, regional and international organisations as well as the multi-stakeholders.

The NIS2 Directive specifies 'essential entities' and 'important entities', introduces the EU Cyber Crisis Liaison Organisation Network (CyCLONe), the CSIRTs network and the Cooperation Group, to support the management of large-scale incidents at the European Union level. The EU-CyCLONe has the additional function of coordinating the disclosure of vulnerabilities of specific entities at the EU level. The NIS 2 Directive aims to increase the level of cybersecurity in the EU as it would effectively oblige more entities and sectors to take necessary

measures. The CER Directive will expand both the scope and depth of the 2008 European Critical Infrastructure directive.

The European Parliament and the Council continues to examine the NIS2 and CER Directives. Once the proposals are adopted, member states will transpose them into law. The Commission will periodically review NIS2.

Cooperation within the EU in the area of cybersecurity includes the harmonisation of the legal framework. It is planned, by 2030, to create attractive regulatory conditions to increase the potential contained in data. “The aim is to create a single European data space - a genuine single market for data, open to data from across the world - where personal as well as non-personal data, including sensitive business data, are secure and businesses also have easy access to an almost infinite amount of high-quality industrial data, boosting growth and creating value, while minimising the human carbon and environmental footprint” (European Commission 2020d).

The EU and NATO work closely on countering hybrid threats and enhancing resilience with a special focus on countering cyber attacks and disinformation. In 2018, NATO’s North Atlantic Council and the EU’s Political and Security Committee held the discussion on hybrid threats with a subsequent scenario-based exercises. Both NATO and the EU have been improving their capacities to detect, understand and counter malicious activities at an early stage; enhancing the resilience of critical infrastructure, societies and institutions. There are in place mechanisms allowing for NATO and the EU working together, particularly on staff level. Nevertheless, there is a scope for enhancement of the cooperation of both organisations and further building synergy in countering cyber threats (Jacuch 2020, p. 19).

The EU and NATO cooperate and/or provide fora and develop capabilities not only in cyber security. Both the EU and NATO established disaster response mechanisms. NATO provides added value in international disaster response in relation to the United Nations (UN) and EU actions. NATO with its transatlantic dimension and its military capabilities can assist when a stricken nation, its neighbours and/or other international organization(s) capacity or measures cannot cope with the potential negative consequences of a natural or man-made disaster.

### **Comparison of Cyber Security Strategies**

A national cyber security strategy is a basic government document that reflects the interests and security principles in cyberspace and establishes a framework for future legislation, policies,



standards, and other recommendations related to security and cyber-security. Any EU member county strategy must cover all aspects of cyber space to ensure a comprehensive approach to addressing the cyber challenges of tomorrow. ENISA's perspective on cyberspace needs starts with EU core values, such as democracy and human rights at the top, and, working the way down, to the basic citizens' needs. There are interdependencies between the layers (ENISA 2017, p. 4). The most widely accepted approach in the preparation of national cyber security strategies is lifecycle approach as proposed by ENISA with the aim of controlling and continuously improving the strategy and related policies as well as implementation through measures, actions, and processes (ENISA 2016, p. 13, Figure 2-1).

In 2017, Poland adopted its NCSS for 2017-2022. It defines cyber security as: "[...] the resilience of information and communication systems, at a given level of confidence, to any activity that compromises the availability, authenticity, integrity or confidentiality of stored or transmitted or processed data, or the related services offered by or accessible via these information networks and systems" (Ministry of Digital Affairs 2017, p. 26).

In 2018, Poland adopted the National Cyber Security System Act (Kancelaria Sejmu RP 2018). Important elements of the Act have been the appointment of the Government Plenipotentiary and the Board for coordination of activities and implementation of state policy in the area of cyber security; division of responsibilities between individual CSIRs at national level and establishing supervision in the field of cyber security by appointing competent authorities and introducing financial penalties.

In 2019, in accordance with the ENISA' lifecycle approach, Poland adopted its improved NCSS for 2019-2024, which aims „to increase the level of resilience to cyber threats and to increase the level of protection of information in the public, military and private sectors and to promote knowledge and good practices enabling citizens to better protect their information" (Ministry of Digital Affairs 2019, p. 8). It also aims to develop new or translated existing norms and standards into specific recommendations in the field of cybersecurity.

The NIS Directive provides for minimum - not maximum - harmonisation (European Commission 2017b). Hence, the Polish legislator has chosen a more detailed regulation to address public administration and the telecommunications sector. The objectives of the legislator were to create a political and strategic framework for managing cyber security in Poland, the efficient operation of the most important entities in the Polish cyber security system and implementation of

EU recommendations in the area of telecommunications network security. By containing a minimum level of harmonisation of 5G cyber security solutions at EU level it also implements the recommendations and standards published in the EU 5G Toolbox.

The International Telecommunication Union (ITU) observes and compares the overall commitment of its 193 Member States to cybersecurity through the ITU Global Cybersecurity Index (GCI). The GCI is a reference that measures the commitment of countries to cybersecurity at a global level. It analyses differences in the provision of cyber security focusing on law, technology, organisation, capacity development and cooperation. According to the GCI ranking the following countries are on the top of the cybersecurity list: Great Britain - the first place in the world, the United States of America - second place, France - 3rd, Lithuania 4<sup>th</sup>, Estonia - 5<sup>th</sup>. Poland is ranked at 29th (International Telecommunication Union 2018, p. 62).

The aims and objectives of the Polish NCSS and the strategies of the UK, the USA, France, Lithuania and the Republic of Estonia are as follows:

- Main aims of the Polish NCSS are increasing resilience to cyber threats and increasing the level of protection of information in the public, military and private sectors, and promoting knowledge and best practices that enable citizens to better protect their information. The objectives include the following: develop the National Cyber Security System; increase the level of resilience of public administration and private sector information systems and achieving the capacity to effectively prevent incidents; enhance national security capabilities in cyberspace; build public awareness and competence on cyber security; active role of the Republic of Poland on the international arena in the area of cyber security (Ministry of Digital Affairs 2019);
- The UK aims are to defend, deter and develop and international activities. The UK has the means to defend the UK against evolving cyber threats, to respond effectively to incidents, and to ensure UK networks, data and systems are protected and resilient. Citizens, businesses and the public sector have the knowledge and ability to defend themselves. The UK will be a hard target for all forms of aggression in cyberspace. The UK detects, understands, investigates and disrupts hostile action, pursuing and prosecuting offenders. It has the means to take offensive action in cyberspace. It has an innovative, growing cyber security industry, underpinned by world-leading scientific research and development. It

has a self-sustaining pipeline of talent providing the skills to meet its national needs across the public and private sectors. The UK cutting-edge analysis and expertise will enable the UK to meet and overcome future threats and challenges (HM Government 2016, p. 25).

- The USA objectives are to: manage cybersecurity risks to increase the security and resilience of the Nation's information and information systems; preserve US influence in the technological ecosystem and the development of cyberspace as an open engine of economic growth, innovation, and efficiency; identify, counter, disrupt, degrade, and deter behaviour in cyberspace that is destabilizing and contrary to national interests, while preserving United States overmatch in and through cyberspace; preserve the long-term openness, interoperability, security, and reliability of the Internet, which supports and is reinforced by United States interests (The White House 2018).
- France focuses on fundamental interests, defence and security of State information systems and critical infrastructures, major cybersecurity crisis; digital trust, privacy, personal data, cybermalevolence; awareness raising, initial training, continuing education; environment of digital technology businesses, industrial policy, export and internationalisation; and Europe, digital strategic autonomy, cyberspace stability (Republique Française 2015, p. 3).
- Lithuanian NCSS' main aims are to provide the opportunity to explore the potential of information and communications technology (ICT) by identifying cyber incidents timely and effectively, by preventing cyber incidents and their recurrence, and by managing the impact of cybersecurity breaches. The objectives are to strengthen cyber security of the country and the development of cyber defence capabilities; ensure prevention and investigation of criminal offences in cyber space; promote cyber security culture and development of innovation; strengthen a close cooperation between private and public sectors; enhance international cooperation and ensure the fulfilment of international obligations in the field of cyber security (Government of the Republic of Lithuania 2018); and
- Estonian NCSS' main areas to work on are: 1) A sustainable digital society - Developing technological resilience, Ensuring cyber incident and crisis prevention, preparedness and resolution, Fostering comprehensive governance and development of a cohesive cybersecurity community; 2) Cybersecurity industry, research and development -

Supporting and promoting Estonian cybersecurity R&D and research-driven industry; 3) A leading international contributor - Advancing substantial cooperation on cyber issues with strategic international partners, Promoting sustainable cybersecurity capacity building across the globe; A cyber-literate society - Raising cybersecurity awareness among citizens, state and private sector, Developing talent to meet the needs of both state and private sector (Republic of Estonia 2019, pp. 14-15).

The analysis of the above strategies indicate they have many common conceptual elements, including: actions aimed at developing and researching cyber security, protecting critical infrastructure, promoting best practices, technological development, increasing the capacity for effective incident prevention, promoting Internet freedom, adapting and extending international law in this area and highlighting the need for further legislative work in this field. It has become common knowledge of the importance of public awareness of cyber security. Hence, the governments of many countries are promoting continuous, up-to-date education in this area. There is also a tendency to train young cyber-security professionals through various programmes and training. Most countries emphasise the need for the state to cooperate with the private sector and the academic community. Other measure, like decided by Lithuania, could be to create a data transfer network which would be independent from public communication networks and suitable for using during a crisis or war.

In most of the criteria, the Polish strategy does not differ significantly from other countries and is even a pioneer in some aspects of cyber security, for example the Polish NCSS is the only one to have information on the source of funding for the activities described in the strategy.

There is a lack of information on the countries of origin of cyber attacks in most compared strategies but the US one. The US is fighting against economic cybercrime and cyberterrorism. Some countries, like the US and the UK are seeking to improve transport (air, inland, maritime) and space cyber security.

Poland - like Estonia - sees the opportunity to strengthen its cyber security as a potential benefit from membership of the allied defence and cyber structures of the EU, NATO, UN, OSCE. Poland is also promoting cooperation within the framework of the Visegrád Group and the countries of the Three Seas Initiative, also known as the Baltic, Adriatic, Black Sea (BABS)

Initiative<sup>2</sup>. The strategies of the United Kingdom, Estonia and the United States emphasise the importance of ensuring cryptographic security. The last two strategies also highlighted the need to update the law on cybercrime.

## Conclusions

In the core of the discussed national strategies is building resilience, with civil preparedness as its central pillar, into the systems and structures/organisations to prepare for, withstand, recover from and counter cyber threats. Cooperation with private stakeholders at national and international levels is necessary. It is crucial for countries to realise that their economies, global competition, and cyberspace security rely on a functioning and secure cyberspace.

To date, common definition of cyberspace and cybersecurity have not been adopted internationally; however, both of these concepts appear in important strategic documents and laws of countries and organisations. Inconsistency of concepts related to cyberspace is also a problem for Poland. It is therefore necessary to take the right legislative action to bring together the concepts and definitions contained in important legal acts.

Poland's relatively distant position in the GCI ranking proves that cyber security needs to be improved at national level in many respects. The national regulations of Poland concerning cyber security are contained in twelve legal acts. As a member of the European Union, Poland has adopted EU directives and regulations into its legal order. However, the implementation or transcription of these acts into Polish legislation proves problematic. The legal regulations concerning the cyber security of Poland require further work while maintaining care in the implementation of international acts concerning cyberspace in Polish legislation.

Cyber security is a national security issue and should be integrated into national security. The current Act of 21 November 1967 on the obligation to defend the Republic of Poland, despite numerous amendments, is not tailored to contemporary needs (Kamiński 2018, p. 128). One solution would be to adopt, as in Estonia, a basic law regulating the tasks of state bodies in times of peace, crisis and war. Other recommended change would be appropriate legal provisions concerning the security of the Internet of Things, imposing an obligation on IoT manufacturers to

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<sup>2</sup> Austria, Bulgaria, Croatia, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia, and Slovenia

implement appropriate security measures, e.g. the requirement for a unique password for each device (Czajkowski 2019).

In order to ensure security in cyberspace not only for the Republic of Poland, but at global level, it is necessary to develop coherent legal norms to regulate the problem of jurisdiction in cyberspace; in addition, the application of the new rules requires the creation of a body to monitor compliance with the aforementioned standards. Uniformity of law on cyberspace is very important because traditional state borders do not refer to cyberspace and therefore their legal provisions cannot regulate cyberspace exclusively, which only proves how important international cooperation in this area is. Increased cooperation between states in this area may, in future, help to integrate legal standards, improve preparedness and resilience to cyber threats and allow for the efficient prosecution of cyber criminals.

The Baltics, the Visegrád Group and Balkans countries, are particularly exposed to cyber threats. It is because of Russia's political objectives, geographical proximity, economic influence, Russian speaking minorities and/or economic migrants, and possibly cultural codes affected by Soviet dominance in these regions during the Cold War. Furthermore, other Western democracies such as Germany, France, the UK and the US are very often the target of cyber-attacks, both by Russia and China. Hence, additionally to member's cooperation at the EU and/or NATO, a regional, bilateral and/or multilateral cooperation between countries facing similar threats would allow for synergizing their efforts to counter those threats. To be prepared, protected and ready to respond to cyber threats requires cooperation and involvement of all relevant actors including partners and international bodies, key private industry players and from academia.

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## ECONOMIC AND POLITICAL REFLECTION ON THE BREXIT EFFECT EUROPE – PERU RELATIONSHIP

**Israel BARRUTIA BARRETO, PhD**

Innova Scientific, Lima, Peru

[israel20barrutia@gmail.com](mailto:israel20barrutia@gmail.com)

**Hernán LARICO VERA, PhD**

Universidad Nacional Federico Villareal, Peru

[hernanlaricovera1@gmail.com](mailto:hernanlaricovera1@gmail.com)

**David Julio Martel ZEVALLOS, PhD**

Universidad Nacional Hermilio Valdizán de Huánuco, Peru

[martelzevallosd@gmail.com](mailto:martelzevallosd@gmail.com)

**Samuel Acevedo TORRES, PhD**

Innova Scientific, Lima, Peru

[sacevedo@innovascientific.com](mailto:sacevedo@innovascientific.com)

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**Abstract:** *The key event that is expected to mark the beginning of the year 2021, will be the definitive transition out of the United Kingdom from the European Union, Brexit. Inquiring the key elements for a political and economic reflection, explained in terms of predictive mathematical models ARIMA, Holt-Winters and Lotka-Volterra, based on the historical variability of GDP in both nations from the Third Quarter of 2020 to the Third Quarter of year 2023. We show that the Republic of Peru will increase the variability in terms of gross domestic product GDP in relation to Brexit, with an exponential growth of 8,99% in the study period; going from US \$ 195868,147 to US \$ 213478,795. In conclusion, Brexit is a special regime with an emphasis on transaction. In conclusion, Brexit is a special regime with an emphasis on transaction costs, measured as the GDP response of cross-border trade companies in the United Kingdom and especially in relation to Peru.*

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**Keywords:** Model, Prediction, Gross domestic product, Transition, Variability.

## Introduction

The year 2020 marked the expected exit of the United Kingdom from the European Union (EU), this phenomenon is known as Brexit. Therefore, it is worthwhile to investigate the impact of Brexit on the stability of the euro zone and its future relationship with the post-Brexit Republic of Peru, given that a trade agreement between the two nations is currently in place (Adler, Galpin and Rosamond, 2017). This bilateral trade agreement between Peru and the United Kingdom continues to be administered by the Trade Agreement with the European Union while the agreement signed between the European Union and the United Kingdom formalizes the exit of the latter (Gidron and Hall, 2017).

As spectators and partners of a democratic system at the global level, the main focus is to distinguish between signs and echoes of the post-Brexit transition from the first day of January 2021, taking as a scenario the beginning of the Brexit era, Europe-Peru relationship (Hecht, 2016; Oehler, Horn and Wendt, 2017). Brexit can have a big impact on the UK financial markets, depending on how it evolves over time (Sowels, 2017). Tension is mounting as the days go by, as internal political divisions make it difficult to reach a common ground; however, the possibility of a Brexit on such terms would bring major complications for all parties involved. The international financial agency Fitch Rating pointed out that, with a "hard Brexit", the risks of Britain entering a deep recession increase, as the market faces some signs of decline, such as a drop in sales due to consumer caution, loss of confidence in financial institutions and, according to Vikram (2021), warnings of possible closures of the automotive manufacturing industry, as pointed out by Ford and Mini.

From the investigation, the research question arises: Will Brexit as a political and economic project allow the Republic of Peru to increase the variability in terms of gross domestic product (GDP)? This is a difficult and determining question. The contribution of this research is to provide some of the key elements for a political and economic reflection (Beaumont, 2017), which will be answered in terms of predictive mathematical models, starting from the historical variability of the GDP in both nations from the Third Quarter of the year 2020 and project to the Third Quarter of the year 2023 (Norris and Inglehart, 2019; Virdee and McGeever, 2017).

## 1. Methodology

This is a documentary and descriptive type of research, since the data was located by consulting different types of historical documentation of the gross domestic product (GDP) (Horna, 2020), for Peru and the United Kingdom in the period 2016-2020 and projected for 2023, see Table 1. The empirical method used was observation and for data processing, descriptive, deterministic and stochastic statistical models (Ceballos and Rodriguez, 2020).

**Table 1.** Historical gross domestic product (GDP) for the United Kingdom and Peru, period 2016-2020.

Period	GDP-RU M\$	Var. Qtly- RU %	Var. Anu.- RU %	GDP-PE M\$	Var. Qtly- PE %	Var. Anu.- PE %
Oct-2015	614.212,83	0,40%	2,50%	168.985,32	1,9%	1,8%
Ene-2016	629.467,74	0,20%	2,10%	172.101,72	4,6%	4,4%
Abr-2016	591.012,18	0,60%	2,20%	185.804,08	2,3%	2,2%
Jul-2016	592.394,22	0,10%	1,10%	187.009,48	3,1%	3,0%
Oct-2016	623.169,36	0,70%	2,00%	191.684,72	2,5%	2,4%
Ene-2017	632.604,06	-2,20%	-1,70%	172.434,00	3,2%	3,1%
Abr-2017	637.965,90	0,50%	2,30%	190.826,00	3,9%	3,7%
Jul-2017	626.089,86	0,50%	1,90%	176.576,36	2,6%	2,5%
Oct-2017	592.691,22	0,30%	1,90%	196.209,11	5,6%	5,4%
Ene-2018	603.207,00	0,50%	1,30%	189.253,59	1,2%	1,2%
Abr-2018	624.554,37	-0,10%	1,40%	175.614,00	3,2%	3,1%
Jul-2018	519.808,41	-20,40%	-21,70%	180.710,83	4,8%	4,6%
Oct-2018	645.976,98	0,40%	2,10%	195.978,30	2,7%	2,6%
Ene-2019	583.366,41	0,50%	1,90%	180.990,77	2,5%	2,4%
Abr-2019	570.968,64	0,30%	1,80%	202.487,80	3,2%	3,1%



Jul-2019	598.943,0 7	0,60%	1,60%	189.596,0 0	4,7%	4,5%
Oct-2019	611.766,5 4	0,50%	1,30%	186.312,8 7	3,1%	3,0%
Ene-2020	663.709,8 6	0,50%	1,90%	200.485,8 0	2,3%	2,2%
Abr-2020	577.968,9 3	0,60%	1,80%	189.316,3 5	4,6%	4,4%
Jul-2020	585.633,5 1	0,40%	1,60%	206.132,5 8	1,8%	1,7%

**Source:** Own elaboration

### 1.1. Lotka-Volterra Model

Logistical growth is related to exponential growth, in fact for minimum values of the magnitude that presents logistical growth, this is very similar to exponential (Ramirez, 2017). However, after a certain period the curve adequately represents a prediction of gross domestic product: at the beginning these spread rapidly, each supply is susceptible to transfer the demand to the period after it (Ulate, 2018). This typical application of the logistics equation is a common model of population growth according to which:

- The reproduction rate is proportional to the existing population.
- The reproduction rate is proportional to the amount of resources available.

The second term adjusts, therefore, the fairness of available resources, which tends to limit population growth (Cunha, Cândido, Oliveira and Penna, 2017). If P represents the subsequent GDP and t represents time, this model is formalized by the differential equation:

$$\frac{dP}{dt} = rP \left(1 - \frac{P}{K}\right) \quad \text{Eq. (1)}$$

Where the constant (r) defines the rate of variability and (K), is the capacity of persistence. The general solution to this equation is a logistic function. With an initial GDP:

$$P(t) = \frac{KP_0 e^{rt}}{K + P_0(e^{rt} - 1)} \quad \text{Eq. (2)}$$

### 1.2. ARIMA Model

The ARIMA model is an econometric methodology reflected in dynamic differential models that use time series data (Blanco & Hanco 2020). The systematic used in ARIMA models was

first described by mathematician George Edward Pelham Box and engineer Gwilym Meirion Jenkins in 1970 in their book: Time Series Analysis, Prediction and Control.

For this research, the ARIMA model is fitted with an autoregressive term (AR (1)) and a seasonal differentiation term with a seasonal period of 12, the applied mathematical model is:

$$Y_t - Y_{t-12} = \gamma + \Phi(Y_{t-1} - Y_{t-12-1}) \text{Eq. (3)}$$

Where:

$Y_t$       real value in time  $t$   
 $\Phi$       term autoregressive  
 $\gamma$       constant term

Then it continues to be applied period by period until it reaches 12 and; calculate the gross domestic product GDP.

### 1.3.The Holt-Winters Statistician

The Holt-Winters multiplicative statistic is a robust technique for predicting time series with an additive tendency (Mejía and Gonzales, 2019). The recursive form of the Holt-Winters triple exponential smoothing equation is expressed as:

$$F_t(m) = (S_t + mb_t)C_{t-L+m} \quad \text{Eq. (4)}$$

$$S_{t>L} = \alpha + \frac{X_t}{C_{t-L}} + (1-\alpha)(S_{t-1} + b_{t-1}) \quad \text{Eq. (5)}$$

$$b_{t>L} = \varepsilon(S_t - S_{t-1}) + (1 - \varepsilon)b_{t-1} \quad \text{Eq. (6)}$$

$$C_{t>L} = \theta \left( \frac{X_t}{S_t} \right) + (1 - \theta)C_{t-L} \quad \text{Eq. (7)}$$

Where:

$X_t$  is the value of the time series in time  $t$ .

$L$  is the length of the season or duration.

$S_t$  is an estimate of the smoothing of the level component.

$b_t$  is an estimate of the smoothing of the trend component.

$C_t$  is an estimate of the smoothing of the seasonal index component.

$\alpha$  is the level of smoothing coefficient.

$\varepsilon$  is the trend of the smoothing coefficient.

$\theta$  is the seasonal smoothing coefficient.

$F_t(m)$  is the predicted smoothing value in the forward step  $m$  for  $X$  at time  $t$ .

Three simple exponential series, not dependent on level, trend and season, were assessed. They are interdependent in the sense that all three components must be updated every period (Dimitrov, Kraseta, Dimitrov and Parvanov, 2018). The study started from the historical GDP variation for the United Kingdom and Peru with a 12-quarter forward projection.

## 2. Results and discussion

### 2.1.GDP-Brexit Analysis: United Kingdom

Based on the historical GDP variation for the United Kingdom and Peru in Table 1, five mathematical models were applied to make decisions about the indicator that is directly affected by Brexit, given the variability in the quarters evaluated (Guera et al., 2019). It was projected through these, for twelve periods from October 2020 to July 2023. The following are the standardized results of the model:

(A) ARIMA (1,0,0) with constant

(B) Constant average = 606276

(C) *Lotka – Volterra*  $P(t) = \frac{575730P_0e^{rt}}{575730 + P_0(e^{rt}-1)}$

(D) Simple moving average of 3 terms

(E) Simple exponential smoothing with  $\alpha = 0,0581$

Table 2 compares the results of five different forecasting models for gross domestic product (GDP). The model with the lowest mean absolute error (MAE) is model A. The model with the lowest percentage of mean absolute error (MAPE) is model A. MAPE estimates the average percentage of forecasting error one step ahead for GDP. The RMSE value expresses the amount of error between the data, i.e. between the prediction and the actual values (Gómez & Aguayo, 2019). For example, for model (A) the error is 4,00932% and so on with all models. Also the model (C) is one of the most accurate with an average error of 4,04754%.

Therefore, both the ARIMA model and the Lotka-Volterra trend predict a GDP growth value with an average accuracy of 96% for both.

**Table 2.** Forecast for GDP-UK

Model	RMSE	MAE	MAPE	ME	MPE
(A)	31998,9	23937,3	4,00932	113,463	-0,243751
(B)	31924,4	24676,2	4,13619	-8,44011E-11	-0,27564
(C)	32524,9	24221,2	4,04754	804,798	-0,136814
(D)	38376,6	30663,8	5,12473	-1365,42	-0,555278
(E)	32986,0	25492,8	4,26267	1720,42	0,000475556

**Source:** Own elaboration.

Table 3 shows the results of the Holt-Winters prediction, as a variation for GDP in millions of dollars per quarter. By July 2023 it is estimated that the GDP will reach a threshold of between US\$ 495291,786 to US\$ 654181,554 in growth over the current value. This model together with ARIMA and Curtva-S are within the range of prediction of the GDP, giving reliability to the study.

The GDP results confirm a downward trend forecast for the period 2021-2023; in line with economic forecasts and analyses that Britain will be, in the short and medium term, the big loser of Brexit. This was stated by ten Nobel laureates in the statement against Brexit, published in The Guardian newspaper, citing that "anyone who votes for Brexit with their heart will regret it with their brain" (El País, 2016). In theory, the ARIMA forecast explained a quarterly decline in GDP measured in US\$ 2000,00; this in turn will influence the per capita income of the population and overall supply and demand in the UK's national accounts. Britain's exit would reduce GDP by up to three percentage points under the assumption of an estimated cost of US\$ 920 per capita and a

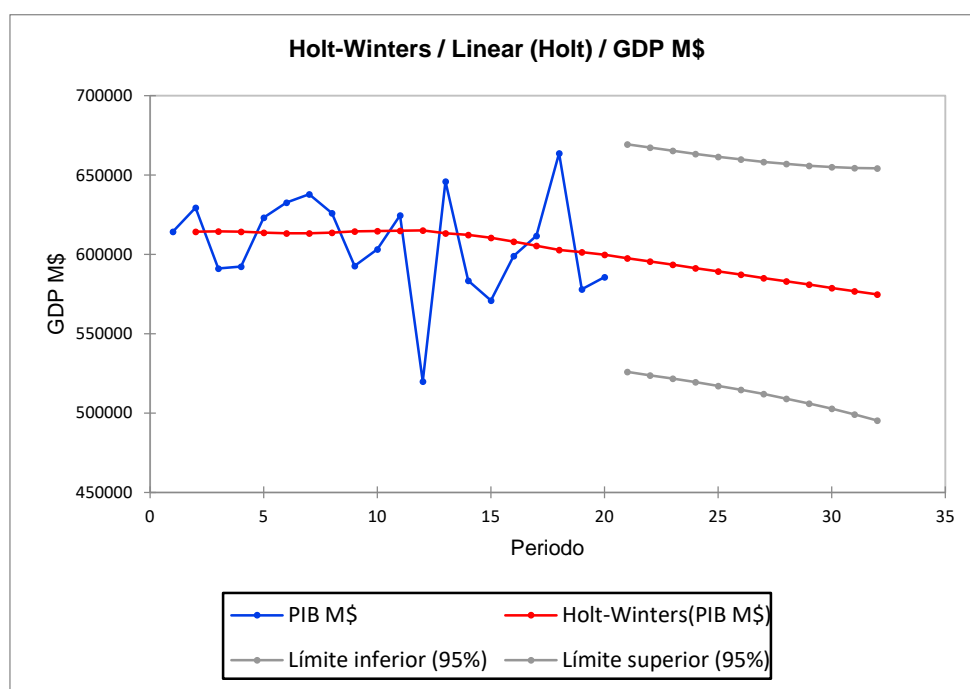
measured decline in income of four per cent. Accordingly, Oxford Economics (2021) estimated that Brexit will be 2/3 the size of the financial crisis of London's past, making Britain a net loser after the break-up of the European Union.

**Table 3.** Forecast of GDP-UK, for the period September 2020-June 2023

Period	GDP M\$	Holt- Winters(GD P MUS\$)	Waste	Lower limit (95%)	Upper limit (95%)
Oct-2015	614212,830				
Ene-2016	629467,740	614212,830	15254,910		
Abr-2016	591012,180	614536,336	-23524,156		
Jul-2016	592394,220	614359,691	-21965,471		
Oct-2016	623169,360	613719,208	9450,152		
Ene-2017	632604,060	613280,976	19323,084		
Abr-2017	637965,900	613251,729	24714,171		
Jul-2017	626089,860	613744,964	12344,896		
Oct-2017	592691,220	614497,917	-21806,697		
Ene-2018	603207,000	614787,386	-11580,386		
Abr-2018	624554,370	614833,105	9721,265		
Jul-2018	519808,410	615085,953	-95277,543		
Oct-2018	645976,980	613317,463	32659,517		
Ene-2019	583366,410	612249,577	-28883,167		
Abr-2019	570968,640	610566,431	-39597,791		
Jul-2019	598943,070	608045,973	-9102,903		
Oct-2019	611766,540	605335,800	6430,740		
Ene-2020	663709,860	602762,766	60947,094		
Abr-2020	577968,930	601481,677	-23512,747		
Jul-2020	585633,510	599696,841	-14063,331		
Oct-2020		597615,744		525865,801	669365,687
Ene-2021		595535,828		523769,753	667301,904
Abr-2021		593455,912		521625,601	665286,224
Jul-2021		591375,997		519401,552	663350,441
Oct-2021		589296,081		517066,280	661525,881
Ene-2022		587216,165		514589,325	659843,004
Abr-2022		585136,249		511941,606	658330,892
Jul-2022		583056,333		509095,996	657016,671
Oct-2022		580976,417		506027,908	655924,926
Ene-2023		578896,501		502715,848	655077,155
Abr-2023		576816,586		499141,852	654491,319
Jul-2023		574736,670		495291,786	654181,554

**Source:** Own elaboration.

Figure 1 shows the Holt-Winters exponential growth model for GDP in the United Kingdom. The red line indicates the stability in growth of the indicator from October 2020 to July 2023; appreciating an increase of 574736,670 thousand US dollars in relation to the previous period. The blue line shows the historical growth since the beginning of the Brexit since July 2016.



**Figure 1.** Holt-Winters threshold prediction model in the UK

**Source:** Own elaboration.

## 2.2.GDP-Brexit Analysis: Peru

In Table 4, the MAPE estimates the average percentage of forecasting error to be 36,713, a step ahead of the GDP, indicating that the forecast is accurate at a percentage difference of 63,287. The RMSE value for the series is 0,016 and shows the amount of error between the data, i.e., between the forecast and the actual values. In that sense, the forecast for the period from the third quarter of 2020 to the second quarter of 2023 quantifies a model accuracy of 98%.

**Table 4.** Goodness of fit for the Holt-Winters Model

Statistical	Value
Observations	20
GL	16
SEC	0,004
MEC	0,000
RMSE	0,016
MAPE	36,713
MPE	26,832
MAE	0,012
R <sup>2</sup>	
Iterations	Yes

**Source:** Own elaboration.

Table 5 shows the results of the prediction in variation for the GDP in millions of dollars per quarter. By July 2023 it is estimated that the GDP will reach a threshold of between US\$ 179744,874 to US\$ 247212,716 in growth over current value. The purpose is to show the increase or variation of the GDP for Great Britain with a focus on the economic framework generated by the phenomenon analysed proposed above all in the correlation between the economic and political reflection on the Brexit effect on the Europe-Peru relationship. In this sense, in a moderate scenario, Great Britain would protect part of its permanence in the single market and could therefore continue to enjoy the export of products and services at relatively low prices due to the devaluation of the pound. However, imports would decrease due to the excessive increase in the price of imports, leading to a tendency towards self-sufficiency and a high dependence on key commodities such as oil. According to experts, the GDP deficit will be 6,90% and indicates that Britain will be a net borrower in the global economic context, depending on the good fortunes of foreign investors to finance its economy (Oxford Economics, 2021). In the context of the Peruvian economy, and at the local Latin American level, how does the UK's exit from the European Union affect Peru? Indeed, trade relations with the bloc are based on the Peru-EU free trade agreement and a long-standing bilateral investment agreement. Thus, with regard to the latter, as Semanario 948 points out, according to figures from ProInversión, in 2017, the British country was the second most important source of foreign direct investment in Peru, with US\$ 4336 million, only behind Spain (US\$ 4522 million), mainly destined for the mining, finance and telecommunications sectors, which accounted for 53%, 17% and 8% of the total, respectively. It is also important to



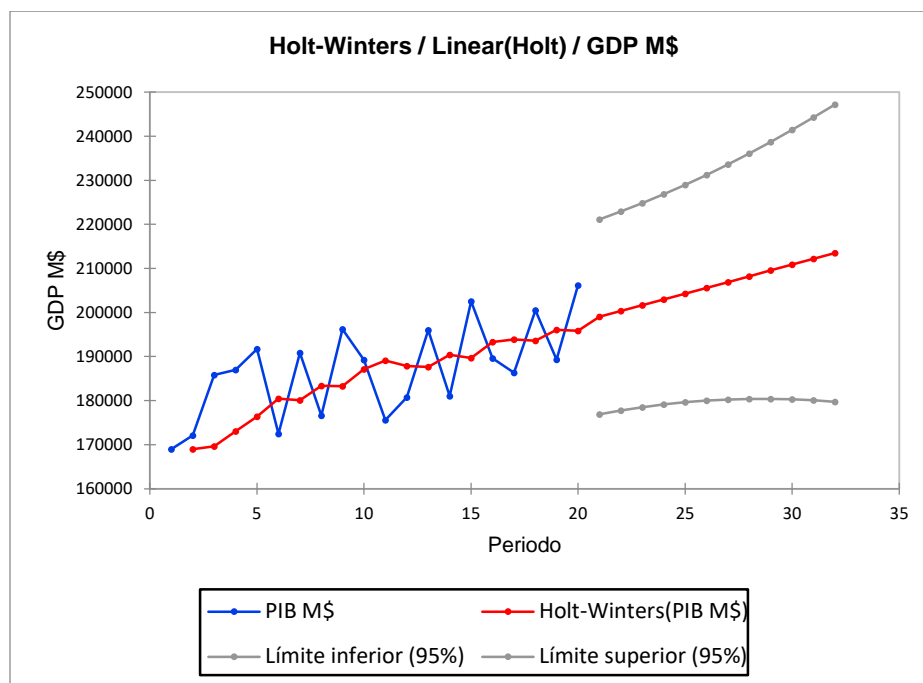
mention that, in 2018, trade with Great Britain represented 8% of our trade with the EU (Confiep, 2019).

**Table 5.** Forecast of GDP-Peru, for the period September 2020-June 2023

Period	GDP M\$	Holt- Winters(GD P M\$)	Waste	Lower limit (95%)	Upper limit (95%)
Oct-2015	168985,320				
Ene-2016	172101,720	168985,320	3116,400		
Abr-2016	185804,080	169625,701	16178,379		
Jul-2016	187009,480	173032,142	13977,338		
Oct-2016	191684,717	176411,939	15272,778		
Ene-2017	172434,000	180425,665	-7991,665		
Abr-2017	190826,000	180060,660	10765,340		
Jul-2017	176576,365	183339,726	-6763,362		
Oct-2017	196209,108	183300,095	12909,013		
Ene-2018	189253,594	187124,948	2128,646		
Abr-2018	175614,000	189074,199	-13460,199		
Jul-2018	180710,832	187876,144	-7165,312		
Oct-2018	195978,302	187617,480	8360,822		
Ene-2019	180990,774	190360,725	-9369,951		
Abr-2019	202487,800	189680,489	12807,311		
Jul-2019	189596,000	193310,882	-3714,882		
Oct-2019	186312,868	193883,125	-7570,257		
Ene-2020	200485,803	193565,401	6920,402		
Abr-2020	189316,349	196026,156	-6709,807		
Jul-2020	206132,580	195868,147	10264,433		
Oct-2020		199021,599		176901,102	221142,095
Ene-2021		200335,889		177753,202	222918,576
Abr-2021		201650,180		178492,707	224807,652
Jul-2021		202964,470		179113,556	226815,385
Oct-2021		204278,761		179612,025	228945,497
Ene-2022		205593,051		179986,584	231199,519
Abr-2022		206907,342		180237,632	233577,052
Jul-2022		208221,633		180367,154	236076,112
Oct-2022		209535,923		180378,346	238693,501
Ene-2023		210850,214		180275,261	241425,167
Abr-2023		212164,504		180062,485	244266,524
Jul-2023		213478,795		179744,874	247212,716

**Source:** Own elaboration.

Figure 2 shows the Holt-Winters exponential growth model for GDP in the Republic of Peru. The red line indicates the stability of the indicator's growth from October 2020 to July 2023, appreciating a rise of \$2,378,795 thousand US dollars in relation to the previous period. The blue line shows the historical growth since the beginning of the Brexit since July 2016



**Figure 2.** Holt-Winters threshold prediction model in Peru

**Source:** Own elaboration.

In summary, comparing the economic relationship of the United Kingdom and Peru measured in the gross domestic product (GDP) as the root of Brexit; the Republic of Peru will be the most benefited, because if we compare the Holt-Winters lines (GDP M\$) in Figures 1 and 2, the upward trend is more pronounced in mathematical terms of slope for Peru with an exponential growth of 8,99% between Jul-2020 (US\$ 195868,147) and July-2023 (US\$ 213478,795). This result confirms Confiep's economic analysis (2019), according to Sunat figures, between 2014 and 2018, exports to the UK grew at an average annual rate of 3,7%, from US\$ 607 million in 2014 to US\$ 704 million in 2018. Of the total exports in 2018, shipments of traditional products accounted for 42,1%, with a value of US\$ 296 million. Meanwhile, non-traditional exports accounted for 57,9%, with a value of US\$ 408 million, with those of the agricultural sector being the most

representative, with US\$ 328 million. In summary, a possible exit of the United Kingdom from the European Union would imply maintaining a minimum average exponential growth of 8% in GDP, under the assumption of the Republic of Peru as a good foreign investor that will contribute to the finances of the British economy.

## Conclusion

From the question: Will Brexit as a political and economic project allow the Republic of Peru to increase the variability in terms of gross domestic product (GDP), the answer is yes. The organizational contradictions of the United Kingdom's exit from the European Union, Brexit, are translated into a special regime in the transaction costs of companies in cross-border trade within Europe and in particular we highlight the importance of the treaty agreed between the United Kingdom and Peru (Hearne, 2020; Bulmer, 2014). These costs are historically reflected in gross domestic product (GDP) (Daddow, 2019). This is where the mathematical models came in to answer the question. Comparing the economic relationship of the United Kingdom and Peru as measured in gross domestic product GDP as the root of Brexit; the Republic of Peru will benefit most. The upward trend of the indicator for Peru, is observed in the exponential growth of 8,99% for the variability, between the period Jul-2020 and July-2023; from US\$ 195868,147 to US\$ 213478,795.

In this sense, the increase or variation of the GDP for Great Britain was demonstrated with a focus on the economic framework generated by the phenomenon analyzed proposed above all in the correlation between the economic and political reflection on the Brexit effect on the Europe-Peru relationship. In a moderate scenario, the UK would remain in the single market with the benefit of exporting products and services at relatively low prices due to the devaluation of the pound. Imports would decrease due to the excessive increase in the price of imports, leading to a trend towards self-sufficiency and a high dependence on key commodities such as oil. Negotiations for a post-Brexit trade agreement between Peru and the UK will continue to grow, and a major exit from the EU will guarantee continuity in the bilateral trade relationship once Brexit has taken place. At the same time, the UK has long confirmed its interest in the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), as well as its support for Peru's candidacy to join the Organization for Economic Co-operation and Development (OECD).

As a final reflection, the outlook is one of concern for the UK's European partners, as they have no incentive to do so and, more importantly, it would be a very attractive exit that could be demanded by other states, producing a domino effect initiated by Brexit.

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## CONSTRUCTING INTERNATIONAL RELATIONS BETWEEN ISRAEL AND JORDAN: THE CASE OF THE 'EILAT PROJECT'

Ronen SHAY, PhD student

Babes-Bolyai University, Faculty of European Studies, Romania

[ronen.fm102@gmail.com](mailto:ronen.fm102@gmail.com)

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**Abstract:** *Contrary to the Egyptian-Israeli peace treaty, the treaty between Israel and Jordan reflects aspects of normalization. Mechanisms for neighborly relations were established, and foundations for economic cooperation in the tourism industry were created. A new form of a friendly and robust relationship was established in 2014 with the Eilat project's implementation, which allowed 2000 Jordanian citizens to work in the hospitality industry in Eilat, Israel. Security issues and fear of terror attacks, bureaucracy, nationality, and citizenship are still part of this sensitive endeavor; however, it seems that the two countries are headed towards a warmer peace.*

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**Keywords:** Cold/warm Peace, Hospitality, Nationality, Security and Bureaucracy, The Eilat Project.

### 1. Introduction

October 26, 2020, marked the 26th anniversary of the Israeli-Jordanian peace agreement. In essence, the treaty profoundly altered the nature of the Israeli-Jordanian relationship, increasing safety, stability, and U.S. interests in a chaotic region. However, the peace-building process did not manifest in the way it was envisioned. The expectation that the peace agreement would lead to warm and neighborly relations based on coexistence, mutual cooperative endeavors, and an acceptance of the other has failed to materialize. In practice, despite hopes and aspirations, the peace between the nations has remained “cold” (Sütalan 2015; Sallam and Ofir Winter 2017).



Due to the rarity of cooperation between the two states, “the Eilat project” signifies a new era in Israel and Jordan’s relations since it permits Jordanians to cross the border to work in Eilat’s hospitality industry. Eilat, the southernmost city of Israel, hosts 12,000 hotel rooms, averaging occupancy between 65%-75% (2005-2015), including hotels from one star to five stars deluxe. Till the initiation of the project, the hotel sector relied on illegal African migrant workers. The constant shortage of employees, especially in the needed departments like housekeeping and stewarding, created continuous chaos, and hotels could not function at maximum capacity. Hence, Israel decided to explore a new commercial frontier and agreed to incorporate Jordanian employees into the Israeli hospitality industry. Incorporating the Jordanian workers enabled hotels to be fully operational and provided work to Aqaba’s citizens.

As a recreation area, Eilat’s economy relies on tourism. 80% of the city business depends on the hospitality industry. Thus, when the city is filled with tourists, it helps the city’s growth and development. Jordan is known to be an exporter of workforce to the Arab states of the Persian Gulf, especially in the hospitality industry. The ‘Arab Spring’ caused inflation and unemployment that were realized in feelings of discontent and frustration. Therefore, the Eilat project guaranteed work to 2000 people and ensured a good life for their extended families. The project has a positive economic impact on Eilat and Aqaba as it lowers unemployment, enriches the economy, and enables the hotel industry’s operation. The initiative opened new business horizons, allowed further investments, more endeavors, and helped many families from both sides of the borders to build businesses and prosper.

This paper examines the new endeavor between Israel and Jordan, two states that usually refrain from collaboration. It sheds light on the power of cross-cultural communication in cultivating feelings of trust and respect between people from different religions and nationalities.<sup>3</sup> Cultural understanding of the modern multicultural workforce has been studied extensively since the beginning of globalization. Yet, this paper emphasizes distinctive features that derive due to the cold peace (e.g., national animosity, security hazards, bureaucracy, and national affiliation) that were not investigated in the realm of a global multicultural workforce. The study objective is to detect novel and practical ways to sustain and improve cold

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<sup>3</sup> The study is based on the author’s PhD research paper.

peace. It examines the opportunities and shortcomings of implementing the project model. One cannot deny that security issues and bureaucracy will always be an integral part of this initiative. For the foreseeable future, monitoring, screening, and inspections are vital and essential. However, security and peace are ensured by physical and diplomatic arrangements and by engraving and anchoring the notion of peace in people's minds, hearts, and souls (Avineri 2000). Hence, mutual economic interests have enabled the continuation of the project despite political disagreements or security hazards.

The paper aims to research the Eilat project's national, security, and bureaucracy aspects since they constitute a profound part of Israel and Jordan relations. The ultimate goal is to show that common interests and social interaction are steps in the right direction to guarantee warmer peace and to safeguard the initiative's progress. Namely, true peace is achieved through human connections. Social encounters generate trust, kinship, and closeness and eradicate fears, apprehensions, prejudice, and misconceptions.

It is noteworthy that this paper is based on the author's PhD research paper. The dissertation examined the cross-cultural understanding of the contemporary global multicultural workforce by investigating the Eilat project. It studied the prospects and limitations of implementing the project model and explored its replicability in other regions and countries. This paper focuses on one theme (i.e., Israel and Jordan relations) that was introduced in the thesis. The paper is organized as follows. The next section presents the literature review, the theories, and approaches that constitute this study's base. Subsequently, the research methodology is described, then the findings, discussion, and conclusions that emerged from the study are presented.

## **2. Literature Review**

The belligerent history between Israel and Jordan and the ongoing Israel-Palestinian conflict indicate that security issues are deeply rooted in the project's implementation. Stakeholders (e.g., politicians, hoteliers, and administrators) acknowledge that peace is fragile; hence, security problems can paralyze Eilat's hospitality industry. Interested parties also raise the

concern that people might take advantage of the project to commit terror attacks.<sup>4</sup> Since fears and concerns constitute a profound portion of the project, individuals from both sides of the border realize that bureaucracy ensures its safety. Hence, the project is continuously controlled and monitored and includes strict protocols, background checks, rules, procedures, and codes of conduct.

### *2.1. Security issues and bureaucracy*

International borders are dynamic across time and space. They are formed, removed, changed, and articulated via countless material and social mechanisms. To wit, disagreements, commerce, incorporation, and omission impact how borders between neighboring states are regulated (Hataley and Leuprecht 2018). Borders are institutions with specific rules and behaviors that shape their functionality, preservation, and modification (Newman 2003). They affect how people think of frontiers, while their role and evolution reflect states' values and interests. Yet, distinctly, borders are human constructs, generated to control human behavior in a spatial context (Popescu 2012).

Border management forms an equilibrium between security and the legal flow of people and goods. This concept is based on the understanding that friction and conflict prevail between the need to avert unwelcome people and unwanted goods from crossing borders and economic strength that a state obtains through trade and travel. Hence, cross-border management offers opportunities to improve security while simultaneously enhancing the flow of legal passengers and goods through policies, programs, regulations, and activities (Gerstein et al 2008). Border management is founded on three principles that preserve the delicate balance between security and economic strength.

The first notion is integrating safety and the flow of people and trade. Second, creating an integrated, layered approach, developing an inclusive system that comprises planning, equipment, and training. Third, forming a border management system requires unity of effort across all related governmental and non-governmental stakeholders—notably, interested parties with responsibilities or gains in national borders. Thus, command, control, and

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<sup>4</sup> The comments are based on interviewees' remarks that are stated in the researcher's PhD paper.

communication that admit collaboration and synchronization among numerous interagency organizations and from the national to the local level are vital to border control (Gerstein et al 2008).

Ultimately, border policy modifications result from negotiation between stakeholders, who share mutual interests, viewpoints, and values. The procedure is not exclusive to elites (e.g., politicians, legislators, people of means), nor is it linear. Instead, it is a variable with multiple non-state actors (e.g., business people, administrators, entrepreneurs) whose varied social insights are mirrored in the outcome. Therefore, borders reflect the historical, political, and cultural framework of a state. They echo the societies and cultures they encompass and mirror specific social relationships in space and time (Hataley and Leuprecht 2018).

This paper demonstrates that border control's complexity must be handled from both sides of the border. It has to be collaborative management, including domestic (i.e., intra-service and inter-agency cooperation) and international dimensions (i.e., transnational collaboration) (Rusdiyant 2017). Moreover, bureaucracy and strict management offer opportunities to enhance security while concurrently improving cooperation, collaboration, and mutual interests.

## ***2.2. Nationality and citizenship***

This study's primary aim is to illustrate that warmer peace could be achieved through interpersonal relationships and personal bonds. The cultural theory (Douglas 1978) emphasizes how groups in society interpret danger and build trust or distrust in institutions molding and regulating risk. The approach offers a way of decoding how and why individuals form judgments about danger and threat and stresses that opinions are not formed independently of social context. Hence, views of risk and uncertainty can be modified via social interaction and close encounters, and peaceful relations between culturally and nationally contradicting societies can be achieved through human connections. Thus, though Israelis and Jordanians hold different political principles and beliefs, they can collaborate and form close relations.

The peace agreement between Israel and Jordan was founded on peace-building instead of conflict resolution or management. After decades of hostility and suspicion, it is clear that the mental, consciousness-based transition from conflict to peace is not stress-free. Namely, people

cannot be coerced to promptly erase feelings of resentment, which accumulated over years of war (Sallam and Winter 2017). Nevertheless, this paper aims to show that mutual interests and social interaction open a window to warmer peace and ensure the initiative's advancement.

### **3. Methodology**

The study focuses on understanding a phenomenon, integrating Jordanian workers in the hospitality industry, as a humanistic approach. The objective is to capture the delicate social reality of Israelis and Jordanians and understand their standpoints, notions, beliefs, thoughts, experiences, behavior, and interactions. Hence, the qualitative research paradigm was chosen to study the phenomena in its natural settings to comprehend the meanings people attach to it. A single case study is examined and explored. It is a descriptive and instrumental case study that centers on a unique phenomenon. The studied phenomenon inspects the case's depth and scope from diverse angles such as security, culture, politics, and national interests.

Interviews enable us to seize the standpoints, perceptions, and assessments of various stakeholders. Thus they were chosen as the research tool to grasp Israelis and Jordanians' perspectives about the 'Eilat project'. The research population in the study is homogenous yet diverse. All the participants have a direct or an indirect connection to the hotel industry or the decision to incorporate Jordanians in Eilat's hospitality industry. The research population concludes 12 participants from four fields and different professions: politics (e.g., mayors), legislation (e.g., member of the Knesset), business (e.g., CEOs, entrepreneurs, and business people), and administration (e.g., hotel managers, administrators, human resource managers, coordinators, and line employees). The participants also differ regarding age, gender, work experience, education, and place of residence (i.e., participants from both sides of the border). The participants' similarities and variances provided a comprehensive point of view, inclusive and broad insights, and varied perspectives.

Twelve face to face interviews were conducted with diversified people from different lines of work. Four interview guides were prepared to address the participants' occupation and their relevance to Jordanian workers' integration in Eilat's hotel industry. The four interview formats

were assigned to human resource managers, hotel managers, housekeeping managers (i.e., administrators), business people, and decision-makers (i.e., politicians, legislators).

The interviews included an assortment of questions that aimed to uncover the respondents' stances and attitudes towards integrating the Jordanian workers and questions that tried to comprehend the effect of economic, cultural, political, and security factors on the success or failure of this endeavor. For instance, administrators were asked why they prefer hiring Jordanian employees or what challenges they have encountered since the program's initiation. They were questioned about cultural differences, security issues, political implications, and economic impact. Decision-makers, on the other hand, were interviewed about the feasibility of the project, the action taken to implement the initiative, the obstacles they have encountered, the resources invested, and the economic outcomes.

The study also researched and examined various documents such as press releases, program proposals, survey data, organizational and institutional reports, public records, immigration policies, government decisions, labor and employment laws, administrative guidelines, municipal plans, regional forum statements, and bilateral agreements. These documents provided the necessary information about the context and background that enabled the incorporation of Jordanian workers in the hotel industry and helped strengthen the research's scientific method, credibility, and reliability.

#### **4. Findings**

The results emphasize the complex ties that prevail between Israel and Jordan. On the one hand, they depict the implications of cold peace. On the other hand, they illuminate the merits of the project that constitute a beacon of hope. A review of the data disclosed three motifs; Security issues and fear of terror attacks, bureaucracy, nationality, and citizenship. Table 1 presents the theme, category, and evidence.

**Table 1:** Israel-Jordan relations' themes, categories, and evidence.

Theme	Category	Evidence
Security issues	Security issues constitute a significant portion of the project	- <i>"In Jordan, there is a large community of hostile Palestinian citizens; hence, there is a constant fear that people will take advantage of the project to commit terror attacks."</i>
	The project is continuously controlled and monitored	- <i>"Security incidents result in a stricter examination, monitoring, control, and screening. The Shabak is difficult and making things harder for the Jordanians; they can announce an immediate stop of work. It happened to ten of our workers. The Jordanian Mukhabarat is even stricter; in the past, we had ten women working with us; now, they do not approve them at all."</i>
	Continuation of the project despite political disagreements or security events	- <i>"There were attempts to impede the project. But the support of intelligence agencies, law enforcement organizations, and political entities enabled its implementation."</i>
	The project marks a new step in the relationship	- <i>"Previously, Jordanians did not want to hear about Israel. Now, you can talk about Israel in the media, in the streets. You can say I work in Israel. It is ok to say it now."</i>
Bureaucracy	Integral part of the project	- <i>"The Jordanians are not allowed to leave the hotel grounds. They enter Eilat with nothing but their clothes and cigarettes. Any gifts received from the hotels are translated into cash as the Jordanian side does not allow them to bring things with them."</i>
Nationality and citizenship	The project improves the relations between Israel and Jordan	- <i>"The Jordanian workers are ambassadors. The program generates trust, kinship, and closeness. Both sides understand that the enemy is not so bad."</i>



#### ***4.1. Security issues and fear of terror attacks***

Interviewees stressed that security issues still constitute a significant portion of the installment of the project.

S. S. 1 argued, *"in Jordan, there is a large community of hostile Palestinian citizens; hence, there is a constant fear that people will take advantage of the project to commit terror attacks."* M. I. H. maintained, *"the peace is gentle. The conduct in Jordan is influenced by the diverse pressures that are imposed on the king. Disturbance to the delicate balance or security problems can paralyze the hospitality industry in Eilat."* He added, *"we are afraid of damage to the demographic characteristics of the city. We fear of illegal residents; thus, the city needs monitoring and control systems."*

A. A. stated, *"Israel has put all its eggs in one basket, and a significant incident could lead to a total collapse."*

Moreover, interviewees pointed out that the project is continuously controlled and monitored by security agencies from both sides of the border.

E. K. explained that the *"security incidents result in a stricter examination, monitoring, control, and screening. The Shabak is difficult and making things harder for the Jordanians; they can announce an immediate stop of work. It happened to ten of our workers. The Jordanian Mukhabarat is even stricter; in the past, we had ten women working with us; now, they do not approve them at all."* M. E. clarified, *"the process is lengthy. The screening of the applicants' CV takes about two and a half months. The Shabak decides who is appropriate and who is eliminated."*

A Jordanian human resources company manager illuminated, *"we have a problem with security. It takes a long time to check the applications on both sides of the border. They are afraid that something may happen, as the incident in the port."*

With that being said, interviewees underlined that the project continues despite political disagreements or security events.

S. S. 2 elucidated, *"there were attempts to impede the project. But the support of intelligence agencies, law enforcement organizations, and political entities enabled its implementation."*

A. Z. clarified the stances of both sides of the border, *"let's say from the Israeli side it is our interest to maintain the peace agreements, but for the Jordanians, we have seen ups and downs with all the events happening in Jerusalem and the closing of the embassy. In the Eilat district, there was no effect on the Jordanian workers. This goes to show that livelihood influences more than political views."* S. S. 1 emphasized that *"throughout history, mainly owing to mutual interests, the border did not close due to terror attacks or political differences between the countries."*

A Jordanian human resources company manager maintained, *"our government, our majesty, approves this project and is pushing this project up."*

Interviewees also agreed that the project marks a new step in the relationship; hence, a policy change is necessary.

D. B. 2 asserted, *"we need to change our perception of Jordan. It is not a hostile country, yes it does have some hostile residents, but as a whole, it is not hostile towards us."* A. Z. agreed, *"the Eilat region is different from other areas in the country bordering with Jordan, and it is regarded differently since the Eilat region has a unique committee; even in the peace agreement, there is an Aqaba/Eilat committee."*

A Jordanian human resources company manager revealed that *"previously, Jordanians did not want to hear about Israel. Now, you can talk about Israel in the media, in the streets. You can say I work in Israel. It is ok to say it now."*

The results point out that security and safety issues constitute a vital and essential part of the Eilat project. In the probable future, supervision, inspections, and checkups are critical and crucial. Nevertheless, mutual interests have enabled the continuation of the project despite political disagreements or security hazards.

#### **4.2. Bureaucracy**

Bureaucracy is an integral part of the project. Interviewees mentioned the strict protocols, the background checks, the rules and procedures, and the codes of conduct.

D. B. 2 stated, *"there is an option for night shifts, but that would mean an increase in costs. The Ministry of Industry and Trade has yet to find a solution for the transfer fee. The hotels' dream is to allow the Jordanians to be integrated into the night shifts, but this will cost an extra 120 shekels per person."* He added, *"the Jordanians are not allowed to leave the hotel grounds. They enter Eilat with nothing but their clothes and cigarettes. Any gifts received from the hotels are translated into cash as the Jordanian side does not allow them to bring things with them."*

A. Z. explained, *"a regular border check cannot be conducted. The crossing had to be biometric. This is a complex procedure. Eventually, arrangements were made. Everyone worked together, including the hotel representatives, to figure out how all workers would cross in an hour. It was decided that biometric stations would be built, and procedures would be revised together with the authority of population."*

S. S. 1 focused on the age restrictions, *"there is an age restriction. The workers need to be at least 24 and no older than 45."* While S. S. 2 centered on the movement restrictions, *"the Jordanian workers ought to stay on hotel grounds. They are not allowed to wander around the city. Furthermore, it is forbidden to transfer commodities across the border."*

S. L. maintained that *"the Jordanian side is the one not allowing them to enter Jordan with gifts or purchases. And here they are not allowed to wander about unaccompanied. Those are the terms, and actually, we are ok with them. We find it reasonable, and about gifts, we translate them into cash and deposit it to their credit card."* He indicated that *"the reasons for not materializing the full allocation in each hotel was because of the Jordanian bureaucracy. Each Jordanian would go through a very fine filter by the Mukhabarat and on our side too. Slowly, we received all the Jordanians who were approved."*

D. N. upheld *"the fact that the Jordanians only work in Eilat and are obligated to return home at the end of the day prevents frictions."*

V. G. stated, *"the Jordanians are arriving at the border check in groups of five. They are allowed to take their wallet, passport, an open pack of cigarettes, a mobile phone, and a coat. As collateral, they need to check their passport at the border"*. He added, *"the restrictions expedite the process. The check-in procedure is efficient and quick."*

Similar to security issues, bureaucracy is primary to ensure the safety of the project. Yet, the wheels of bureaucracy turn slowly, impeding the advancement and progress of the initiative.

#### ***4.3.Nationality and citizenship***

There is a consensus that the project improves the relations between Israel and Jordan.

A. Z. claimed, *"peace is created by people."* D. B. 2 proclaimed, *"our teams have very close relations with the Jordanians up to interpersonal relations. This program definitely strengthens the peace bond. Many relationships have evolved."*

E. K. agreed, *"if there is something that promotes peace, it is this project. Everything we grew up believing, reading, and hearing have faded. They see us differently."*

S. S. 1 maintained, *"the Jordanian workers are ambassadors. The program generates trust, kinship, and closeness. Both sides understand that the enemy is not so bad."*

M. I. H. added, *"this program is the real immune system that fights fundamentalists who try to harm this region. Projects like this exhibit the strength of the countries and normalize the relations with Jordan."*

A Jordanian human resources company manager asserted, *"before this project, the peace was only on a governmental level. I think this is the first right step since the signing of the peace agreement. Now we feel that we have a real peace agreement between our countries. We can feel it in the streets, in the market. Before this project, the agreement was only in the offices between the governments, but now the people feel it."*

D. N. specified an interesting point *"the Jordanian worker has to leave Eilat at the end of each day to maintain his pride and dignity. If he stays in Israel for an extended period, it will endanger the unity of his family."*

The results indicate that true and warm peace is attained through human connections. Social encounters generate dependence, empathy, and friendships and remove boundaries and misunderstandings. In summary, security issues and bureaucracy are entangled and inseparable from the project. However, joint interests and social contact might secure a warmer peace and protect the progress of the Eilat project.

## 5. Discussion and Conclusions

The findings illustrate that security and amity are safeguarded via physical and diplomatic provisions and through personal connection and interaction between people.

Due to the hostile history between Israel and Jordan and ongoing disputes, security issues still constitute a significant portion of the project's installment. Fears of terror attacks and security issues are intertwined and attached to the project.

Hataley and Leuprecht argued that modifications in border policy are the result of negotiation between stakeholders, who share mutual interests, viewpoints, and values. They echo the societies and cultures they encompass and reflect specific social relationships in space and time (Hataley and Leuprecht 2018). The paper findings illustrate that borders are dynamic; They mirror the historical, political, and cultural framework of a state and articulate material and social mechanisms. Newman (Newman 2003) and Popescu (Popescu 2012) claimed that borders are institutions with distinctive rules and behaviors that shape their functionality, preservation, and modification. The findings show that borders influence the way people think of frontiers and mirror states' values and interests. When the relations are amicable, boundaries are viewed as a source of cooperation instead of prevention and control. To sum up, monitoring, screening, and inspections are imperative. Yet, shared interests, collaborations, and social interaction are steps in the right direction to assure a warmer peace and uphold the Eilat project's progress. Mutual understanding of the contemporary global multicultural workforce and joint interests enable the continuation of the project and empower cooperation and collaboration.

Parallel to security issues, bureaucracy is crucial to warrant the safety of the project. Bureaucracy is an integral part of the initiative. Strict protocols, background checks, rules, procedures, and codes of conduct are essential to its' continuation. Like political and administrative programs, the project has to cope with costs, fees, instructions, restrictions, complex procedures, paperwork, and border checks. These rules and constraints complicate the implementation of the project and inhibit its' progression and development.

Nevertheless, bureaucracy assures order, safety, stability, and uniformity. Strict management presents opportunities to enhance security while simultaneously increasing cooperation, collaboration, and interests. Rusdiyant stated that the complexity of border control ought to be

handled from both sides of the border. It has to be collaborative management, which includes domestic and international dimensions. (Rusdiyant 2017) Gerstein et al. specified that border management forms an equilibrium between security and the legal flow of people and goods. The study findings stress that bureaucracy and strict management offer opportunities to enhance security while concurrently improving cooperation, collaboration, and mutual interests. The results also strengthen Gerstein et al.'s claim that command, control, and communication enhance synchronization among organizations and are vital to controlling programs (Gerstein et al 2008).

The findings indicate a consent among interviewees that the project improves the relations between Israel and Jordan. There is a widespread agreement that the project cultivates interpersonal relationships and personal bonds. It has generated trust, kinship, and closeness. The project managed to achieve what 26 years of peace have failed to accomplish. It promoted interpersonal peace, helped change biased perspectives, advanced normalization, and aided the fight against fundamentalism. Thus, peaceful and honest relations between culturally and nationally contradicting societies can be achieved through human connections. Social encounters produce hope, relatedness, and familiarity and eliminate prejudice and misconceptions. Douglas highlights how groups in society constitute risk and build trust or distrust in institutions molding and regulating danger. The method presents a technique of decoding how and why people form judgments about peril and threat and stresses that views are not formed separately of social context (Douglas 1978). The paper findings suggest that risk and uncertainty notions can be modified through social interaction and close encounters. Though Israelis and Jordanians hold different political principles and beliefs, they can collaborate and form close relations.

Various facets hamper the progression of the project. Attributes such as historical background, security issues, bureaucracy, and political affiliation put a spoke in the initiative wheel and complicate the process. Yet, the project manages to flourish despite the setbacks. Its merits exceed difficulties and obstacles. In a short time, the project succeeded where political peace has failed. It forged friendships and business plans. Hence, all in all, the project's virtues surpass its shortcomings.

In summary, the incorporation of Jordanian workers in the hotel industry in Eilat presents a window of opportunity to start a new chapter in Israel and Jordan's relations. It might even

invigorate the institutionalization and development of cooperation between the civilians of both countries. The Eilat project brings prospects for warmer relations and adds a civilian dimension to the governmental coordination that prevails between the countries. Perhaps via direct and daily interactions, Jordan and Israel's ties will progressively improve and expand and lead to a new era in the red sea.

The paper has several limitations. The main limitation derives from the nature of the research paradigm and the decision to focus on a single case study. Semi-structured interviews might generate social desirability. Hence, to overcome this shortcoming, no judgments were formed during meetings to allow for candid and sincere outlooks to be collected. Furthermore, qualitative research holds high validity yet maintains a low-reliability level. Therefore, to enhance the confidence in the findings, several methods were utilized to validate the data and display a robust body of conclusions. Moreover, the author might be defined as an involved researcher due to his vast experience in the hospitality industry. Yet, the proficiency and knowledge enabled him to find compelling data sources, locate prominent interviewees, and highlight significant outcomes of the 'Eilat project.' Future research should expand the research population in two aspects: size and scope. Regarding size, more people could be interviewed to validate the results. The study encompasses 12 participants; enlargement of the population will enhance reliability and generalization of the findings. The scope can also be expanded by interviewing people who are influenced by the integration of Jordanian workers—for example, the residents of Eilat, tourists, security agents, the workers' families in Jordan. This research is qualitative; future studies can incorporate quantitative features to strengthen the study's findings and conclusions.

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